



**POWERING YOUR LIFE**

**2014**  
ANNUAL REPORT

**PETROVIETNAM GAS JOINT STOCK CORPORATION**

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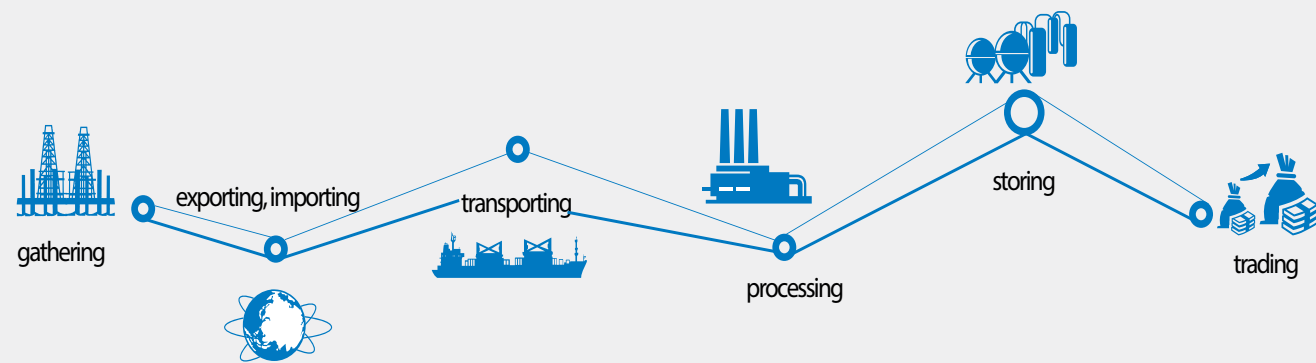
- 102 Audited consolidated financial statements 2014



## VISION AND MISSION

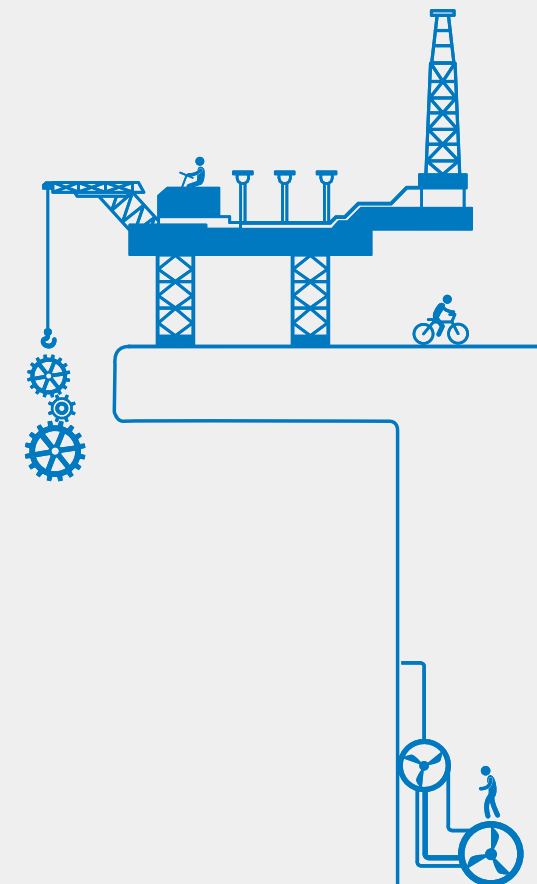
### VISION

Developing PV GAS to become a strong, efficient gas group, strongly competitive, operating the whole system of gas and gas products gathering - exporting, importing - transporting - processing/deep processing - storing - distributing, services and trading; participating in upstream investment; playing the decisive role in Vietnam gas industry and integrating into international market.



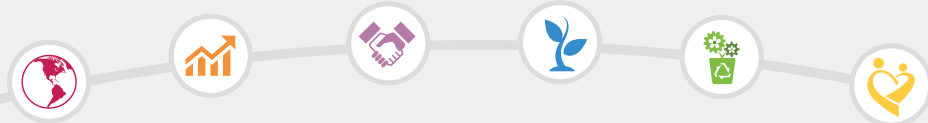
### MISSION

Constructing and operating safely and efficiently the whole system of gas and gas products gathering, importing, transporting, storing, processing, distributing; connecting with regional gas pipeline system; ensuring gas, gas products and services supply to customers nationwide and integrating into international market; contributing to national energy security.





“ FULFILLING AND EXCEEDING THE 2014 PLAN APPROVED BY THE SHAREHOLDERS' COMMITTEE AND ACHIEVING GROWTH AS COMPARED TO 2013. REACHING TARGETS OF PROFIT; BUDGET CONTRIBUTION; DRY GAS, LPG, CONDENSATE OUTPUT FROM CUU LONG BASIN 2-4 MONTHS AHEAD OF SCHEDULE. ”



TOTAL REVENUE  
**73,648**  
BILLION VND

**Dear valued Shareholders!**

The year 2014 has passed, everything is one year older and PV GAS has also added one more successful year to its history of sustainable development. However, this does not mean all activities of PV GAS went on with ease and smoothly.

The political situation in the region was unstable, the international as well as national economic has been recovered but still has difficulties. In Viet Nam, credit growth remained slow, bad debt situation has not been improved, consumption market declined,... influenced directly and indirectly the gas consumption demand of PV GAS' customers. Besides, the international LPG market happened abnormally, strongly decreased, differently from the normal rule, influenced lines to Vietnam LPG market, including LPG trading business of PV GAS. Moreover, PV GAS has simultaneously implemented big projects such as Nam Con Son gas 2 - stage 1, Ham Rong - Thai Binh gas pipelines,... according to investment plan adjustment in condition of requiring urgent progress, concentrating resources (human, finance,..) to ensure progress, quality, investment costs of the projects,... These factors have affected all aspects of production, business, investment, finance...of PV GAS.

Actively being aware of and assessing

these obstacles, the Leadership and all personnel of PV GAS have taken appropriate measures in management and administration; dedicated and creative in production

of profit; budget contribution; dry gas, LPG, Condensate output from Cuu Long basin 2-4 months ahead of schedule;



and trading; promoting the internal strength and making full use of opportunities, support from PVN, customers, partners and especially from valued shareholders to overcome difficulties, challenges, making firm steps forward.

And now, we - Leadership, personnel and all shareholders of PV GAS are very happy to reflect upon significant figures and events of PV GAS in 2014:

Fulfilling and exceeding the 2014 plan approved by the Shareholders' Committee and achieving growth as compared to 2013. Reaching targets

2014 is the first year receiving and consuming over 10 billion m<sup>3</sup> of gas;

Achieving 73,648 billion VND in revenue, 17,991 billion VND in pre-tax profit, 14,370 billion VND in net profit - the highest since foundation and also the highest on Vietnam stock exchange; being in Top 50 most valuable companies on South East Asia by Nikkei Asian Review magazine and Top 2,000 Largest Enterprises in the world by Forbes; continuing to be one of the leading subsidiaries of PVN as well as on Vietnam stock exchange in terms of profit; making significant



## MESSAGE FROM PV GAS' LEADERSHIP (continued)

PRE-TAX PROFIT  
 **17,991**  
 BILLION VND

AFTER-TAX PROFIT  
 **14,370**  
 BILLION VND



contributions to the national budget, together with PVN contributing to the stabilization of national macroeconomy;

Recording over 6.3 million hours of safety work in all gas works;

Supplying the 90 billionth m<sup>3</sup> of gas to power plants, fertilizer plants, low pressure gas customers and JVPC in October; ensuring the sources of fuels and feedstock to produce 35% of electricity output and 70% of urea fertilizer demand throughout the country;

Producing and trading the 9 millionth ton of LPG in the domestic and foreign markets; representing approximately 70% of national LPG market share, firmly maintaining the position as the leading LPG producer and trader in Vietnam;

Completing maintenance and repair in the phase of complete halt of Cuu Long and PM3 - Ca Mau gas system ahead of schedule and putting gas systems into operation safely, ahead of plan

Preparing investment and implementing investment of big projects: Nam Con Son 2 gas pipeline - stage 1, Ham Rong - Thai Binh, Ca Mau Gas Processing Plant (GPP),..., reinforcing facilities of PV GAS in support of present and future business activities;

Pipe producing and coating for Nam Con Son 2 gas pipeline - stage 1, Su Tu Nau, Su Tu Vang South West,... projects;

Inspiring the spirit of dedicated working, overcoming difficulties, promoting initiatives, technical innovation, and rationalization of production in each PV GAS' employee.

But above success will also be pressure on PV GAS in 2015 when a number of difficulties from 2014 still linger and also new challenges emerge, especially

crude oil price fluctuation, that can't be predicted. However, we should not be too much preoccupied and worried about that, because:

Gradual increase of national gas prices to approach world gas prices is being carried out in accordance with the roadmap approved by the Prime Minister;

Gas demand of big customers remains stable;

Completion of projects of Nam Con Son 2 - Stage 1, Ham Rong - Thai Binh gas pipelines, supplying Nam Con Son wet gas to Dinh Co GPP will contribute to increase gas supply as well as gas value;

PV GAS' advantages in term of human resources, facilities, finance, experiences, trademark... are favorable factors;

Gas industry is one of the five core business lines of PVN's development strategy;

Last but not least, each leader of PV GAS does not stop striving with the highest sense of responsibility for improving modern professional management skills, being sensitive to actual occurrences, possessing long-term strategic vision, promptly making reasonable decisions; and each employee of PV GAS always works with creativity and the highest sense of discipline so that PV GAS will achieve the development goals not only in 2015 but also in the long term, always maintaining the position of the leader in Vietnam gas industry, soon reaching out to the region and the world, satisfying shareholders' expectation.

On behalf of more than 3,000 PV GAS' employees, we would like to express our sincere gratitude to PetroVietnam, customers and especially shareholders trusting and co-operating with PV GAS over the years. PV GAS looks forward to your precious support and co-operation in our sustainable journey in the coming years.

**CHAIRMAN**

**PRESIDENT**

**LE NHU LINH**

**DO KHANG NINH**

# STRONG resource

2014

CHARTER CAPITAL



**18,950**

BILLION VND

OWNERS' EQUITY



**35,981**

BILLION VND

TOTAL ASSETS



**53,791**

BILLION VND

TOTAL EMPLOYEES

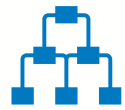


**3,550**

EMPLOYEES

## OVERVIEW PV GAS

History of establishment and development  
Significant events in 2014  
Business scope, products, services  
Organisational chart  
Leadership presentation



## HISTORY OF ESTABLISHMENT AND DEVELOPMENT



**09/1990**

Established Gas Company to gather, transport, process, store and trade gas and gas products.



**04/1995**

Transported first gas from Cuu Long basin ashore and supplied to Southeast customers



**10/1998**

Firstly produced LPG & Condensate in Vietnam.



**12/2002**

Transported first gas from Nam Con Son basin ashore and supplied to Southeast customers.



**11/2003**

Completed first low pressure gas pipeline network.



**05/2007**

Transported first gas from PM3 - 46 Cai Nuoc ashore and supplied to Southwest customers.



**07/2007**

Became PetroVietnam Gas Corporation, organizational structure of parent company - subsidiary company.



**05/2011**

Became PetroVietnam Gas Joint Stock Corporation, charter capital: 18,950 billion VND.



**05/2012**

Listed and first trading day on the Ho Chi Minh City Stock Exchange.



## SIGNIFICANT EVENTS IN 2014



Completing turn around at Dinh Co GPP, Thi Vai terminal, PM3-Ca Mau gas pipeline, ensuring safety and resuming operation ahead of schedule.



Reaching target of profit; budget contribution; dry gas, LPG, Condensate output from Cuu Long basin 2-4 months ahead of schedule. First year achieving over 10 billion m<sup>3</sup> of gas, reaching the highest profit since establishment.



Implementing investment in Nam Con Son 2 - stage 1, Ham Rong - Thai Binh gas pipeline projects, highly contributing to supplement national gas resources/developing gas consumption market in the North.



## BUSINESS SCOPE, PRODUCTS, SERVICES

“ ESTABLISHED IN 1990, AFTER 24 YEARS OF ESTABLISHMENT AND DEVELOPMENT, PV GAS IS NOW PROUD OF BEING THE LEADER IN VIETNAM GAS INDUSTRY, REMARKABLY CONTRIBUTING TO THE DEVELOPMENT OF VIETNAM GAS INDUSTRY ”

Mainly engaged in the field of gathering, importing, transporting, storing, processing and trading of gas and gas products; operating 3 gas pipeline systems: Cuu Long, Nam Con Son in the Southeast region, PM3 in the Southwest region, two GPPs: Dinh Co, Nam Con Son in the Southeast region and a LPG storage system nationwide, PV GAS supplies yearly nearly 10 billion m<sup>3</sup> of gas, sells and transports over 250,000 tons of Condensate, produces and sells about 1 million tons of LPG to power, fertilizer plants, condensate processing plant and LPG trading companies.

### Business scope

- Gathering, transporting, processing, storing, trading, importing and exporting gas and gas products: LNG, CNG, LPG, Condensate; trading in materials, equipment for gas and gas products processing and usage; providing port, warehouse services;
- Investing in fully constituted infrastructure, dry gas and liquid gas distribution system throughout PV GAS, from supply to wholesale, retail nationwide;
- Acting as a dealer consuming all LPG produced by domestic refineries and other sources of PVN;
- Applied research on gas industry, engineering and improving gas projects;
- Providing services in gas industry: Transporting gas and gas products, operating gas projects, supplying steel pipes and pipe coating;
- Investing in upstream gas projects to reinforce the preemptive role and improve efficiency in gas products processing and trading activities;
- Making financial investments in other enterprises; buying, selling, transferring, negotiating, contracting gas projects, works and assets.

### Products

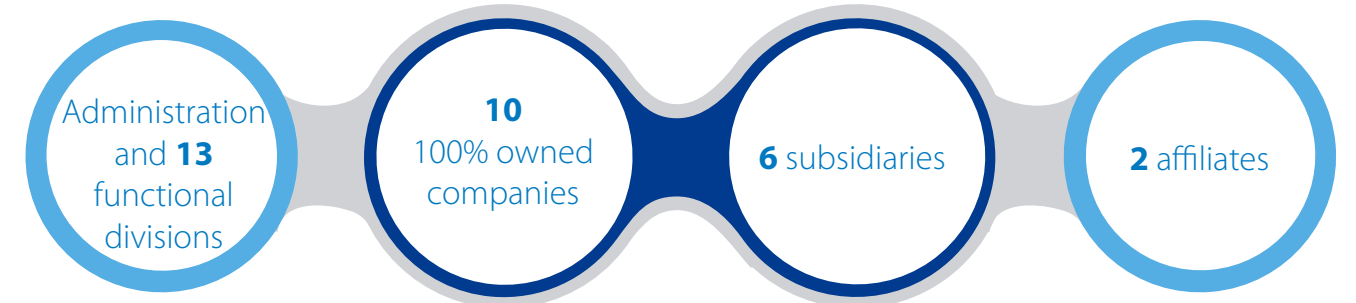
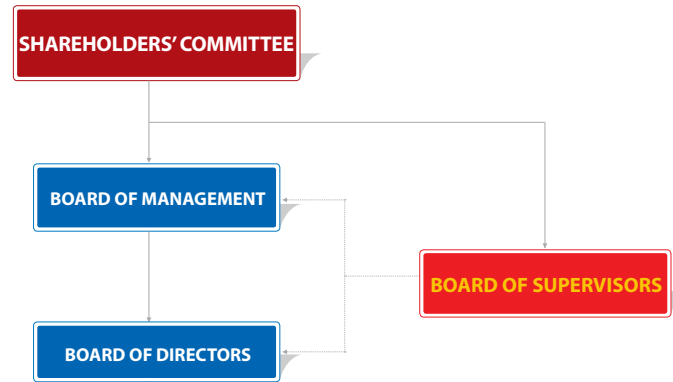
- Dry gas, LPG, Condensate, CNG;
- LNG, Ethane: Under development.

### Services

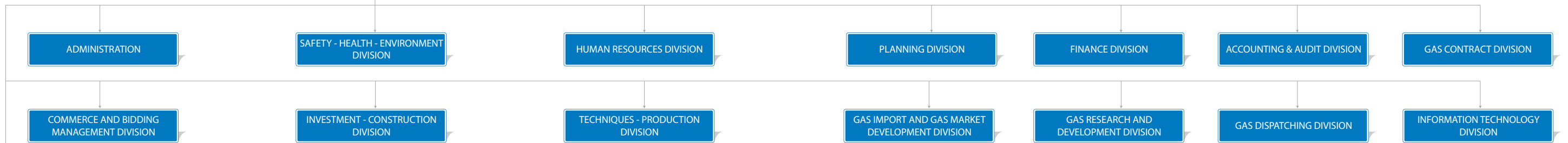
- Transporting gas and gas products;
- Pipe producing and coating.



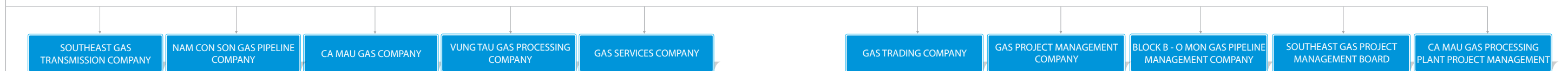
 **ORGANISATIONAL CHART**



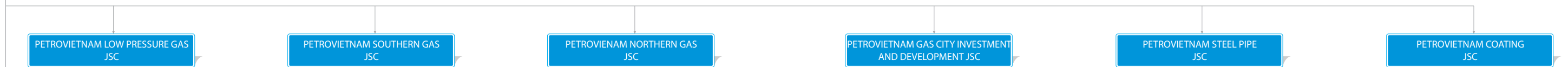
**HEADQUARTERS**



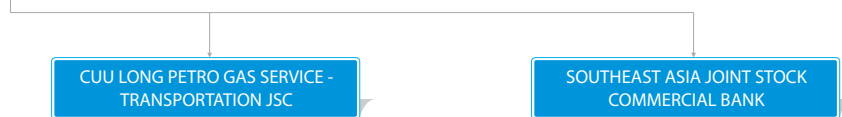
**100% OWNED COMPANIES**

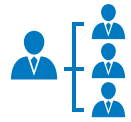


**SUBSIDIARIES**



**AFFILIATES**





## LEADERSHIP PRESENTATION

“ BOARD OF MANAGEMENT CONSISTS OF 5 MEMBERS, INCLUDING 4 DEDICATED MEMBERS AND 1 MEMBER CONCURRENTLY BEING PV GAS’ PRESIDENT. ”



**Mr. LE NHU LINH**

Chairman of Board of Management  
*Qualification*  
Ph.D in Oil and Gas Geological Economics.

**Working experience**

Mr. Le Nhu Linh has joined the Petroleum industry since 1994. Prior to his current position as Chairman of Board of Management of PV GAS, he undertook key managerial positions in different units such as: Head of Investment and Development Division of Vietnam Oil and Gas Group (PVN), Chairman of Board of Management of PetroVietnam Drilling and Well Services Corporation (PV Drilling), Chairman of Board of Member Council of PetroVietnam Oil Corporation (PV Oil).



**Mr. DO KHANG NINH**

Member of Board of Management, President  
*Qualification*  
Master degree of Petroleum pipeline and tank engineering (graduated in Russia).

**Working experience**

Mr. Do Khang Ninh has worked in the Petroleum industry since 1984, undertook key managerial positions in Vietnamese-Russian Joint Venture Vietsovpetro and PV GAS. Prior to his current position as Member of Board of Management and President of PV GAS, he served as Vice President, President, Member of Member Council, Chairman of Board of Management.



**Mr. NGUYEN TRUNG DAN**

Member of Board of Management  
*Qualification*  
Bachelor of Mathematics - with major in Theoretical Mechanics in Belarus University.

**Working experience**

Mr. Nguyen Trung Dan has joined the Petroleum industry since 1980, undertook key managerial positions in PV GAS’ predecessor companies: Vung Tau Petroleum Project Management Board, Gas Company, Gas Products Processing and Trading Company. Prior to his current position as Member of Board of Management of PV GAS, he served as Vice President, Member of Member Council.



**Mr. PHAN QUOC NGHIA**

Member of Board of Management  
*Qualification*  
Mechanical Engineer degree, Bachelor degree in English, Master degree of Business Administration, Master degree of Industrial Engineering in Thailand.

**Working experience**

Mr. Phan Quoc Nghia has worked for PV GAS since 1999. Prior to his current position as Member of Board of Management of PV GAS, he undertook different key managerial positions in PV GAS such as: General Manager of Market Economics Division, Member of Member Council.



**Mr. NGUYEN XUAN HOA**

Member of Board of Management  
*Qualification*  
Bachelor of Finance - Accounting; Master of Business Administration.

**Working experience**

Mr. Nguyen Xuan Hoa has joined the petroleum industry since 1994, and had previously held many managerial positions in PetroVietnam Power Corporation (PV Power), PetroVietnam Coal Import & Export (PV Coal), Petec Trading & Investment Corporation (PETEC), PetroVietnam Oil Corporation (PV Oil). Prior to his position as Member of BOM of PV GAS, Mr. Nguyen Xuan Hoa undertook many important managerial and leadership positions in PV GAS: Vice Head of Commercial Department, Head of Commercial Department, Vice President, Member of BOM and Vice President.



**Mr. NGUYEN ANH TUAN**

Head of Board of Supervisors  
*Qualification*  
Bachelor of Finance and Accounting.

**Working experience**

Mr. Nguyen Anh Tuan has joined the Petroleum industry since 1999. Prior to his current position as Head of Board of Supervisors of PV GAS, he served as Chief Accountant of Gas Project Management and Consultancy Company - a 100% owned company of PV GAS, Chief Supervisor.



**Mr. PHAM DINH DAT**

Member of Board of Supervisors  
*Qualification*  
Bachelor of Economics in Planning.

**Working experience**

Mr. Pham Dinh Dat has joined the Petroleum industry since 1985. Prior to his current position as Member of Board of Supervisors of PV GAS, he served as Officer of Planning Department, Supervisor.



**Mrs. HO THI AI THANH**

Member of Board of Supervisors  
*Qualification*  
Bachelor degree of Corporate Finance, Master degree of Business Administration.

**Working experience**

Mrs. Ho Thi Ai Thanh has worked for PV GAS since 1999. Prior to her current position as Member of Board of Supervisors of PV GAS, she served as Officer of Finance - Accounting Department, Supervisor.



**Mr. DO KHANG NINH**

Member of Board of Management, President  
*Qualification*  
(See the presentation of Board of Management)



**Mr. DUONG MANH SON**

Permanent Vice President  
*Qualification*  
Engineer degree of Manufacturing Engineering - Welding Technology, Master degree of Business Administration.

**Working experience**

Mr. Duong Manh Son has joined the Petroleum industry since 1994. In his career, he undertook managerial positions in PetroVietnam Construction Joint Stock Corporation (PVC), Lloyd's Register of Shipping. Prior to his current position as Permanent Vice President of PV GAS, he served as Head of Technical and Production Department, General Manager of Construction Division, Vice President.



**Mr. NGUYEN QUOC HUY**

Vice President  
*Qualification*  
Bachelor of Science in Computing, Master degree of Business Administration.

**Working experience**

Mr. Nguyen Quoc Huy has worked for PV GAS since 1994. Prior to his current position as Vice President of PV GAS, he undertook different key managerial positions in PV GAS such as Deputy Managing Director and Managing Director of Vung Tau Gas Processing Company - a 100% owned company of PV GAS.


**Mr. TRAN HUNG HIEN**

Vice President

*Qualification*

Master degree of Petroleum Pipeline and Tank Engineering in Russia, Bachelor of Industrial Management.

**Working experience**

Mr. Tran Hung Hien has joined the Petroleum industry since 1982. Prior to his current position as Vice President of PV GAS, he undertook key managerial positions in PetroVietnam Construction Joint Stock Corporation (PVC), PetroVietnam Oil Corporation (PV Oil), General Manager of Phu My - HCMC Gas Pipeline Project Management Board of Vietnam Oil and Gas Group (PetroVietnam).


**Mr. NGUYEN THANH NGHI**

Vice President

*Qualification*

Bachelor degree of Economics in Planning, Master degree of Business Administration.

**Working experience**

Mr. Nguyen Thanh Nghi has joined the Petroleum industry since 1996. Prior to his current position as Vice President of PV GAS, he undertook key managerial positions such as Vice President of PetroVietnam Insurance Joint Stock Corporation (PVI).


**Mr. PHAM HONG LINH**

Vice President

*Qualification*

Construction Engineer, Master degree of Business Administration.

**Working experience**

Mr. Pham Hong Linh has joined the Petroleum industry since 1983. Prior to his current position as Vice President of PV GAS, he undertook key managerial positions in different subsidiaries of Vietnam Oil and Gas Group such as: PetroVietnam Construction Joint Stock Corporation (PVC), Deputy Managing Director of PetroVietnam General Services Joint Stock Corporation (Petrosetco), Deputy Managing Director of PetroVietnam Investment Consultancy and Engineering Joint Stock Company, General Manager of 1-5 Le Duan Tower Project Management Board - Vietnam Oil and Gas Group (PetroVietnam), Director of Block B - O Mon Pipeline Operating Company.


**Mr. BUI NGOC QUANG**

Vice President

*Qualification*

Engineer degree of Oil and Gas Drilling and Exploitation.

**Working experience**

Mr. Bui Ngoc Quang has joined the Petroleum industry since 1983. Prior to his current position as Vice President of PV GAS and General Manager of Southeast Gas Project Management Board, he undertook key managerial positions in different units such as: First Deputy Managing Director of ADF - Vietnam, Chairman of M-I Vietnam, President and Chairman of Board of Management of DMC, General Manager of Southeast Gas Project Management Board - Vietnam Oil and Gas Group (PetroVietnam).


**Mr. HO TUNG VU**

Vice President

*Qualification*

Bachelor degree of Economics in Petroleum (graduated in Russia), Master degree of Business Administration (graduated in Oklahoma State University, USA).

**Working experience**

Mr. Ho Tung Vu has joined the Petroleum industry since 1983. Prior to his current position as Vice President of PV GAS, he undertook key managerial positions in Petroleum Trading Joint Stock Company (Petechim) and Vice President of PetroVietnam Oil Corporation (PV Oil).


**Mr. NGUYEN MAU DUNG**

Vice President

*Qualification*

Mechanical Engineer, Master degree of Business Administration.

**Working experience**

Mr. Nguyen Mau Dung has joined the Petroleum industry since 1991. In his career, he undertook key managerial positions in PetroVietnam Construction Joint Stock Corporation (PVC), PetroVietnam Engineering and Construction Company, PetroVietnam Engineering Consultancy Joint Stock Company. Prior to his current position as Vice President of PV GAS, he served as Managing Director, Chairman of Board of Management of PetroVietnam Coating Joint Stock Company (PV Coating), Managing Director of PetroVietnam Steel Pipe Joint Stock Company (PV Pipe).


**Mr. PHAM DANG NAM**

Vice President

*Qualification*

Bachelor of Economics - Industry; Master of Business Administration.

**Working experience**

Mr. Pham Dang Nam has joined the petroleum industry since 1993; and prior to his employment as Vice President of PV GAS, Mr. Pham Dang Nam undertook key managerial positions in Joint Venture Vietsovpetro, Vietnamese - Russian Joint Venture Refinery (VietRoss), Vietnam National Oil and Gas Group (PVN), PetroVietnam Fertilizer and Chemicals Corporation (PVFCCo), Binh Son Refining and Petrochemical Company Limited, PetroVietnam Transportation Corporation (PVTrans).


**Mr. MAI HUU NGAN**

Chief Accountant

*Qualification*

Bachelor in Accounting.

**Working experience**

Mr. Mai Huu Ngan has joined the Petroleum industry since 1988. In his career, he undertook key managerial positions in PetroVietnam Construction Joint Stock Corporation (PVC) and PetroVietnam General Services Joint Stock Corporation (Petrosetco). Prior to his current position as Chief Accountant for Southeast Gas Transmission Company - a 100% owned company of PV GAS.

# SUSTAINABLE value


2014

MARKET CAPITALIZATION  
VALUE ON 31/12/2014 ABOVE

 **6**

BILLION USD

TOTAL REVENUE

 **73,648**

BILLION VND

PRE-TAX PROFIT

 **17,991**

BILLION VND

AFTER-TAX PROFIT

 **14,370**


BILLION VND

## LEADERSHIP REPORT

Overview of business results in 2014  
Finance  
Report of Board of Directors  
Report of the Board of Management  
Report of Board of Supervisors  
Shareholders' data  
Titles and Awards

2



CONSOLIDATION REVENUE  
 **73,648**  
 BILLION VND

“ WAS RANKED BY NIKKEI ASIAN REVIEW IN THE LIST OF TOP 50 VALUABLE COMPANIES IN SOUTHEAST ASIA AND RANKED IN TOP 2,000 LARGEST ENTERPRISES IN THE WORLD BY FORBES ”

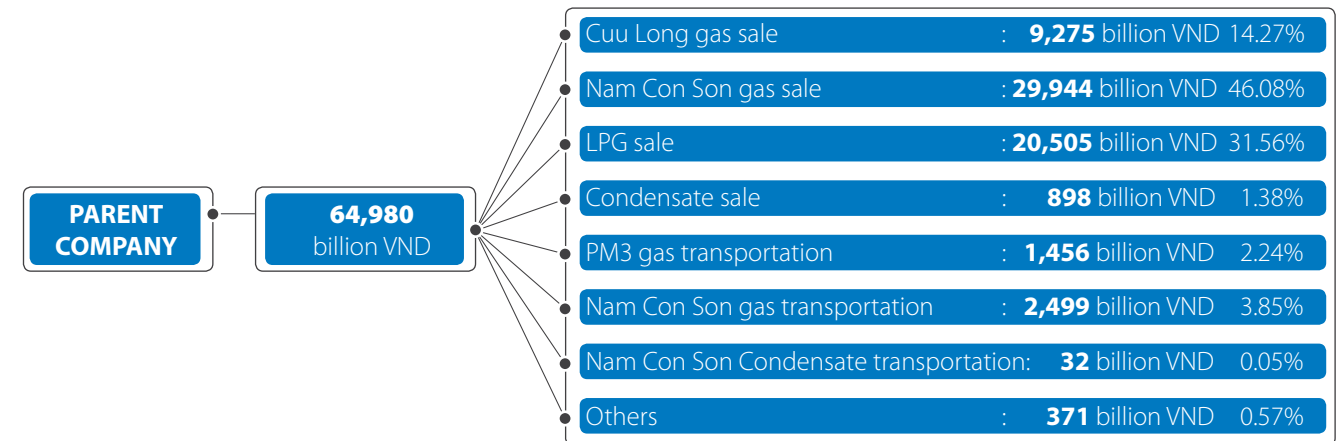
**Brief summary of PV GAS' production and business conditions**

- The political situation in the region was unstable; global and domestic economics have been recovered but still dealt with many difficulties. The domestic credit growth remained low, bad debt situation didn't improve, consumption market declined, etc. which affected directly and indirectly gas demand of PV GAS' customers.
- There was much heavy rains during the rainy season, which was more favorable for hydroelectric generation, longer interval of customers to stop receiving gas for maintenance and repair than planned; not much change in production of industrial customers using low pressure gas compared to 2013... resulting in unstable gas demand.
- The global LPG market fluctuated more unexpected than normal rules, with strong downtrend in 10 months which took domino effect to Vietnam LPG market, including gas business of PV GAS..
- PV GAS simultaneously deployed many major projects such as Nam Con Son 2 -stage 2, Ham Rong -Thai Binh gas pipelines, etc. according to the investment plan adjusted in condition of urgent progress, resources gathering (personnel, finance...) to ensure the progress, quality and investment cost.

Actively being aware of and assessing these obstacles, the Leadership and all personnel of PV GAS have drastically carried out solutions in management, administration, more dedicated and creative in production and trading to minimize negative impacts of these obstacles, kept promoting internal strength not only for its growth but sustainable development also. As a result, PV GAS has given excellent performance in most missions and action plans, i.e. safe and continuous operation of gas system, not allowing any damage to human beings and harming PV GAS' prestige; fulfilled and exceeded most of the targeted plans duly approved by General Assembly of Shareholders which achieved higher growth as compared to 2013, particularly targeted profits; budget contribution; dry gas, LPG and Condensate output from Cuu Long gas sources 2-4 months ahead of schedule; received and consumed for the first year over 10 billion m<sup>3</sup> of gas per year to provide materials and fuel for the production of 35% electricity output, 70% fertilizer demand nationwide, accounted for approximately 70% LPG market share nationwide; was ranked by Nikkei Asian Review in the list of top 50 valuable companies in Southeast Asia and ranked in top 2,000 largest enterprises in the world by Forbes, remained one of the leading subsidiaries of PVN as well as on the stock exchanges in terms of profit; contributed significantly to national budget, together with PVN contributing to the stabilization of national macroeconomy.



**In 2014, PV GAS was likely to be exempted from crude oil price drop, and achieved good business results, highest revenue and profit since foundation.**



**Consolidation**

Good business activities and sound financial standing of the entire PV GAS - the parent company, member companies and subsidiaries helped achieve outstanding financial result with consolidated revenue of 73,648 billion VND, 17,991 billion VND in consolidated pre-tax profit and 14,370 billion VND in consolidated after-tax profit.

The consolidated revenue in 2014 reached 73,648 billion VND, increasing by 8,051 billion VND (equivalent to the increasing rate of 12%) as compared to 2013. This stemmed from the fact that, in 2014, PV GAS recognized an amount of 3,898 billion VND as the additional revenue for the above take or pay gas volume for the period 01/07/2009 - 31/03/2014; the increase of dry gas output; the average gas price sold to customers jumped up as compared to 2013; leading to consolidated pre-tax profit in 2014 of 17,991 billion VND, increasing by 2,400 billion VND (equivalent to the increasing rate of 13%) as compared to 2013. But above all, PV GAS' management staff and labor force were important factors contributing to these outstanding results.

Capital arrangements were proactively implemented, sticking to the progress of each project, and yielding good results thanks to PV GAS' reputation and economic efficiency of investment projects involving loans. Specifically, PV GAS signed credit contract of capital arrangement for Dinh Vu LPG storage project with SeAbank, Ca Mau GPP project with SHB, SeAbank and Vietinbank.

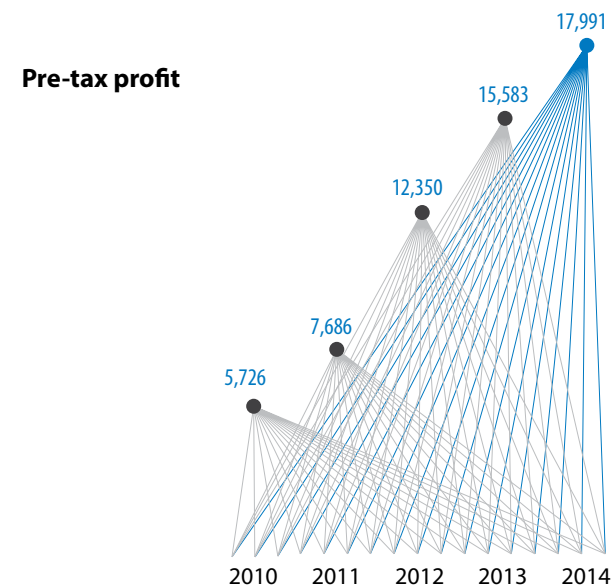
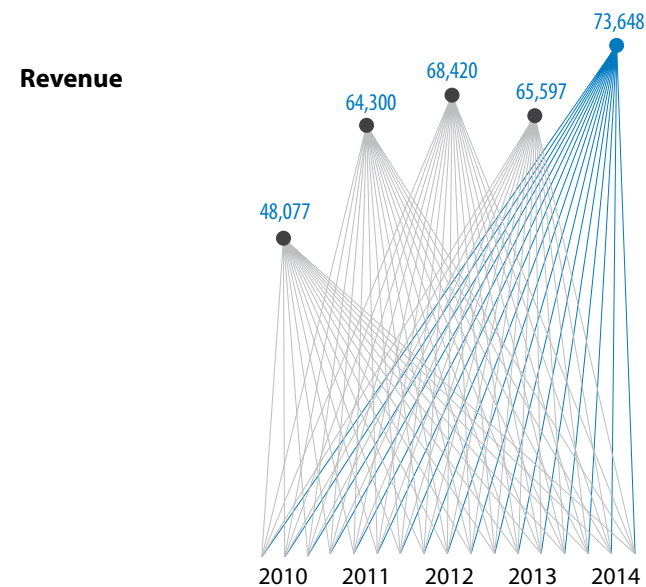
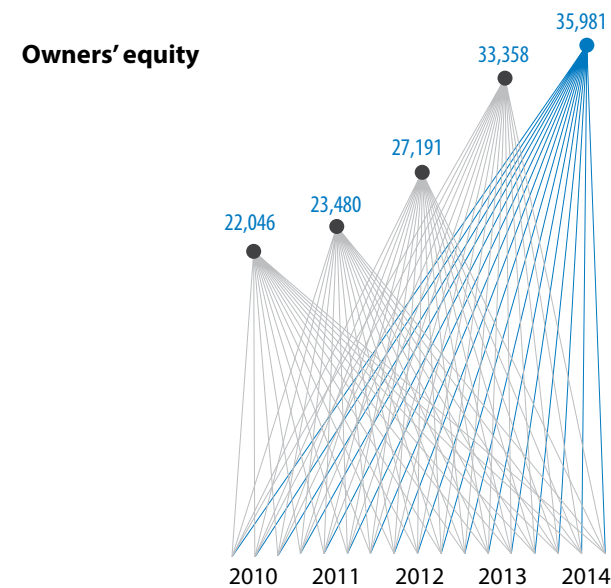
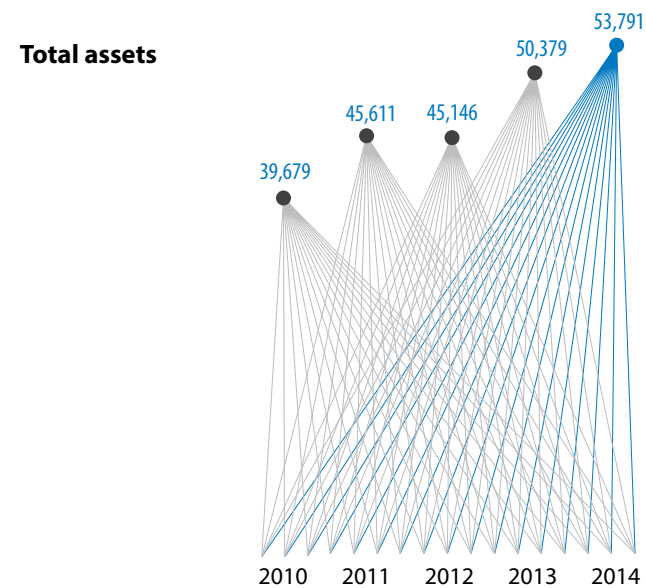




## FINANCE (continued)

OWNERS' EQUITY  
**35,981**  
 BILLION VND

### Financial indicators (Unit: Billion VND)



Other financial indicators	2010	2011	2012	2013	2014
Short-term assets/Total assets	0.41	0.42	0.45	0.56	0.62
Long-term assets/Total assets	0.59	0.56	0.54	0.43	0.37
Liabilities/Total resources	0.43	0.45	0.36	0.30	0.30
Equity/Total resources	0.56	0.51	0.60	0.66	0.67
Pre-tax profit/Total revenue	12%	12%	18%	24%	24%
After-tax profit/Total revenue	10%	10%	15%	19%	20%
Return on Total Assets (ROA)	16%	15%	22%	26%	28%
Return on Equity (ROE)	33%	28%	40%	42%	41%
Current ratio (times)	1.66	1.86	2.53	2.87	3.14
Quick ratio (times)	1.57	1.76	2.33	2.62	2.96
Receivables turnover (cycle)	8.55	8.94	11.08	11.58	13.42
Receivables turnover in days	42.69	40.81	32.93	31.53	27.21
Inventory turnover (cycle)	40.27	55.70	39.96	23.64	24.64
Inventory turnover in days	9.06	6.55	9.13	15.44	14.81
EPS (VND)			5,167	6,478	7,140
P/E (times)			7.47	10.27	9.87



2013 65,597 Billion VND

2014 73,648 Billion VND

### TOTAL REVENUE

#### Outstanding achievements in 2014

##### Operation and production

THE PRODUCTION AND OPERATION OF PV GAS STARTED SINCE THE FIRST GAS ASHORE IN 1995 UP TO DATE, CONTINUOUSLY KEEPING ON A BASIS OF YEAR-ROUND AND 24/24 HOURS; BEGINNING WITH THE GAS FIELDS OFFSHORE VIETNAM SEAS AND ENDING WITH GAS AND GAS PRODUCTS DELIVERY POINTS TO END USERS; DIRECTLY CONNECTED TO GAS FIELD OWNERS, GAS SELLERS, GAS PIPELINE OWNERS, POWER PLANTS, FERTILIZER PLANTS, CONDENSATE PROCESSING PLANTS, LPG COMPANIES, CARRIERS, ETC.



■ **Cuu Long gas system:** Wet gas from Bach Ho, Vom Bac, Rong, Doi Moi, Rang Dong, Phuong Dong, Su Tu Den, Su Tu Vang, Su Tu Trang, Te Giac Trang, Hai Su Den, Hai Su Trang, Ca Ngu Vang fields...is transported ashore via Cuu Long gas pipeline, through Long Hai to Dinh Co GPP in Ba Ria - Vung Tau province for the production of three kinds of gas product: Dry gas, LPG and Condensate. Dry gas is then transported via pipeline from Dinh Co GPP to Ba Ria, Phu My for delivering to end customers. LPG and Condensate are transported via pipeline to Thi Vai storage, stored in tanks and delivered to LPG companies by means of vessels or tank trucks and to PV Oil's Condensate Processing Plant via pipeline. In addition, from the end of 11/2014, wet gas from Su Tu Den, Su Tu Vang, Te Giac Trang, Hai Su Den, Hai Su Trang fields has been also transported and delivered to Japan Vietnam Petroleum Co., Ltd (JVPC) right at the platforms offshore for JVPC's EOR (Enhanced Oil Recovery).

■ **Nam Con Son gas system:** Gas from blocks, fields 06.1, 11.2, Chim Sao, Hai Thach, Moc Tinh was transported ashore via Nam Con Son gas pipeline, through Long Hai to Nam Con Son GPP in Ba Ria - Vung Tau province for the production of two kinds of gas product: Dry gas and Condensate. Dry gas is then transported via gas pipeline from Nam Con Son GPP to Phu My, Nhon Trach, Hiep Phuoc for delivering to end customers. Condensate is transported via Cuu Long gas pipeline system to Thi Vai Storage, stored in tanks and carried on-board for conveying to purchasers.

Gas from Cuu Long and Nam Con Son can be supplied to and pro in case of shortage via Phu My Gas Distribution Center.





■ **PM3 gas system:** Gas from PM3-CAA, 46 Cai Nuoc fields is transported ashore via PM3 gas pipeline, through Mui Tram to Ca Mau Gas Distribution Center and delivered to end customers.

■ In addition, PV GAS also procures LPG from Dung Quat and imports from partners overseas and stores LPG in its LPG storage systems in the North, Central and South across the country and delivers to LPG trading companies by means of vessels or tank trucks.

The operation and production of PV GAS will be prolonged according to new gas works and products in the coming years.

In 2014, PV GAS has maintained safe, stable and continuous operation and production for 3 gas systems: Cuu Long, Nam Con Son and PM3 including pipelines, plants, gas distribution centers, storages and terminals,...

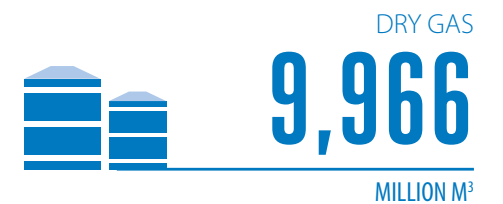
As a result, the total gas output ashore and selling for EOR project reached 10,137 million m<sup>3</sup>, producing 9,966 million m<sup>3</sup> of dry gas, 303.4 thousand tons of LPG and 59.5 thousand tons of Condensate, exceeding the 2014 plan, including:

■ **Cuu Long gas system:** Completing maintenance and repair in the downtime in 09/2014, putting gas system back into safe operation 79 hours ahead of schedule, ensuring stable and continuous operation of gas system; effort to operate 5 gas compressor machine clusters on CCP rig from time to time, and stable gas output mined at certain fields, Cuu Long's gas output reached 1,479 million m<sup>3</sup> of wet gas in 2014 (including nearly 3 million m<sup>3</sup> of wet gas for EOR Project), increasing by 4% as compared to 2013, contributing to the production of 1,271 million m<sup>3</sup> of dry gas, 303.4 thousand tons of LPG and 59.5 thousand tons of Condensate.



■ **Nam Con Son gas system:** Although certain fields were delayed in supplying gas and the demand on gas gathering for electricity generation was at low level in rainy season, Nam Con Son's gas ashore output was still overwhelming over other gas sources thanks to stable gas system operation, reasonable nomination and dispatching, with 6,812 million m<sup>3</sup>, increasing by 9% as compared to 2013, accounting for 67% of overall gas output, and there was not any downtime for maintenance and repair in 2014.

■ **PM3 gas system:** Although PM3 gas system was always ready to receive and transport gas at high level and PV GAS has successfully made efforts to accomplish the maintenance and repair works 96 hours ahead of schedule during the downtime in 7/2014 for maximizing gas sources ashore, making full use of Vietnam's rights in gas field within the area overlapping with Malaysia, PM3 gas output only reached 1,846 million m<sup>3</sup>, equal to 95% annual plan because the troubleshooting took place at field owner's platform from time to time and prolonged than 2013, A0 National Electricity System Control Center procured gas for electricity generation at low level and the maintenance and repair at Ca Mau 1 Power Plant prolonged than planned.



“ IN 2014, PV GAS HAS MAINTAINED SAFE, STABLE AND CONTINUOUS OPERATION AND PRODUCTION FOR 3 GAS SYSTEMS: CUU LONG, NAM CON SON AND PM3 INCLUDING PIPELINES, PLANTS, GAS DISTRIBUTION CENTERS, STORAGES AND TERMINALS,...





**Wet gas output in terms of gas system**

Unit: Million m<sup>3</sup>

Cuu Long gas	1,479	Nam Con Son gas	6,812	PM3 gas	1,846
Bach Ho, Vom Bac, Rong, Doi Moi	416	06.1	3,879		
Rang Dong, Phuong Dong	158	11.2	1,016		
Su Tu Den, Su Tu Vang, Su Tu Trang	434	12W	247		
Te Giac Trang, Hai Su Den, Hai Su Trang	312	Hai Thach, Moc Tinh	1,670		
Ca Ngu Vang	159				

In 2015, PV GAS will be fully engaged in meeting customers' demand, thanks to new gas brought from Dai Hung field into Cuu Long gas system in the Southeast region and from Thai Binh field in the North ashore.

**Maintenance and repair**

PV GAS' maintenance and repair activities aim at maintaining continuous, stable and effective operation of gas works; promptly preventing and repairing the unexpected incidents interrupting the operation and production; and above all, assuring the safety - quality - efficiency; and are assigned in various levels to 100% owned companies, directly in charge of managing and operating gas works (including Southeast Gas Transmission Company, Ca Mau Gas Company, Nam Con Son Gas Pipeline Company, Vung Tau Gas Processing Company and Gas Services Company) with regular, unscheduled and preventive maintenance, repair and testing, calibration. Good performance of maintenance and repair in terms of volume, progress and quality plays a key role, contributing to PV GAS' safety operation, production and business without any serious incidents during the past 24 years.

In 2014, PV GAS well carried out three types of regular, unscheduled and preventive maintenance, repair and testing, calibration. Some major and typical works were implemented, including:

- Regular maintenance and repair in the downtime: Finishing maintenance and repair in the downtime of PM3 gas system 96 hours ahead of schedule in 7/2014; finishing maintenance and repair in the downtime of Cuu Long gas system in 9/2014 to put it back into safe operation and ahead of schedule: 44 hours for Bach



“ IN 2015, PV GAS WILL BE FULLY ENGAGED IN MEETING CUSTOMERS' DEMAND, THANKS TO NEW GAS BROUGHT FROM DAI HUNG FIELD INTO CUU LONG GAS SYSTEM IN THE SOUTHEAST REGION AND FROM THAI BINH FIELD IN THE NORTH ASHORE. ”

Ho Central Gas Compression Platform, 79 hours for Dinh Co GPP; maintenance and repair of LPG tanks at Thi Vai Storage.

Given the production and business of PV GAS on a basis of 24/24 hours with year-round working days, the completion of maintenance and repair ahead of schedule in the downtime significantly played a meaningful event to PV GAS, reducing the drop in output, revenue and profit due to the downtime.

- Survey and repair of pipelines: Finishing the ROV survey on Su Tu Vang - Rang Dong - Bach Ho - Long Hai, Te Giac Trang - Bach Ho, extended Rong, PM3 - Ca Mau; repairing the pipelines according to survey and pigging results.
- And many other regular, unscheduled, preventive maintenance, repair, testing and calibration activities.

**Business**

**Dry gas**

In 2014, in spite of inconvenient weather, much rain during the rainy season, more EVN's hydroelectric generation; Ca Mau 1 Power Plant extended its maintenance and repair period beyond schedule, etc. However, with flexible and reasonable gas nomination and dispatching, PV GAS supplied 9,969 million m<sup>3</sup> of gas, attained 104% of 2014 plan and increased 5% as compared to 2013; of which power plants, fertilizer plants and industrial customers accounted for 83%, 11%, and 6% of consumed gas volume, respectively, and from the end of November 2014, a new customer namely JVPC started consuming wet gas from Su Tu Den, Su Tu Vang, Te Giac Trang, Hai Su Den, Hai Su Trang fields, right at offshore oil rigs to improve enhanced oil recovery coefficient (EOR).

**Structure of gas consumption by customers**

Unit: Million m<sup>3</sup>

Year	Done 2012	Done 2013	Plan 2014	Done 2014	2014 Percentage
Total output	9,175	9,469	9,600	9,969	100%
Power plants	7,580	7,845	7,848	8,298	83%
Urea plants	982	1,011	1,042	1,034	11%
Low pressure gas	613	613	620	635	6%
JVPC			89	2	0%



SUPPLIED  
**1,269**  
THOUSAND TONS OF LPG

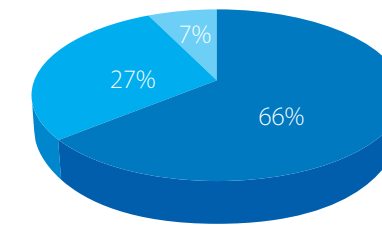
**LPG**

**World LPG market overview**

The world LPG market in 2014 was very unpredictable, contrary to the usual rule, with the downtrend prevailing in the entire market throughout the year: 10 months of price drop (-630 USD/ ton) and only 2 months of insignificant rise (+ 27.5 USD/ ton). The annual average CP price was 800.63 USD/ ton, down by 70.42 USD/ ton (equivalent to 8%) as compared to 2013 (871.04 USD/ ton). From the beginning of 2014 to the end of 2014, the CP price dropped by 45%. The main cause of 2014 LPG price drop was because the market growth was insignificant while the US market saw a strong growth in supply thanks to the shale gas revolution and the LPG production output from some Middle East countries increased as compared to last year. The major factor and main cause of the decline in LPG price during final months of 2014 was due to constant crash in crude oil price.

Unit: USD/ton

CP price (according to Saudi Aramco)	1	2	3	4	5	6	7	8	9	10	11	12	Annual average
2012	880.0	1,025.0	1,205.0	992.5	852.5	722.5	597.5	775.0	950.0	995.0	1,020.0	980.0	916.25
2013	955.0	910.0	895.0	812.5	755.0	757.5	792.5	820.5	862.5	835.0	895.0	1,162.5	871.04
2014	1,105.0	970.0	862.5	807.5	817.5	835.0	830.0	790.0	765.0	750.0	605.0	560.0	800.63



- Dinh Co source
- Dung Quat source
- Import and international trade

**PV GAS' LPG business**

PV GAS' LPG business in 2014 was also affected directly by the world and Vietnam LPG market. Notably, the LPG consumption demand almost unchanged, and the CP price plummeted in 10 months and slightly went up in only 2 months. Therefore, PV GAS' LPG output almost remained unchanged as compared to 2013, taking into account the reduction of imports and international business activities to avoid the risk of CP price fluctuation. In 2014, PV GAS supplied the domestic and foreign markets with 1,086 thousand tons and reached over 1,269 thousand tons including the LPG output of PV GAS South, PV GAS North, PV GAS City (excluding internal transactions), covering approximately 70% of the national LPG market share. Advantages in facilities, human resources, LPG sources and business partners have helped PV GAS maintain its position as Vietnam's Number 1 producer and trader of LPG and the only importer in Vietnam with ability to import refrigerated LPG from the Middle East.

**Structure of LPG output by LPG source**

Unit: Million tons

Year	Done 2012	Done 2013	Plan 2014	Done 2014	Percentage 2014
Output of the parent company	1,027	1,061	940	1,086	100%
Dinh Co source	258	302	212	290	27%
Dung Quat source	105	66	84	74	7%
Import and international trade	664	693	644	722	66%
Consolidated output	1,275	1,326		1,269	

**Condensate**

Condensate is sold to PV Oil's Condensate Processing Plant under the long-term contract with the output of 58.9 thousand tons in 2014.

**Condensate output**

Unit: Thousand tons

Year	Done 2012	Done 2013	Plan 2014	Done 2014
Output	61	62	47	59

**Transportation**

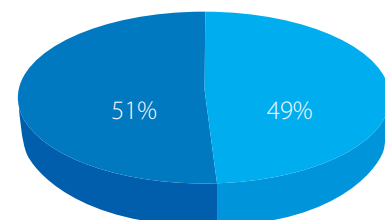
Gas and gas product transportation is an important business line of PV GAS, including transportation of gas and condensate from Nam Con Son basin, and transportation of gas from PM3 field for the field owner, seller.

In 2014, PV GAS transported 6,849 million m<sup>3</sup> of Nam Con Son gas, 140.5 thousand tons of Nam Con Son, Hai Thach - Moc Tinh Condensate and 1,846 million m<sup>3</sup> of PM3 gas, fully satisfying customer demands.

**Vietnam LPG market overview**

LPG consumption in the domestic market in 2014 reached 1.3 million tons; approximately equal to 2013. The reason was that the demand of the industrial sector kept declining because LPG price could not compete with other types of fuel such as fuel oil, low pressure gas, CNG, coal, biomass given the crude oil price stumbled in late 2014. Meanwhile, in the household sector, although LPG price was especially low in the last months of the year, the demand in the last months of the year could not increase as much as in previous years because the stock demand from general dealers/ agents was not properly stimulated.

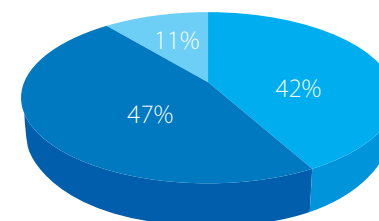
**Structure of LPG supply in Vietnam in 2014**



- Domestic supply (Dinh Co GPP, Dung Quat Oil Refinery)
- Import (the Middle East and neighboring countries such as China, Malaysia, Taiwan, Singapore, Indonesia, etc.)

**Structure of LPG consumption market in Vietnam in 2014**

- South region (47%)
- Central region (11%)
- North region (42%)





**Investment and Construction**

PV GAS' investment and construction activities are carried out entirely for the purpose of investment and development, including developing gas supply from domestic fields and importing gas from abroad, developing infrastructure to enhance the capacity of production, business, processing and the added-value of products, etc.. These activities are assigned to member companies, project management Board (including Gas Project Management Company, Block B - O Mon Gas Pipeline Management Company, Southeast Gas Project Management Board, Ca Mau GPP Project Management Board) with specialists, engineers, professionals, etc solidly qualified and possessing rich experience since PV GAS' investment in the first gas work to present. The whole process of investment and construction complies with prevailing regulations and is subjected to inspection, supervision, support and guidance of PV GAS, PVN and State management agencies, to ensure quality, right objectives and budget of these projects.

**Investment and construction implementation**

In 2014, PV GAS prepared and implemented investments, and finally settled 8 projects of group A, 9 projects of group B and projects of group C, equipment procurement and financial investment; disbursed 4,156 billion VND, representing 89% of the annual plan. This demonstrates that the investment and construction activities have been carried out actively, aggressively closely following the plan, progress and

disbursement schedule of each project, and specially prepared PV GAS to be ready to receive the first gas ashore from Dai Hung and Thai Binh fields in 2015.

*Disbursement value of some major projects Unit: Billion VND*

No	Project name	Disbursement value in 2014
<b>Total</b>		<b>4,156.1</b>
<b>I Gas gathering</b>		<b>3,244</b>
1	Nam Con Son 2 gas pipeline, stage 1	2,730
2	Ham Rong - Thai Binh gas pipeline, stage 1	413
3	Block B - O Mon gas pipeline	101
4	Nam Con Son 2 gas pipeline, stage 2 and gathering and transporting gas from Su Tu Trang field	
<b>II Gas import</b>		<b>4.1</b>
1	1 MMTPA LNG storage at Thi Vai	0.1
2	3 - 6 MMTPA LNG storage and terminal at Son My	4
<b>III Strengthening gas and gas product processing and storing capacities</b>		<b>88</b>
1	Dinh Vu - Hai Phong LPG storage upgrading	27
2	Supplying Nam Con Son wet gas to Dinh Co GPP	29
3	Ca Mau GPP	27
4	Separating Ethane from Cuu Long and Nam Con Son gas sources	5
<b>IV Final accounting and settlement; investment preparation, implementation of other investment projects; equipment procurement; and financial investment</b>		<b>820</b>

**Implementation of some major projects**

■ **Gas gathering**

Building new pipelines to gather gas from new gas fields to supplement gas supply to the market.

*Nam Con Son 2 gas pipeline, stage 1*

Investing 151 km-long pipeline from Thien Ung field to connect to Bach Ho pipeline in order to gather and transport gas from Thien Ung, Dai Hung

fields with the total investment capital of 402.6 million USD; The project is scheduled for completion by the third quarter of 2015.

Works implemented in 2014: Completing 85% of workload of the steel pipeline supply package (manufacturing and delivering about 120 km of pipeline), 75% of pipeline coating package (coating around 114 km of pipeline and delivering 20 km of pipeline for VSP's pipe laying) and 30% of the EPC package (completing 100% design, laying 17 km of pipeline).

*Ham Rong - Thai Binh gas pipeline, stage 1*

Investing 20 km-long pipeline to gather and transport gas from Thai Binh field ashore, and supply gas to customers at Tien Hai, Thai Binh industrial sector and other customers in neighboring provinces with the total capital investment of 91.7 million USD; The project is scheduled for completion in the third quarter of 2015.

Works implemented in 2014: Fulfilling 100% workload of detailed design, 8% of construction and 83% of procurement.

*Block B - O Mon gas pipeline*

Investing pipeline to transport gas ashore from fields of Block B&52 and supply gas to power plants, other customers in the South-West region.

Works implemented in 2014: Although the project was on hold pending the negotiation result for upstream gas

price, some necessary works were still carried out in preparation for resumption of project implementation. In specific, the foundation of O Mon GDC was basically treated; implementation of site clearance and compensation activities: The measurement and counting were completed in 5/5 provinces and 4/5 provinces respectively.

*Nam Con Son 2 gas pipeline, stage 2 and gathering and transporting gas from Su Tu Trang field*

Investing gas pipelines and remaining works of the Nam Con Son 2 gas pipeline project after stage 1 completion and the pipeline from Su Tu Trang field to gather gas ashore from Su Tu Trang, Dai Nguyet fields, etc.

Works implemented in 2014: Preparing the Report on deployment orientation research.

COVERING APPROXIMATELY

**70%**

OF THE NATIONAL LPG MARKET SHARE



■ **Gas import**

Aimed at supplementing gas supply to the market in the future when the demand exceeds domestic supply, the project has been divided into 2 phases:

*1 MMTPA LNG storage at Thi Vai*

Investing the 1 MMTPA LNG storage at Thi Vai, Vung Tau to import and provide LNG to customers with the total capital investment of 285.8 million USD; The project is scheduled for completion in the first quarter of 2015.

Works implemented in 2014: Selecting the EPC contractor; signing master sale agreement of LNG spot with Gazprom Marketing and Trading Singapore and Shell, and negotiating master sale agreement with other potential partners.





3 - 6 MMTPA LNG storage and terminal at Son My

An important component project of the national power - gas complex at Son My, Binh Thuan, this project is aimed at importing and supplying LNG to Son My power center and supplementing gas to the Southeast region to offset the shortage in the future.

Works implemented in 2014: Report on the trading model, gas pricing principle and LNG buying plan were approved by the Ministry of Industry and Trade; Completing and submitting the FS to competent authorities for approval; promoting investment and negotiating with partners on co-operation plan.

Strengthening gas and gas products processing and storing capacities

Dinh Vu - Hai Phong LPG storage upgrading

Upgrading Dinh Vu - Hai Phong LPG Storage (expanding the existing storage capacity from 1 tank of 1,500 tons to 3 tanks with a total storage capacity of 4,500 tons) to diversify the LPG supply sources, retain the active role in LPG import and export, improve competitiveness, expand market, maintain and develop the LPG market share in the North's market with the total investment capital of 8.7 million USD; The project is scheduled for completion in the fourth quarter of 2015.

Works implemented in 2014: Fulfilling 100% of detailed design workload,

60% of tank installation and 30% of procurement.

Supplying Nam Con Son wet gas to Dinh Co GPP

Investing pipelines and equipment to transport a part of Nam Con Son gas output to Dinh Co GPP to produce LPG and Condensate, increase Nam Con Son gas value and ensure effective operation of Dinh Co GPP with the total investment capital of 177 billion VND; The project is scheduled for completion in the third quarter of 2015.

Works implemented in 2014: Signing contract for the gas delivery point number 2; completing 100% of design workload, 40% of procurement, and 10% of construction.

Ca Mau Gas Processing Plant

Investing and upgrading gas pipeline, GPP, storage, terminal in Ca Mau province to produce LPG and Condensate from gas gathered from PM3 field, Block 46-CN and surrounding areas with the total investment capital of 494 million VND; The project is scheduled for completion in the third quarter of 2016.

Works implemented in 2014: Approving the adjusted FS and plan for contractor selection; preparing bidding documents for packages; implementing relevant works to ensure the project progress.

Separating Ethane from Cuu Long and Nam Con Son gas sources

Investing and transforming equipment at Dinh Co GPP to separate ethane

from Cuu Long and Nam Con Son gas sources to provide ethane to Long Son Petrochemical Complex.

Works implemented in 2014: Completing evaluation of bidding documents; signing and performing the contract for FS development.

Accounting and final settlement

Works implemented in 2014: Accounting / approving the final settlement of investment cost for gas pipeline projects of Phu My - HCMC, Rong - Doi Moi, Extended Rong - Doi Moi, Su Tu Den/ Su Tu Vang - Rang Dong, Ca Mau gas compressor, Thi Vai refrigerated LPG storage, PV GAS Tower.

Corporate innovation and restructure

PV GAS has kept carrying out the corporate innovation and restructure to make proper adjustments on structure, organization, functions, duties throughout PV GAS, aiming at further strengthening and focusing on PV GAS' major business lines and other business lines directly supporting PV GAS.

In 2014, PV GAS kept performing the corporate innovation and restructure according to PV GAS' restructure plan for 2012-2015 as follows:

- For PV GAS South, PV GAS North, PV GAS D, PV GAS City: PV GAS maintained the existing capital contribution ratio in these four companies;
For PV Coating: On progress of reducing PV GAS' equity in the Company to 51%;



- For PV Pipe: PV GAS has been looking for domestic and foreign partners with financial capacity and proper qualifications in steel pipe production to transfer PV GAS' equity in PV Pipe and reduce it to 51%;

- For Cuu Long Petro Gas Transportation Joint Stock Company - CGT (stock code: PCT): implementing procedures to sell all PV GAS' equity in CGT;

- For the Southeast Asia Commercial Joint Stock Bank - SeABank: PV GAS is considering methods to transfer its entire equity in SeABank.

Operation of subsidiaries

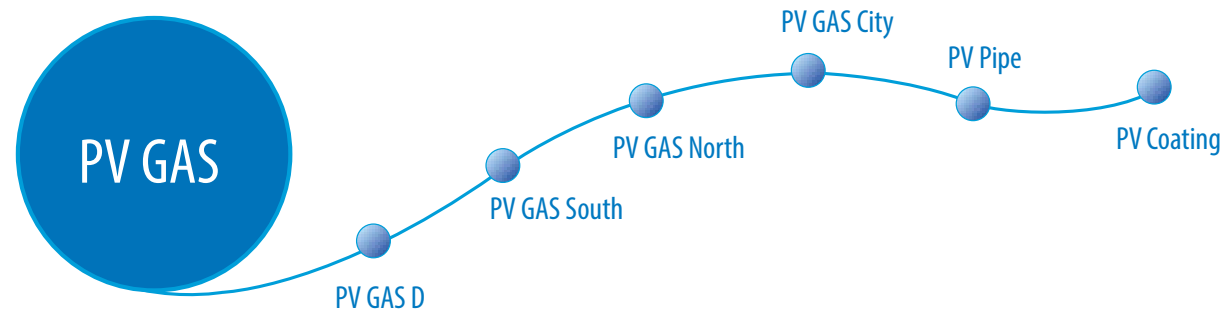
Thanks to practical and prompt supports from PV GAS - parent company, major shareholders, and

efforts in 2014, PV GAS' subsidiaries achieved quite good operating results, of which remarkable companies including PV GAS D, PV GAS South and PV Coating, jointly contributing to the development of Vietnam gas industry.

PV GAS D supplied over 630 million m³ of gas to 51 industrial customers and CNG manufacturer in Ba Ria - Vung Tau, Dong Nai, Ho Chi Minh City, increased by nearly 2% as compared to 2013, achieving revenue of 6,965 billion VND and after-tax profit of 165 billion VND, reaching a fairly high net profit/ charter capital ratio (28%). To expand market, PV GAS D is investing Tien Hai - Thai Binh as pipeline project, which is scheduled for completion at the same time with PV GAS' Ham Rong - Thai Binh gas pipeline project in the third quarter of 2015 to provide low pressure gas to industrial customers

in Thai Binh province, and sell CNG in the North market in co-operation with PV GAS North, PV GAS South. Furthermore, in 2014, PV GAS D has increased its charter capital to 600 billion VND.

PV GAS South with its 6 gas cylinder trade names including PetroVietnam, VTG, A Gas, Dang Phuoc, Dak Gas, JP Gas supplied approximately 237 thousand tons of LPG to households, restaurants, hotels and industrial customers. Owning complete facilities with storages; LPG filling stations; gas cylinder repairing, painting and inspecting stations throughout the business market, plus the support from PV GAS - the parent company in terms of the gas source etc., PV GAS South is now the leading LPG trader (retailer) in the South and the South Central markets regarding to output.



For CNG business activities, PV GAS South and its subsidiary - CNG Vietnam still dominate the CNG market in the Southeast region, supplying about 159 million m<sup>3</sup> of CNG to industrial customers and transport vehicles. As a result, PV GAS South's operation remained effective with 7,658 billion VND in revenue and 192 billion VND in net profit, reaching the net profit/ charter capital ratio up to 50%.

Contrary to the normal practice repeated over previous years, the world's plummeted LPG price caused a deep impact on PV GAS North's operating result. However, until now, PV GAS North remains the leading LPG trader (retailer) to provide the North and the North Central markets with approximately 197,000 tons of LPG. In 2015, PV GAS North will enhance its forecast and administration work to become more sensitive to the market fluctuations in order to strengthen LPG business activities and will sell CNG in Thai Binh province and surrounding areas in co-operation with PV GAS D from the third quarter of 2015, helping diversify its products and earn more profit.

PV GAS City's operating activities have not changed much as compared to 2013, with nearly 40 thousand tons of LPG, over 853 billion VND in revenue

and nearly 10 billion VND in net profit because the real estate market has remained stagnant, causing domino effect upon the implementation and operation of PV GAS City's investment projects and gas center systems for urban areas and apartments. In the following years, when Vietnam real estate market shows signs of recovery, PV GAS City's operating activities will certainly achieve many positive changes.

Currently, PV Pipe has been granted with certificates of HSE management system under ISO 14001 & OHSAS 18001, certificates of API 2B, API 5L by international organizations, which are prerequisites for PV Pipe to participate in bidding and signing contracts of steel pipe production in and outside the petroleum industry. Accordingly, in 2014, PV Pipe produced and delivered over 36 thousand tons of steel pipes to customers, affirming its capacity in producing pipes for projects in and outside the petroleum industry. In 2015, PV Pipe will continue producing pipes for Nam Con Son 2 gas pipeline project - Stage 1 (the remaining workload), Ca Mau GPP as well as for other orders.

PV Coating carried out coating and delivered coated pipes to project investors (Nam Con Son 2 gas pipeline



LARGEST INCOME TAX PAYING ENTERPRISES IN VIETNAM



MOST VALUABLE COMPANIES IN SOUTHEAST ASIA

project - Stage 1, Nam Con Son 2 - Bach Ho, Su Tu Nau, Su Tu Vang, South West, H5/ Te Giac Trang, etc.) in strict compliance with committed schedule and guaranteed quality. This enabled PV Coating to earn over 1,001 billion VND in revenue, 148 billion VND in net profit, higher than those in 2013 and the 2014 plan, reaching a very impressive net profit/ charter capital ratio (68%), helping PV Coating in terms of reputation and finance to follow bidding for new pipe coating projects in 2015.

**Scientific research and technical initiatives**

Activities of scientific research and technical innovations are more and more practical, yielding practical and instant economic benefits for PV GAS' activities in the past year as well as in the coming years.

Completing 6 scientific research topics:

- Planning the LNG distribution system in the South;
- Planning the LNG distribution system in the North;
- Conducting research and evaluation of Ca Voi Xanh gas use plans;
- Conducting research and applying new technologies of using no pipe to gather, transport and distribute gas from small, marginal and offshore gas fields;
- Conducting research on coal gasification in Vietnam with KEPCO;
- Compiling standard regulations applicable to measurement systems in the civil gas supply systems for urban areas;

Preparing Vietnamese standards for satellite LNG storage - Equipment system and installation.

As in previous years, the movements on promoting initiatives, technical innovation and production rationalization were launched from the beginning of the year to each member company, department, and was actively and practically supported by the entire staff of PV GAS, yielding over 56 billion VND in profit for PV GAS.

In addition, PV GAS also completed the Vietnam Gas Industry Model plan, PV GAS' development strategy to 2025 and PV GAS' development orientation to 2035, 5 years plan from 2016 to 2020, submitted to PVN and competent authorities for consideration and approval as the basis for PV GAS' implementation.



## REPORT OF THE BOARD OF MANAGEMENT

“ IN 2014, PV GAS HAS IMPLEMENTED THE BUSINESS PLAN ON THE CONDITIONS THAT THE WORLD AS WELL AS DOMESTIC ECONOMY SHOWED SIGNS OF RECOVERY BUT REMAINED VERY DIFFICULT. DOMESTICALLY, THE CREDIT GROWTH REMAINED LOW, BAD DEBT STATUS WAS NOT IMPROVED; THE WORLD LPG PRICE CONSTANTLY FLUCTUATED AND PLUMMETED; THE CRUDE OIL PRICE FELL TO THE LOWEST RECORD IN THE LAST 5 YEARS, ETC.



Actively being aware of and anticipating obstacles, recommending appropriate solutions to promptly get over difficulties in management, operation, and creative in business activities; making good use of opportunities, fully promoting the strength of the political system together with the solidarity and high determination of Leadership and all employees, PV GAS has successfully achieved most of tasks and targets. PV GAS continuously and safely operated the gas system without any unfortunate incidents to human beings and affecting PV GAS' reputation, completed and exceeded most of planned targets. Particularly, the targets of profit, the State budget contribution, production of dry gas, LPG and Condensate from Cuu Long gas source were completed ahead of schedule by 2 to 4 months. PV GAS was ranked in the list of 50 most valuable companies in Southeast Asia (ranked 48/50 companies) by Nikkei Asia Review magazine and voted in the top 2,000 largest enterprises in the world by Forbes magazine (Ranked 1,651/2,000 enterprises), remaining one of leading companies of PVN as well as on the stock exchange in terms of profit; making significant contributions to the national budget, together with PVN contributing to the stabilization of the country's macroeconomy. The following figures are the key targets:



LARGEST ENTERPRISES IN THE WORLD BY FORBES MAGAZINE

No	Target	Unit	Done 14	Done 14/ Plan14	Done 14/ Done13
1	Wet gas (Gas ashore + Consumed for EOR)	Million m <sup>3</sup>	10,137	103%	105%
2	Gas consumption (Dry gas + Wet gas for EOR)	Million m <sup>3</sup>	9,969	104%	105%
3	Condensate	1000Tons	59	125%	95%
4	LPG	1000Tons	1,086	116%	102%
5	Revenue	Billion VND	73,648	118%	112%
6	Gross profit	Billion VND	17,991	171%	115%
7	Net profit	Billion VND	14,370	167%	114%
8	Net profit/ charter capital ratio	%	76	167%	114%
9	Contribution to national budget	Billion VND	6,975	167%	120%
10	Disbursed capital for construction investment (the parent company)	Billion VND	4,156	89%	178%

Notes:

If taking LPG output of subsidiaries into account (excluding internal transactions), PV GAS supplied 1,269,329 tons of LPG to the domestic and foreign markets in 2014.

Apart from safely operating gas works, completing major maintenance and putting gas systems into safe operation ahead of schedule, fulfilling all business targets, in 2014, PV GAS has also carried out investment projects such as Nam Con Son 2 gas pipeline - Stage 1, Ham Rong - Thai Binh gas pipeline, Block B - O Mon gas pipeline, Dinh Vu - Hai Phong LPG storage upgrading, Supply of Nam Con Son wet gas to Dinh Co GPP; bidding for Ca Mau GPP project, 1 MMTPA LNG storage at Thi Vai; prepared for investment projects such as 3 - 6 MMTPA LNG storage and terminal at Son My, Nam Con Son 2 gas pipeline - Stage 2, gathering and transporting of gas from Su Tu Trang field, separating ethane from Nam Con Son and Cuu Long gas sources, etc.

Along with the success of major business activities, employee wages, income and social security benefits also witnessed good results. PV GAS guaranteed that employee' income in 2014 is not lower than in 2013 and carried out the best insurance policies for employees to the extent permitted by the State. In 2014, PV GAS spent nearly 100 billion VND and 4 days' wages of all PV GAS' employees working overtime on 4 Saturdays for the social security work, supporting many local programs nationwide, remarkably contributing to social security work of PVN and the country.



“ THE TARGETS OF 2015 INCLUDE: SAFELY AND EFFECTIVELY OPERATING EXISTING GAS WORKS, ENSURING PROGRESS OF INVESTMENT PROJECTS; SUPPLYING 9.5 BILLION M<sup>3</sup> OF DRY GAS FOR CUSTOMERS; ENSURING LPG OUTPUT TO REPRESENT 70% OF MARKET SHARE NATIONWIDE, MAINTAINING TO BE A KEY SUBSIDIARY OF PVN AND ACHIEVING EXPECTATIONS OF PV GAS' SHAREHOLDERS.

### Activities plan of Board of Management in 2015

According to the forecast, the world economy is still gloomy with low growth. The general difficulties of the world economy will keep affecting the Vietnam economy and business activities of Vietnamese enterprises.

For PV GAS, the assigned tasks are extremely heavy and difficult. That is, in addition to ensuring safe operation, gas supply with target output highest ever, PV GAS will simultaneously implement some important projects requiring large capital, prompt progress and involving multiple parties in 2015.

Given the particulars of situation home and abroad as well as of PV GAS, in order to ensure fulfillment of the 2015 plan, the BOM determines to carry out some main contents as follows:

- To keep organizing the BOM' mechanism to work professionally with high sense of responsibility, satisfactorily directing and supervising activities of the BOD;
- To keep holding regular meetings according to regulation and extraordinary meetings when necessary to resolve any matters arising under the BOM's authority, and attending all meetings of the BOD as regulated/invited, together with the BOD to promptly handle any issues;
- To urge, closely monitor the implementation of BOM's Resolutions/Decisions/Instructions;
- To direct preparation and implementation of PV GAS' restructure in the direction of lean structure and focus on effective and core business lines;
- To direct review of investment projects, with priority to focus resources on key effective investment projects;
- ” ■ To direct introduction and application of PV GAS' Corporate Culture, ensuring PV GAS' activities to be carried out professionally and with reputation;
- To direct promotion of research, seeking strategic partners, especially foreign investors of ample qualifications and experience in gas sector, ensuring sustainable development of PV GAS.







“ THERE IS ALWAYS A CLOSE COORDINATION AMONG THE BOS, BOM AND BOD. ALL OF THE BOS' SUMMARY REPORTS ON THE INSPECTION AND CONTROL TASKS HAVE BEEN REGULARLY SUBMITTED TO THE BOM AND THE BOD. ”

### Board of Supervisors' operational results in 2014

Implementing functions and duties of BOS prescribed in the Charter of PV GAS and Regulations on BOS' operation, in 2014, the BOS has carried out the supervision of PV GAS' activities, in specific:

#### ■ Inspection and auditing

- The BOS has carried out the inspection and auditing as plan prepared from the beginning of 2014 at member companies (100% owned companies and subsidiaries controlled by PV GAS); reflecting achievements as well as remaining shortcomings in business activities of member companies; raising proposals and solutions. BOS has reported to the BOM/President of PV GAS after each inspection so that the President issued specific instructions to each member company;
- Supervision has also been implemented through periodic and irregular reports from member companies and through inspection and audit results from the State management and superior agencies on business activities, capital management and usage, investment and trading activities, cost saving and restructure work.
- BOS has done quarterly/annual report on inspection and supervision of PV GAS' business activities and financial management, including advantages, disadvantages, realized and unrealized results and submitting them to the superior agency (PVN).

#### ■ Verification of PV GAS' 2014 financial statements

The BOS has carried out quarterly and annually verification of financial statements, ensuring rightness and transparency of reports. Results show that:

- Recording, opening accounting books, classifying economy contents of PV GAS complied with Accounting Standards issued by the Ministry of Finance; prepared and submitted reports in accordance with State regulations, providing a true and extensive overview of PV GAS' financial activities.
- The 2014 financial statements have given a true and fair view of PV GAS' financial position as at December 31, 2014 as well as its business results in 2014;
- PV GAS has managed, archived accounting records and documents in accordance with regulations;
- PV GAS has made regular information report and disclosure to the State Securities Commission and the Ho Chi Minh City Stock Exchange in accordance with regulations of the Ministry of Finance on information disclosure on the stock market;
- PV GAS has fully implemented the governance report in accordance with PVN's regulations;
- The 2014 financial indicators have reflected the sound financial standing, ensuring solvency, capital preservation and growth of PV GAS.
- PV GAS' 2014 financial statements are audited by Deloitte Vietnam Company Limited in accordance with PV GAS' Charter and Shareholder's Committee Resolution in 2014;



### Supervision results on management and administration activities of the Board of Management and the Board of Directors

#### ■ Activities of the Board of Management

- The BOM has strictly carried out the 2014 business plan approved by the Shareholders' Committee;
- The BOM has issued resolutions/decisions/instructions relating to production, business, construction investment activities and personnel organization in strict compliance with PV GAS' Charter. The BOM has well fulfilled its role to direct, supervise and support the BOD and other functional divisions, member companies of PV GAS in operating business activities and exceeding business targets approved by the Shareholders' Committee;
- The BOM has strictly arranged and stabilized PV GAS' activities in the model of a joint stock company; ensuring continual business activities; and restructuring PV GAS in accordance with PVN's resolution;
- The BOM has kept promoting co-operation activities, seeking domestic and foreign investment opportunities for additional gas sources, developing gas gathering and distribution pipeline system, building storage facilities and actively building the gas trading market, and promoting PV GAS' brand both domestically and internationally.

#### ■ Activities of the Board of Directors

- The BOD has implemented and instructed member companies and departments in collaboration with functional divisions to strictly implement the BOM's resolutions/decisions/instructions, striving to overcome difficulties, applying close management measures and excellently surpassing the 2014 business plan;
- The BOD has reinforced its management, classification and taken measures to recover, handle debts, inventories and assets not in use at member companies to eliminate risks, reduce tie-up capital causing adverse impact on cash flow in support of business activities;
- The BOD has regularly reviewed investment projects to ensure safe and qualified implementation, satisfactory to the approved schedule.
- The BOD has regularly worked with member companies to promptly adjust business activities under general orientations, promptly handling any difficulties in business and investment of each member company



- PV GAS' recruitment activities have complied with procedures and regulations on recruitment, satisfying employment demands. The improvement of training quality and human resources development has seen positive results, and been thoroughly communicated to each 100% owned company, subsidiary, ensuring thrift practice and efficiency.
- Regarding to salary and benefit policies: PV GAS has promptly raised/adjusted salary for PV GAS' employees as scheduled, ensured payment in strict compliance with applicable rules and regulations.

**Evaluation on operation coordination among the Board of Supervisors, Board of Management and Board of Directors**

There is always a close coordination among the BOS, BOM and BOD. The BOM and the BOD have coordinated and supported the BOS such as providing information and documents, nominating task forces to work with the BOS when required. All of the BOS' summary reports on the inspection and control tasks have been regularly submitted to the BOM and the BOD.



**Inspection and supervision plan of the Board of Supervisors in 2015**

To strictly carry out control tasks in accordance with the Law on Enterprises and PV GAS' Charter, the BOS has built the 2015 action plan as follows:

- To monitor the observance of the law provisions and PV GAS' Charter, implementation of resolutions, decisions of the Shareholders' Committee, BOM;
- To keep carrying out inspection and supervision on operating activities and business management by functions and duties prescribed in the Law on Enterprises and PV GAS' Charter;
- To supervise the observance of Charter, regulations and internal management process of PV GAS, also review and suggest revising internal documents of PV GAS to comply with current regulations of the State, PVN, PV GAS' Charter and actual practice at PV GAS;
- To monitor and report on handling PVN's recommendations in supervision reports as well as instructions/resolutions/decisions... of PVN;
- To check and supervise the implementation of plans, progress on production, business and investment activities, bidding and procurement activities of PV GAS and PV GAS' member companies;
- To check and supervise the implementation of waste combat, thrift practice, cost saving activities (at the year end);
- To check and supervise the restructuring work;
- To enhance supervision of management of capital invested in other enterprises and PV GAS' representatives in other enterprises;
- To supervise and urge the implementation of proposals of State management agencies, PVN;
- To review and verify quarterly and annual financial statements of PV GAS;
- To prepare and submit quarterly and annual supervision reports to PVN on schedule;
- To enhance close coordination between BOS' members at member companies and internal

control units in implementation of inspection and supervision;

- To improve coordinated work with PVN's auditing, control divisions to achieve agreement and good support in control and supervision;
- To nominate the BOS' members to participate in advanced training courses and all specialized conferences relating to control activities.





## SHAREHOLDERS' DATA

**ABOVE 6 BILLION USD**  
MARKET CAPITALIZATION VALUE ON 31/12/2014

TOTAL SHARE VOLUME  
**1,895**  
MILLION SHARES

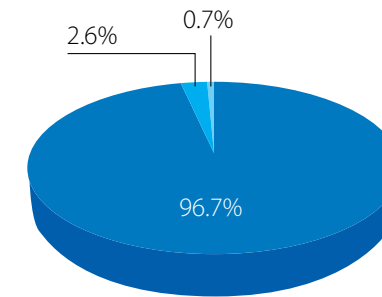
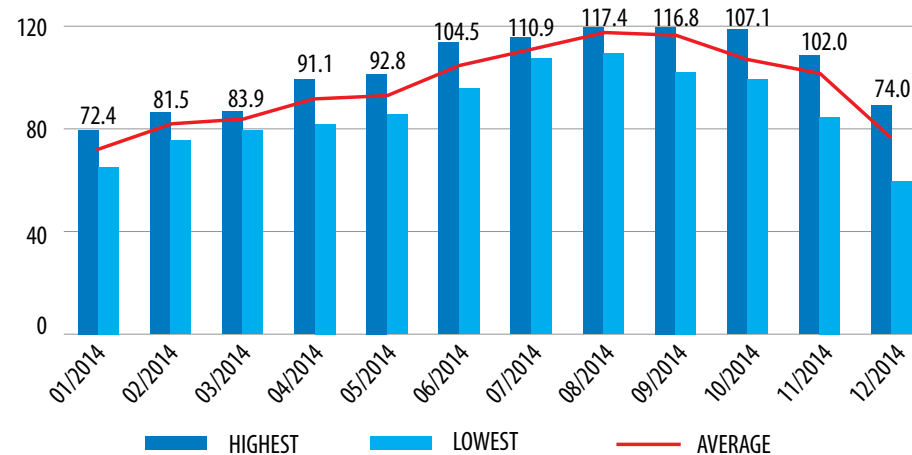
### STATISTICS OF PV GAS TRADING VOLUMES IN 2014

Total trading sessions	247 trading sessions
Total matched volume	106,480,800 shares
Total matched value	9,991,721,000,000 VND
Highest price	128,000 VND
Lowest price	60,000 VND
Average trading volume/day	422,734 shares
Highest trading volume in 52 weeks (16/01/2014)	1,857,438 shares
Lowest trading volume in 52 weeks (27/03/2014)	85,361 shares

### PV GAS' share price

In 2014, GAS stock always attracted interest of domestic and foreign investors and maintained liquidity at high level, with average trading volume/day reaching nearly 500,000 shares and highest trading volume in 52 weeks at 1,857,438 shares (on 16/01/2014).

GAS' margin strongly fluctuated as compared to general market evolution. GAS' price remarkably went down during final months of 2014 due to drastic drop of crude oil price, prompting shareholders selling out their shares on psychological reaction, without proper assessment of crude oil price impact upon PV GAS' business activities.



- Big shareholders holding over 5% of total shares
- Shareholders as professional investors (holding <5%)
- Other shareholders

**Shareholder structure** (Source: List of shareholders at the record date of 17/12/2014)

On 16/05/2011, PV GAS was officially equitized and operated as a joint stock company. At 31/12/2014, the biggest shareholder of PV GAS is PVN - holding 96.72% of total shares, 3.28% of remaining shares was held by foreign and domestic professional investors and other shareholders.

### Ownership ratio

No.	Description	Share volume	Ratio	Share- holder number	Shareholder structure	
					Organization	Individual
	<b>Total share volume</b>	<b>1,895,000,000</b>	<b>100.0%</b>	<b>4,067</b>	<b>158</b>	<b>3,909</b>
1	Big shareholders holding over 5% of total shares					
	- Domestic	1,832,835,900	96.7%	1	1	
	- Foreign	0	0.0%			
2	Shareholders as professional investors (holding <5%)					
	- Domestic	4,477,520	0.2%	28	28	
	- Foreign	45,045,250	2.4%	116	116	
3	Other shareholders					
	- Domestic	12,016,780	0.6%	3,732	10	3,722
	- Foreign	624,550	0.0%	189	3	186
4	Trade Union	50,000	0.0%	1		1
5	Treasury shares	0	0.0%			

### Ownership forms

No.	Subject	Number of shares held	Ownership ratio
<b>I</b>	<b>Special shareholders</b>	<b>1,832,992,800</b>	<b>96.7%</b>
1	Board of Management	1,832,958,800	96.7%
	- Domestic	122,900	0.0%
	- State	1,832,835,900	96.7%



## SHAREHOLDERS' DATA (continued)

2	Board of Management (excluding President as included in the BOM list)	16,400	0.0%
3	Board of Supervisors	17,600	0.0%
4	Chief Accountant		
5	Person authorized to disclose information	0	0.0%
<b>II</b>	<b>Treasury shares</b>	<b>0</b>	<b>0.0%</b>
<b>III</b>	<b>Trade Union</b>	<b>50,000</b>	<b>0.0%</b>
<b>IV</b>	<b>Other shareholders</b>	<b>61,957,200</b>	<b>3.3%</b>
1	Domestic	16,287,400	0.9%
	- Individuals	11,757,230	0.6%
	- Organizations	4,530,170	0.2%
2	Foreign	45,669,800	2.4%
	- Individuals	411,100	0.0%
	- Organization	45,258,700	2.4%
	<b>Total</b>	<b>1,895,000,000</b>	<b>100.0%</b>

List of major shareholders of PV GAS

No.	Shareholder	% holding
1	Vietnam Oil and Gas Group	96.72%
2	Beira Limited	0.15%
3	Norges Bank	0.15%
4	JPMorgan Vietnam Opportunities Fund	0.14%
5	Government of Singapore	0.10%
6	Schroder International Selection Fund	0.10%
7	Amersham Industries Limited	0.10%
8	Vietnam Investment Property Holdings Limited	0.10%
9	The Caravel Fund	0.09%
10	Danske Invest Sicav-Sif-Emerging and Frontier Markets SMID	0.09%
11	Vietnam Enterprise Investment Limited	0.09%
12	Tong Yang Vietnam Privatisation Trust Fund 1	0.06%
13	KITMC Worldwide Vietnam Rsp Balance Fund	0.06%
14	Goldman Sachs Funds	0.05%
15	Manulife Vietnam Co., Ltd	0.05%
16	Vietnam Securities Investment Fund	0.05%
17	Wareham Group Limited	0.05%



## TITLES AND AWARDS

**TOP 10**

**VIETNAM FAMOUS BRANDS**  
(VOTED BY INTELLECTUAL PROPERTY SOCIETY);

**TOP 50**

**BEST PERFORMING COMPANY IN VIETNAM**  
(VOTED BY NHIP CAU DAU TU MAGAZINE);

**TOP 50**

**MOST VALUABLE COMPANIES IN SOUTHEAST ASIA**  
(VOTED BY NIKKEI ASIAN REVIEW);

**TOP 500**

**LARGEST ENTERPRISES IN VIETNAM VNR500**  
(VOTED BY VIETNAM REPORT);

**TOP 1000**

**INCOME TAX PAYING ENTERPRISES IN VIETNAM V1000**  
(VOTED BY VIETNAM REPORT, VIETNAMNET NEWSPAPER, TAXATION MAGAZINE);

**TOP 2000**

**LARGEST COMPANIES IN THE WORLD - GLOBAL 2000**  
(VOTED BY FORBES MAGAZINE);

**TRUSTED QUALITY SUPPLIER, TRUSTED BRAND**  
(VOTED BY VIETNAM ENTERPRISES INSTITUTE).

# STRONG confidence



CUU LONG  
GAS SYSTEM

370

KM



NAM CON SON  
GAS SYSTEM

400

KM



CA MAU  
GAS SYSTEM

325

KM



## CORPORATE GOVERNANCE

- Administration activities
- Risk Management
- Employee policy
- Investor Relations



## ADMINISTRATION ACTIVITIES

“ THE BOM CONSISTS OF 5 MEMBERS, INCLUDING 4 DEDICATED MEMBERS AND 1 MEMBER CONCURRENTLY BEING PV GAS’ MEMBER OF BOM AND PRESIDENT.



### Activities of the Board of Management in 2014

In 2014, the BOM has well fulfilled its functions and duties in instruction and supervision activities of the BOD through Regulations, Resolutions/Decisions (200 Resolutions/Decisions), meetings with the BOD. BOM always gave good support to the President and the BOD in implementing PV GAS’ duties. In term of directions, the BOM also issued many documents in support of member companies. The supervision, encouragement, support and inspection of BOM have helped BOM in implementing the BOD’s Resolutions and Decisions promptly and efficiently, enabling PV GAS to achieve the 2014 business plan with excellent results, maintaining the position as one of the leading subsidiaries of PVN. In specific:

- BOM’s meetings: BOM’s members fully participated in the BOM’s meetings and other meetings, except when on business trips to other provinces, cities. When being unable to attend meetings due to business trips to other provinces, cities, the absent BOM’s members would give their opinions, cast their votes, etc. over the phone:
- Organizing the BOM’s meetings on 16/01/2014, 02/04/2014, 01/10/2014, 24/12/2014;
- Organizing the 2014 Annual General Meeting (AGM) of Shareholders;
- Chairing/co-chairing many important meetings on implementation of key projects, restructure work, preliminary/summary reports on business activities of PV GAS, etc.;
- Participating in all periodic briefings of the BOD (16 meetings).
- Plan: The BOM directed preparation, review, adoption to promptly submit to PVN for PV GAS’ development strategy until 2025 and orientation until 2035, 5-year plan (2016-2020) and 2015 plan on Gas industry; approved Dinh Co LPG trading plan; at the same time promptly adopted/approved the 2015 action plan as well as adjustment/supplement plans of 2014 in the implementation process of all member companies in PV GAS;
- The BOM also issued and closely supervised the Action Plan No. 205/CTr-KVN dated 19/02/2014 on implementation of PVN’s Action Plan No. 604/CTr-DKVN dated 23/01/2014 on implementing the Government’s Resolution 01/NQ-CP dated 02/01/2014 on major solutions for directing and implementing socio-economic development plan and State budget estimation in 2014;

- Corporate restructure: The BOM directed to prepare and submit to PVN in October 2014 on PV GAS’ charter capital increase plan; approved and directed PV GAS D, PV GAS South, PV Pipe to increase their charter capital (PV GAS D, PV Pipe have accomplished their target); directed to speed up the effort to locate partners in order to sell wholly/partly PV GAS’ capital in SeAbank, CGT, PV Coating, PV Pipe according to PVN’s approved plan;
- The BOM issued/amended many regulations/processes to suit actual situations and ensure consistency, such as Regulation on Training activities management, Regulation on organization and operation of Retirement Liaison Committee, Financial Regulations of member companies, Regulation on Debt Management, Investment Monitoring and Evaluation Process, Dinh Co LPG Auction Sales Procedures, etc.;
- Construction investment and business activities: The BOM strongly implemented decentralization to the President and member companies, while enhancing the inspection and supervision. On the basis of the plan agreed between the BOM and BOS, the BOS inspected business activities at 10 member companies (6 100%-owned companies and 4 subsidiaries with controlling capital held by PV GAS). From

such inspection results, PV GAS’ Leadership issued prompt instructions for each company. Concerning construction investment, from the beginning of the year, the BOM adopted and submitted to PVN the 2014 Investment Supervision and Evaluation Program as the basis for implementation. The BOM also adopted/approved many major projects, including: Revised FS, bidding plan, duty assignment on project deployment for Ca Mau GPP, revised bidding plan for Ham Rong - Thai Binh Gas Pipeline; Bidding documents for 1 MMTPA LNG storage project at Thi Vai; Nam Con Son 2 gas pipeline - phase 1; Low Pressure Gas Pipeline of Tien Hai - Thai Binh; accounting reports on gas pipeline projects of Phu My - Ho Chi Minh city, Su Tu Vang - Rang Dong, Rong - Doi Moi, Thi Vai LPG storage, PV GAS Tower, etc. As a result, business activities and construction investment of PV GAS have been implemented in strict compliance with orientation and current regulations;

- Investment cooperation and long-term agreements: In support of long-term, stable development strategy, locating and cooperating with potential partners in gas/gas-related fields are very important and essential. Therefore, in 2014, some relevant cooperation with foreign partners were considered and approved by the BOM as

EPS  
**7,140**  
VND

the basis for the BOM to proceed (signing MOU with Shell Gas & Power Developments B.V on cooperation in implementing LNG import project at Son My; signing MOU with Tokyo Gas on cooperation in LNG field; establishment of a joint-venture between PV GAS and Gazprom to implement the LNG production project in Vietnam.

### Benefits of Leadership

PV GAS has built and applied the policy on salary and bonus for the Leadership in compliance with the law and PVN’s regulations on salary, bonus and policies for PVN’s representatives at PV GAS based on position and performance results of each member and also in compliance with the personnel policies of PV GAS. The Leadership’s salary and bonus policy were realized as approved by Shareholders’ Committee.





## ADMINISTRATION ACTIVITIES (continued)

### Resolutions/Decisions of the BOM (information must be disclosed according to circular No. 52/2012/TT-BTC)

No.	Res./Decis.	Date	Content
1	35/NQ-KVN	27/02/14	Resolution on adopting the plan of record date for shareholders and the time of the 2014 AGM of PV GAS.
2	56/NQ-ĐHĐCĐ	17/04/14	Resolution of the 2014 AGM of PV GAS.
3	61/NQ-KVN	25/04/14	Resolution on approving the 3 <sup>rd</sup> cash dividend payment in 2013.
4	104/NQ-KVN	05/09/14	Resolution on approving the 1 <sup>st</sup> cash dividend payment in advance in 2014.
5	1188/QĐ-KVN	01/10/14	Decision on appointment of Mr. Nguyen Xuan Hoa.
6	1189/QĐ-KVN	01/10/14	Decision on appointment of Mr. Pham Dang Nam.
7	120/NQ-KVN	01/12/14	Resolution on approving the 2 <sup>nd</sup> cash dividend payment in advance in 2014.

### Changing the list of related person (RP) of PV GAS according to Clause 34 Article 6 of the Law on Securities

No.	Full name	Position	Being a RP from	Notes
<b>Board of Management</b>				
1	Mr. Nguyen Xuan Hoa	Member of BOM	01/10/2014 (replacing Mr. Vu Dinh Chien - former Vice Chairman of BOM)	Decision No. 1188/QĐ-KVN dated 01/10/2014
<b>Board of Directors</b>				
1	Mr. Pham Dang Nam	Vice President	01/10/2014	Decision No. 1189/QĐ-KVN dated 01/10/2014
<b>Person authorized to disclose information</b>				
1	Mr. Trinh Van Minh	Head of Planning Division	30/10/2014	Replacing Mr. Do Tan

### Ownership of internal shareholders

No.	Full name	Position	Number of shares held (31/12/2014)	% total shares (31/12/2014)
<b>Board of Management</b>				
1	Mr. Le Nhu Linh Representing PVN's capital share	Chairman of BOM	0 506,335,900	0 26.7196
2	Mr. Do Khang Ninh Representing PVN's capital share	Member of BOM and President	107,000 379,000,000	0.00565 20
3	Mr. Nguyen Trung Dan Representing PVN's capital share	Member of BOM	0 284,250,000	0 15



4	Mr. Phan Quoc Nghia Representing PVN's capital share	Member of BOM	15,900 284,250,000	0.00084 15
5	Mr. Nguyen Xuan Hoa Representing PVN's capital share	Member of BOM	0 379,000,000	0 20

### Board of Supervisors

1	Mr. Nguyen Anh Tuan	Head of BOS	0	0
2	Mr. Pham Dinh Dat	Member of BOS	11,500	0.00061
3	Ms. Ho Thi Ai Thanh	Member of BOS	6,100	0.00032

### Board of Management

1	Mr. Do Khang Ninh	Member of BOM and President	As above	
2	Mr. Duong Manh Son	Vice President	0	0
3	Mr. Nguyen Quoc Huy	Vice President	0	0
4	Mr. Tran Hung Hien	Vice President	16,400	0.00087
5	Mr. Nguyen Thanh Nghi	Vice President	0	0
6	Mr. Pham Hong Linh	Vice President	0	0
7	Mr. Bui Ngoc Quang	Vice President	0	0
8	Mr. Ho Tung Vu	Vice President	0	0
9	Mr. Nguyen Mau Dung	Vice President	0	0
10	Mr. Pham Dang Nam	Vice President	0	0

### Chief Accountant

1	Mr. Mai Huu Ngan	Chief Accountant	0	0
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### Person authorized to disclose information

1	Mr. Trinh Van Minh	Head of Planning Division	0	0
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### Share transactions of internal shareholders and related persons

No.	Trader	Position/Relation with internal shareholders	Opening balance of shares	Closing balance of shares
1	Mr. Pham Hong Linh	Vice President	5,000	0

### Contracts or transactions with internal shareholders

In 2014, no transactions arose between PV GAS and members of BOM, BOS, BOD and management staff.



“ AS THE LEADING AND DECISIVE ENTERPRISE IN VIETNAM GAS INDUSTRY, PV GAS HAS RECEIVED MORE AND MORE OPPORTUNITIES AND NEW CHALLENGES REQUIRING INNOVATION, IMPROVEMENT OF CORPORATE GOVERNANCE CAPABILITY, IN WHICH CORPORATE GOVERNANCE PLAYS AN IMPORTANT ROLE IN ACHIEVEMENT OF SUSTAINABLE DEVELOPMENT, WORKING AS THE PRINCIPLE CONTRIBUTING TO EFFECTIVENESS OF CORPORATE GOVERNANCE.

Currently, risk management is the top priority and given top concern ever by PV GAS Leadership through identification, assessment of risk factors affecting business activities of PV GAS, construction and improvement of the system to identify, assess, analyze, control risks to achieve high business efficiency. PV GAS' gas works and systems are operated safely, constantly contributing to national energy and food security.

Business activities of PV GAS are mainly affected by following risks:

**Operational risk**

**Operation**

Gas and gas products are flammable products and potential causes of damage to human, properties, environment. In addition, if incidents occur on gas works and gas pipeline systems, they may interrupt PV GAS' business activities.

**Solutions**

- To put objectives of safe, qualified and eco-friendly operation as top priority;
- To frequently check compliance with Safety - Quality - Environment management processes according to international standards such as OHSAS 18001:2007, ISO 9001:2008, ISO 14001:2004;
- To fully develop plans of firefighting, emergency response and annual drill;
- To carry out regular and unscheduled preventive maintenance and repair; to deploy verification, calibration and pigging according to plans, processes, quality and guarantee that systems/constructions/plants operate stably and constantly.

**Human resources**

To develop the distinct gas industry requiring high technology and engineering, the labor force in lack of qualifications and key personnel will not be a lever to boost PV GAS' development.

**Solutions**

- To always facilitate employees in promoting their personal capacities;
- To develop and apply appropriate labor policies.



**Processes, regulations**

Shortages or mistakes of Processes, Regulations of internal governance will cause inconsistency in enterprise.

**Solutions**

- To regularly issue/revise and re-issue Regulations, Processes in accordance with actual situation: Charter, Financial Regulation, Regulation on low pressure gas business, Dinh Co LPG Auction Process, Investment Supervision and Evaluation Program, etc.

**Information technology**

As a joint stock company, PV GAS has paid more attention to information technology, which is the important bridge helping to improve effectiveness of business activities, establish relations with clients, investors, partners, shareholders. Inappropriate, interruptive, misleading and insecure information technology system will affect PV GAS' activities.

**Solutions**

- To improve information technology system supporting PV GAS' business activities: Applying ERP management system in financial and accounting management; expanding Maximo software in maintenance, repair; setting up Kpoint Online Project Collaboration software in project management, etc.;
- To gradually improve PV GAS' website, strengthening relations with shareholders;
- To enhance secure information system.

**Information release**

Releasing information lately and incorrectly will affect the trust of shareholders, investors, partners as well as reputation, business activities of PV GAS.

**Solutions**

- Improving corporate management, ensuring evidence, publicity and efficiency;
- Building the Investor Relations team, ensuring updating information, information releasing transparently and quickly.





### Financial risk

#### Interest rate

PV GAS is exposed to interest rate risk mainly stemming from loans at committed interest rate. Interest risk arises when PV GAS borrows loans at floating interest rates and fixed interest rates.

#### Solutions

- To maintain loans at floating interest rates and fixed interest rates to reasonable extent.

#### Exchange rate

Some PV GAS' activities are influenced by exchange rate fluctuations: Trading activities of natural gas and liquid products; loans in foreign currency for project investment.

#### Solutions

- For trading activities of gas and gas products: PV GAS signs contracts to sell gas and LPG to clients at current exchange rate;
- For long-term foreign currency loans: PV GAS has actively worked with commercial banks to locate sources of foreign currency at the most competitive rate, avoiding additional expenses in exchange rate variance.

#### Price fluctuation

Oil price and CP price influence input and output gas, LPG price of PV GAS => influence financial situation of PV GAS

#### Solutions

- To establish a specialized team to monitor the market and forecast Oil, LPG price to effectively prepare dry gas, LPG business plan.
- To implement investment projects, to build a business plan proper to changes of oil price and LPG price;
- To build different solutions of Oil price and CP price to promptly response to situation.

#### Liquidity

PV GAS' operation has been maintained at very stable level and in constant growth over the past years. Thus, liquidity indices are reasonable, ensuring capital sources and satisfying financial obligations of PV GAS.



#### Solutions

- To frequently monitor current and expected liquidity to ensure sufficient cash reserve, loans and adequate capital committed by owners in order to satisfy regulations on short-term and long-term liquidity.

#### Credit

Credit risk occurs when a client or partner fails to fulfill payment obligations in contracts, resulting in PV GAS' financial loss. At present, PV GAS has no major credit risk with its clients or partners as receivables come from large number of clients operating in different fields and allocated in various geographical regions.

#### Solutions

- To maintain suitable credit policy;
- To regularly monitor situation to assess whether PV GAS has any credit risks or not.

#### Climate risk

Climate and season changes affect consumption of gas and gas products, balance between gas supply and demand of PV GAS

#### Solutions

- To strengthen forecast activities of gas demand in order to efficiently, thoroughly exploit gas resources and products.

#### Legislation risk

PV GAS' operation is governed by Law on Enterprises, Securities Law, Petroleum Law and Stock market Law, etc. Any changes in Laws, Sub-law documents and fluctuations of stock market will more or less affect PV GAS' business activities.

#### Solutions

- To frequently update Law and Sub-law documents;
- To widely publicize Regulations, Law documents relating to PV GAS personnel.



“ PV GAS HAS PREPARED AND ISSUED THE EMPLOYEE POLICY ON THE BASIS OF LAW REGULATIONS AND ITS SPECIFIC CHARACTERISTICS WITH FLEXIBLE AND COMPETITIVE SALARY, BONUS STRUCTURE IN LINE WITH THE MARKET MECHANISM IN ORDER TO RETAIN AND ATTRACT TALENTS IN AND OUT OF VIETNAM FOR LONG-TERM EMPLOYMENT WITH PV GAS.



#### Wages, Bonus, and Benefit Policy

- Ensuring high and stable wage and income; Wage, bonus, and other fringe benefits are based on actual capability and work performance of each individual;
- Rewarding individuals and member companies for achievements on regular and extraordinary basis, rewarding for initiatives; rewarding for safe operation of gas works; rewarding on national holidays and on PV GAS' special events;
- Applying specific allowances of the gas industry in line with working conditions and environment of each position;
- Applying social insurance, medical insurance, and unemployment insurance policies in compliance with State regulations; providing insurance of high benefits to personnel (accident insurance, life insurance, and hospitalization surgery insurance);
- Employees entitled to regular health check and monitoring; annual domestic and abroad vacation; gifts and allowances on PV GAS' special events;
- Providing benefits to employees' families (with policy for training support, academic achievement rewarding, family's day...); official-duty housing regime, or subsidizing house rents, and granting house loans;
- Frequently organizing cultural, singing, and sport activities for employees.

**In 2014, PV GAS' employees received stable wage, income and other bonus, fringe benefits indicated above, worthy for high labor productivity.**

#### Recruitment, Employment, and Talent Development Policy

“People are the critical factor. Respecting, maximizing people's potential, and nurturing talents” is one of the four core values of PV GAS. Therefore, building, reinforcing, and developing human resources is always given top priority of PV GAS' development strategy. Particularly:

- Preparing and thoroughly applying the standard procedure system ranging from recruitment - selection - training, integration - promotion, appointment / task assignment - performance evaluation - rotation, transfer - training, development - preferential treatment;
- Ensuring the fairness, transparency, and standardization; applying no restrictions on candidate sources, actively diversifying recruitment targets including foreign and overseas Vietnamese employees; publicizing the employment procedure and jobs with professional titles requiring specific qualifications;
- Preparing the annual planning of officials, applying the rotation policy to officials in order to improve their skills and help them handle various jobs when necessary.

In 2014, PV GAS recruited 369 employees in order to supplement personnel for new projects, replace personnel of retirement, termination of labor contracts.

#### Training Policy

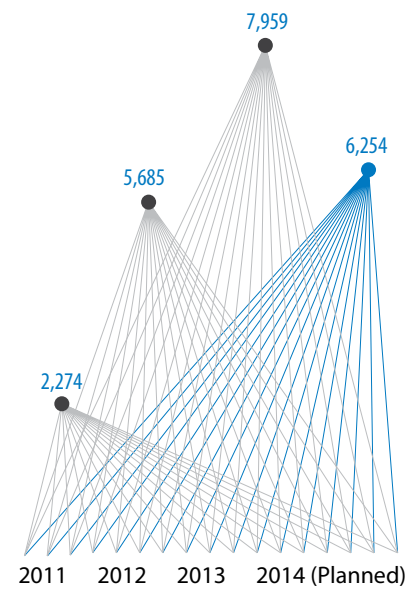
- Employees are entitled to regular training programs for improvement of professional knowledge and skills;
- Key training courses of PV GAS are also very specific and intensive, such as training about gas measuring system, anti-corrosion in pipelines, gas processing, safety evaluation of gas equipment, operation - maintenance - troubleshooting skills, management and safety management skills;
- Defining the nucleus of human resources training and development activities is On-the-Job Training (OJT) form, to which PV GAS gives special attention and priority. Trainers involved in this training mode are managers, foremen, shift leaders, engineers with high qualifications, long-term service in the industry, and thoroughly understanding about the gas industry.

**In 2014, PV GAS has organized professional training courses for nearly 6,614 employees at home and abroad, accounting for 150% annual plan, with budget of over 27 billion VND, accounting for 125% annual plan.**



“ IMPROVING QUALITY OF SHAREHOLDER AND INVESTOR RELATIONS IS AN IMPORTANT PART OF PV GAS’ STRATEGIC ORIENTATION WHILE THE INVESTORS OFTEN LOOK AT THE QUALITY OF CORPORATE ADMINISTRATION, INVESTOR RELATIONS AS IMPORTANT FACTORS WHEN MAKING ANY INVESTMENT DECISIONS. ”

Cash dividend over years  
(Billion VND)



Year	Cash dividend ratio (%/Charter capital)
2014 (Plan)	33
2013	42
2012	30
2011 (16/05/2011-31/12/2011)	12

PV GAS’ Investor relations (IR) activities always aim at protecting and facilitating shareholders to fully exercise their rights. In specific, PV GAS has:

- Facilitated the shareholders in attending and voting at the 2014 AGM;
- Ensured full and prompt payment of dividends;

After 4 years listed and traded on HCMC stock exchange, PV GAS has always ensured shareholders’ cash dividend payment at high ratio.

- Ensured timely and transparent information disclosure to shareholders
- Organized the administrative department in charge of PV GAS’ website <http://www.pvgas.com.vn> including infrastructure, information technology application and information contents, ensuring the website to operate continuously, promptly, quickly and regularly updated with accurate information on PV GAS’ business activities;
- Established the Investor Relations team and set up the email address [IRGAS@pvgas.com.vn](mailto:IRGAS@pvgas.com.vn) for IR team - a communication channel between shareholders, investors and stock companies;
- Created the Investor Relations section on PV GAS’ website, a connection between shareholders and PV GAS;
- Promptly disclosed transparent information according to the law regulations through websites of State Securities Commission, HCMC Stock Exchange and PV GAS;
- Communicated with the press agencies to correct any misinformation about PV GAS; responding to interviews on newspapers of interest to shareholders and investors such as Securities investment Newspaper, Securities News, etc.
- Organized/attended seminars, meetings for direct relationship between PV GAS and domestic & foreign shareholders, investors, fund management companies and stock companies;
- And facilitated shareholders in exercising other rights prescribed in the Charter of PV GAS.





# SUSTAINABLE future

2014

GAS CONSUMPTION

 **9,969**

MILLION M<sup>3</sup>

CONDENSATE CONSUMPTION

 **59**

THOUSAND TONS

LPG CONSUMPTION

 **1,269**

THOUSAND TONS

**SUSTAINABLE DEVELOPMENT REPORT**

Human and enterprise  
Community Activities  
Safety - Quality - Health - Environment

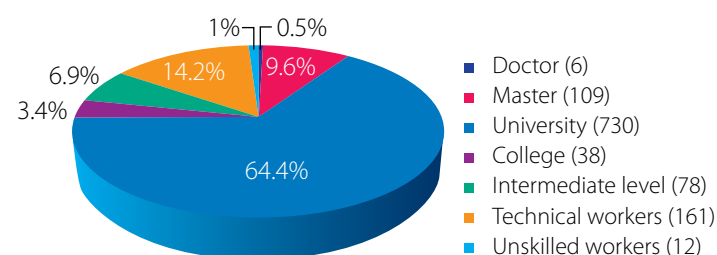
TOTAL EMPLOYEES  
**3,550**  
PEOPLE

AS AT 31/12/2014, PV GAS' TOTAL EMPLOYEES WERE 3,550, INCLUDING 1,134 EMPLOYEES AT HEAD QUARTER AND 100% OWNED COMPANIES.

**Labor structure by gender**

Nearly 80% of PV GAS' employees are male, with focus on operation, maintenance and repair, gas works construction.

**Labor structure by qualification**



PV GAS' leaders and employees possess high professional qualifications and skills, high disciplinary awareness, have grown through production and business practices, satisfying requirements of development and integration of society and economy, mastering science and technology. Employees with university qualifications and above account for 74.5%, mainly in senior and middle management teams, technical experts. High qualified human resources meeting increasing requirements of gas industry are valuable property of PV GAS, the key factor helping PV GAS achieve high business results.

**Corporate Culture**

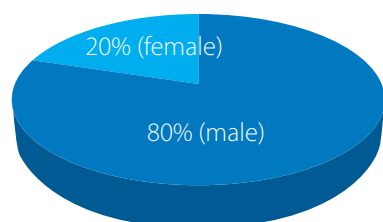
In order to keep pace with the general development trend, PV GAS has promoted its obtained achievements and accumulated experience. Together with the youth power and the solidarity tradition of the Leadership and personnel, PV GAS will certainly make strong development steps, given Vietnam's thorough and extensive global integration, to successfully achieve its strategic development goals.

Realizing the importance of corporate culture as the factor reinforcing the solidarity and devotion of personnel in improving business performance, PV GAS' Leadership always wish to build its own distinct corporate culture, featuring PV GAS' core values on one hand, while compliant with and consistent to PVN's corporate culture on the other hand, to maintain PV GAS' constant improvement and sustainable development in an effort to become a truly professional and effective organization, providing best quality products and service to customers. PV GAS' employees at all levels, especially those at senior management levels, must be the "ambassadors" for these values, both inside and outside PV GAS, to create a consistent and distinguished brand name message, contributing to the achievement of PV GAS' strategic goal, i.e. making the gas industry one of the leading industries in Vietnam economy, step by step reaching the international market.

**Core values include:**

- Safety is our vital concern;
- Respect, maximize people's potential, and nurture talents;
- Sustainable development with socio-community and friendly environment;
- Responsibility to employees, customers, investors, and partners;
- Professionalism: Be proficient, proactive, creative, and efficient in working;
- Connect ability: Solidarity, team working and coordinating among PV GAS' departments;
- Integrability: Always actively adapting to changes in global integration, ensuring efficiency and national benefits;
- Loyalty: Loyal to benefits of the country, PVN and PV GAS;
- Determinability: Self-confident, dare to think, dare to act, and dare to assume responsibility for the sake of PV GAS' development;
- Traditionalism: Promote the tradition of "Fire Seekers".

The gas industry requires huge investments of capital, technique, and technology, and most facilities and equipment are of hi-technology and automation. Therefore, the gas industry poses high potential risks, strongly dangerous and toxic working environment, and gas works are mainly offshore and far from residential areas. For PV GAS, the most important core value is "Safety is our vital concern". PV GAS has evaluated, determined, selected, and oriented this factor for development, absorption and penetration into every thought, action of each PV GAS' employee.



Labor structure by gender



As the leader in Vietnam gas industry, PV GAS has clearly realized its role not only as the pioneer actively contributing to Vietnam economy, but also an organization contributing an important part to the society, community development and social security.

In the past years, PV GAS had shared and supported programs of youth education, raising community awareness, dedicated to and yielding many practical benefits to the development of future generations, community health programs for providing health care and improving living standard of people, these are priority and meaningful activities in which PV GAS has always actively taken its part. In 2014, PV GAS set aside the budget of 100 billion VND and 4-Saturday overtime wages of all personnel to finance social security activities as follows:

- **Health care:** Supporting medical equipment for hospitals: Da Khoa, Ha Tinh province, Thong Nhat - Ho Chi Minh City; San - nhi, Phu Yen, Huu Nghi - Ha Noi, Da khoa Hoe Nhai - Ha Noi, donating medical stations at Co Bi - Hai Duong, Thuy Son - Thai Binh; sponsoring program for patients with poor cardiac surgery at Ba Ria - Vung Tau province.
- **Education:** Building schools in Nghe An, Phu Tho, Ha Tinh, Tien Hai, Kinh Mon, Quang Binh, Quang Yen, Quang Tri...; Scholarships for poor students...;
- **Other activities:** Organizing activities in response to the Youth Month 2014, Earth Hour; organizing activities to celebrate 8/3; organizing Autumn Night and presenting gifts to poor children in Ho Chi Minh City; Humanitarian Blood Donation Day; construction of the Great Unity; philanthropy; organizing labor movement production, promoting technical innovation and improvement, the sports activities; ...



“ THROUGH SOCIAL SECURITY PROGRAMS, COMMUNITY ACTIVITIES WITH SHARING, SYMPATHY, UNDERSTANDING, AND SOLIDARITY OF THE WHOLE NATION, PV GAS’ LEADERSHIP, AS WELL AS ORGANIZATIONS, AND EMPLOYEES OF PV GAS WISH TO CONTRIBUTE THEIR PARTS TO BUILD A WEALTHIER AND STRONGER NATION. ”





TOTAL OF SAFETY WORK

**6.3**

MILLION HOURS

“ SAFETY - HEALTH - QUALITY - ENVIRONMENT POLICES ARE THE GUIDELINE FOR ALL ACTIVITIES OF PV GAS TO PREVENT AND ENSURE NO DAMAGE TO PEOPLE, PROPERTY AND ENVIRONMENT IN GATHERING, TRANSPORTING, PROCESSING, STORING, DISTRIBUTING OF GAS AND GAS PRODUCTS ”

The gas industry is involved in advanced engineering and technologies with strict requirements for safety and fire prevention. PV GAS' gas works are located far and wide, offshore, onshore, running through many provinces, cities, regions of complex terrain, such as: Rivers, forests, industrial parks, roads with activities possibly causing fire, posing many potential unsafely risks. Accordingly, ensuring the Safety - Quality - Health - Environment activities is always the top concern of PV GAS.

If the traditional method of Safety - Quality - Health - Environment management often deals with work-related accidents, incidents, PV GAS' Safety - Quality - Health - Environment activities are extensively deployed for both preventive and remedial purposes. In such activities, the control planning, risk reduction are of top priority. Experience in many countries demonstrates that fire and explosion incidents of gas works have often left very serious consequences, sometimes disasters.

The Safety - Quality - Health - Environment activities of PV GAS have always won close and frequent attention and instructions from the Leadership thanks to their strong awareness of the risks mentioned, which helps promoting the development of such activities at each 100% owned company, subsidiary and employee, well preventing risks, tolerating no incidents seriously affecting to people, assets, environment as well as brand, reputation of PV GAS, ensuring PV GAS' gas works and systems to operate safely, constantly contributing to national energy and food security.

**Safety - Quality - Health - Environment Management System**

In production and business activities, apart from investment in good quality facilities of gas works and advanced technology, satisfactory to safe operation requirements of international standards, all member companies of PV GAS have continuously built, applied, maintained and improved the Safety - Quality - Health - Environment management system, including regulations of the law and the integrated management system which was evaluated and granted with certificates OHSAS 18001:2007, ISO 9001:2008, ISO 14001:2004 by TUV and BSI international organizations.

**Safety-Quality-Health-Environment Management Process**

In particular, a lot of management regulations and procedures to minimize risks have been deployed in PV GAS such as: Implementing and controlling Safety in process of production and business activities; Organizing scheduled and unscheduled inspection and supervision, assessing the safety performance in detail; Maintaining and Improving the effectiveness of safety training; Carrying out labor protection; and other Safety training programs, etc.

**Safety-Quality-Health-Environment Activities**

Safety - Quality - Health - Environment activities have been always strictly improved and implemented in PV GAS. The gas systems, production and business facilities have been safely operated without any unfortunate incidents impacting on humans, environment, assets as well as reputation of PV GAS. Reportedly, a total of 6.3 million



hours of safety work in 2014 was recorded.

PV GAS has fully abided by regulations of PV GAS, PVN and State regarding Safety-Quality-Health-Environment activities as well as meeting international standards on Safety-Quality-Health-Environment management activities; constantly reviewing and issuing all regulations, rules and measures on Safety-Health-Environment according to law regulations; organizing regular inspection and promptly carrying out recommendations to improve the reliability of the system, ensure safe, continuous and stable operations; fully developing plans for firefighting, emergency response and organizing annual drills joined by relevant departments and employees; providing training on Safety-Quality-Health-Environment activities to all personnel; closely working/coordinating with the Coast Guard Command, Navy Command, Vietnam Maritime Administration, Department of Marine Capture Fisheries and provincial local governments in carrying out patrols, launching propaganda to protect gas pipelines offshore. The statistic, inspection and reporting activities on security, safety, fire protection for the gas works with the ministries, local governments and PVN have always been fully implemented. As the result, all production and business facilities of PV GAS have been safely operated, committing no violations to environmental regulations, and without any serious incidents.

PV GAS currently has its Emergency Incident Response Office, completed with communication equipment's

to maintain communication 24/24 hours, regularly monitoring, updating information with PVN's Emergency Response Steering committee, State administration agencies, local authorities of places with existing the gas works. All member companies of PV GAS have their own emergency response procedures, clearly assigning responsibility for safety work, fire protection and fire fighting; having Steering committee, Emergency Response Committee to maintain the permanent responding mode.

**Safety-Quality-Health-Environment Culture in PV GAS**

The statistics of work accidents in Vietnam and the world show that, besides objective reasons, labor accidents, incidents are often associated with workers failing to comply with safe technical procedures at work. Some workers mistakenly assume that the application of Safety-Quality-Health-Environment regulations will effect their productivity as well as hesitating in using personal protective devices and equipment. In fact, however, the cost and productivity loss for the time needed to take work safety steps are negligible as compared to the damage to people, assets and environment in the event of incident.

PV GAS therefore orients at preparing the working safety culture standard, builds the safety awareness to each employee and considers this as one of the leading criteria for Corporate culture sustainability. To achieve this target, PV GAS' employees are regularly updated, provided with information on safety to protect themselves and ensure the safety for the others at the working

place. PV GAS has also applied the transparent incentive/ penalty policy to employees, encouraging, promoting and applying innovations, inventions, evaluations on Safety-Quality-Health-Environment before performing tasks to reduce potential risks; at the same time strictly handling any failure to comply with safety regulations, causing occurrence risks of accidents and incidents. Since then, the Safety-Quality-Health-Environment culture has been instilled in each PV GAS' employee, helping eliminating accidents, incidents and contributing to the success of PV GAS' Safety-Quality-Health-Environment policies.

Safety - Health - Quality - Environment polices are the guideline for all activities of PV GAS to prevent and ensure no damage to people, property and environment in gathering, transporting, processing, storing, distributing of gas and gas products to satisfy the increasing demand of customers for a qualified and competitive clean source of fuels and feedstock. All teams and individuals of PV GAS as well as Leadership at all level are responsible for building and maintaining the Safety Culture of PV GAS.

Having the role duly evaluated in business activities, with control solutions to maintain the safety to meet requirements of Vietnam law and international standards, PV GAS' constantly maintained and improved activities of Safety-Quality-Health-Environment have been, still and will be important factors contributing to the overall success, complying with PV GAS' orientation for sustainable development.

# WIDE scale

2014

TOTAL EMPLOYEES

 **3,550**

PEOPLE

EMPLOYEES  
WITH UNIVERSITY  
QUALIFICATIONS  
AND ABOVE

 **74.5**

%

TRAINING COURSES

 **6,614**

EMPLOYEES

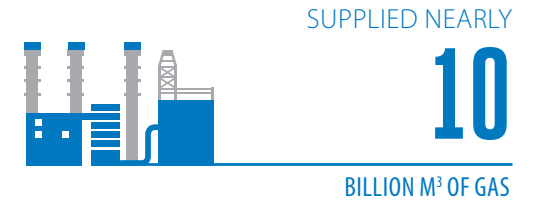
## OPERATING NETWORK

- Operating network
- Partners
- 100% owned companies
- Subsidiaries

5







**Currently, gas transporting and trading activities of PV GAS are carried out in three forms:**

- Three forms
- Buying gas from PVN (which PVN buys from gas field owners) and selling to customers. This form is currently applied to the gas source from Cuu Long basin;
  - Directly buying gas from gas field owners and selling to customers. This form is currently applied to the gas source from Nam Con Son basin;
  - Only gathering and transporting gas as a transporting agent. This form is currently applied to the gas source from PM3 field, Malay - Tho Chu basin.

Starting with only one customer, Ba Ria power plant in 1995, PV GAS has transported and sold gas to 15 customers so far; including 11 power plants (Ba Ria, Phu My 1, 2.1, 2.2, 3, 4, Nhon Trach 1, 2, Hiep Phuoc, Ca Mau 1, 2), 2 fertilizer plants (Phu My, Ca Mau) JVPC and PV GAS D. In the Southeast region, PV GAS has provided its products to the four groups of customers such as: Power plants, fertilizer plants, low pressure gas customers and JVPC. Currently, power plants are biggest customers of PV GAS, accounting for 83% of 9,969 million m<sup>3</sup> of gas consumption in 2014. Depending on rainy or hot weather conditions, EVN will mobilize hydroelectric power and electrothermal power generation accordingly. In addition, the two Phu My and Ca Mau fertilizer plants account for 11% of total gas output. Subsequently, low pressure gas consumers account for 6% of total gas output and JVPC: Gas output is enough to satisfy the demand of the Enhanced Oil Recovery (EOR) improvement project.

PV GAS maintains the policy to gradually increase sales of low pressure gas sales in PV GAS' sales structure, creating more initiatives in gas distribution, and limiting dependence on the major customer group by reinforcing and increasing the gas output provided to low pressure gas consumers in the Southeast region and accelerating the progress of Ham Rong - Thai Binh gas pipeline project in order to start supplying gas soon to low pressure gas customers in Thai Binh and neighboring provinces in 2015.

**Low pressure gas and CNG (Compressed natural gas)**

Low pressure gas and CNG are two different existing forms of dry gas in various pressure conditions; in which, low pressure gas is at low pressure (+/- 10 bar, depending on customers' requirements), supplied to customers through pipelines; and CNG is at high pressure (possibly up to 250 bar), compressed into specialized tanks and transported to customers by tractors.

PV GAS D, PV GAS South - 2 subsidiaries of PV GAS, and CNG Vietnam - a subsidiary of PV GAS South, are currently the only three companies in Vietnam directly producing and trading low pressure gas and CNG, supplying to Southeast region's customers (industrial plants, transportation means) with the average output of approximately 630 million m<sup>3</sup> of low pressure gas and 150 million m<sup>3</sup> of CNG/year.

“ PV GAS' BUSINESS ACTIVITIES ARE CARRIED OUT IN PARALLEL WITH OPERATION AND PRODUCTION. THIS MEANS THAT FROM THE FIRST GAS FLOW ASHORE IN 1995 TILL NOW, THESE ACTIVITIES HAVE BEEN PERFORMED NONSTOP THROUGHOUT THE YEAR AND ON 24/24 HOURS; MAINLY INCLUDING SELLING GAS, LPG, CONDENSATE AND TRANSPORTING GAS, ETC.

To major customers such as power plants, fertilizer plants, PetroVietnam Low Pressure Gas Distribution Joint Stock Company (PV GAS D), Japan Vietnam Petroleum Co., Ltd. (JVPC), LPG trading companies, condensate processing plants, etc. by PV GAS and PV GAS' 100% owned company (including PetroVietnam Gas South East Transmission Company, PetroVietnam Gas Ca Mau Company, Nam Con Son Gas Pipeline Company, Vung Tau Gas Processing Company, PetroVietnam Gas Trading Company). These operating activities aim at not only generating profits for PV GAS every year, but also balancing appropriately to effectively exploit gas resources and ensure long-term profitability for PV GAS.

**Wet gas, dry gas**

Wet gas is raw gas which is extracted from fields but has not been processed.

Dry gas is natural gas or associated gas which has been treated to have water, mechanical impurities removed and liquefied petroleum gas and condensate separated in the GPP, and its main composition is methane (CH<sub>4</sub>); widely used all over the world and in Vietnam as fuel for power plants and feedstock for petrochemical plants to produce fertilizer, methanol, DME, etc.

Dry gas is the first product produced and traded by PV GAS since 1995 with gas resource from Bach Ho field, Cuu Long basin at the initial output of 1 million m<sup>3</sup> of gas/day-night. Boosted by continuous investments in gas gathering and exploiting at Cuu Long, Nam Con Son and PM3 basins, gas ashore output supplied to customers has now reached approximately 10 billion m<sup>3</sup> of gas/year.



In 2015, PV GAS's subsidiaries, including PV GAS D and PV GAS North, PV GAS South will keep expanding their low pressure gas and CNG distributing networks to the North market from Thai Binh gas source, extending the production and business chain throughout PV GAS.

**LPG**

LPG - Liquefied Petroleum Gas - is a light hydrocarbon compound, mainly consists of propane and butane, can be stored and transported in liquid form at average pressure and ambient temperature. With its clean fuel advantage, LPG is one of the most important and popular fuels in Vietnam.

PV GAS started trading LPG (and Condensate) in 1998 after completing investment and putting Dinh Co GPP into operation.

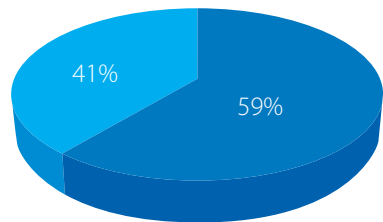
**LPG production, purchase and import**

PV GAS trades LPG from 3 sources: LPG supplied by Dinh Co GPP, Dung Quat Oil Refinery and import.

- Annual output of LPG produced by Dinh Co GPP from Cuu Long gas source fluctuates depending on Cuu Long ashore gas output and liquefied product recovery ratio. In 2014, PV GAS sold 290.3 thousand tons of LPG produced by Dinh Co GPP mainly to the South market.
- LPG produced by Dung Quat Oil Refinery: PV GAS (and its subsidiaries) joins the auction once every 6 months to buy and underwrite a portion of the total output. Then, PV GAS and other customers, based on PV GAS' LPG market evaluations, forecasts and business plans, decide the Premium appropriate to each market (No CP auction is performed; CP price fluctuates monthly according to announcement of Aramco Saudi). In 2014, PV GAS provided 73.7 thousand tons of Dung Quat LPG to the North, the Central and the South markets.
- Imported and internationally traded LPG: PV GAS imports refrigerated LPG on term contracts with the big producer ADNOC in the Middle East and on spot contracts with other countries such as Qatar, UAE, Arab Saudi, Kuwait and pressurized LPG by small shipments from Southern China. In 2014, PV GAS traded 722 thousand tons of imported and internationally traded LPG to provide to the domestic and foreign markets.

Similar to the purchase of Dung Quat LPG when importing and trading international LPG, PV GAS and its partners only negotiate the Premium (the CP price is based on the monthly announcement of Aramco Saudi according to international practice).

Structure of LPG consumption by customers in 2014



- Domestic LPG customers
- Foreign LPG customers



**LPG sales and export**

**LPG customers:**

- Domestic customers: As the biggest LPG wholesaler in Vietnam market, PV GAS has entered into LPG sales contracts with almost major LPG traders in the North, Central and South Vietnam. Customers with frequent transactions with PV GAS are about 40-50, such as Petrolimex, Saigon Petro, Gas Petronas, etc. and PV GAS' 3 subsidiaries: PV GAS South, PV GAS North and PV GAS City with total consumption of about 639 thousand tons of LPG.
- Foreign customers: In 2014, PV GAS exported 312 thousand tons of LPG to Cambodia, Malaysia, Bangladesh, Philippines and Indonesia.

In addition, as mentioned above, PV GAS carried out transactions (international trade of LPG) with many foreign LPG traders with total LPG transaction volume of approximately 135 thousand tons in 2014.

**Sales policy:**

- For Dinh Co LPG source, PV GAS organizes public auction once every six months and invites customers satisfying LPG business conditions (according to the Government's Decree No. 107/2009/NĐ-CP dated 26/11/2009) to participate in. Similar to Dung Quat LPG auction procedures, LPG traders decide themselves their Premium appropriate to each market;

- For imported LPG source: PV GAS applies the mechanism of competitive selling price (in comparison with Premium) to the LPG sources imported from regional countries Vietnam market and other domestic LPG sources, on the principle of ensuring operational efficiency;
- Similarly, in international LPG trade, PV GAS also applies the mechanism of competitive selling price (as compared to Premium) to LPG sources from Middle East market, also on the principle of ensuring operational efficiency.

As such, LPG trade of PV GAS, either as buyer or seller, is based on the market mechanism and in compliance with State regulations as well as international practice. However, with advantages of the biggest LPG importer and producer in Vietnam; widespread LPG storage system (refrigerated LPG and pressurized LPG) accounting for about 50% of the country's total LPG storage capacity, PV GAS' reputation; etc. PV GAS has always maintained sufficient LPG reserve to satisfy customer' demand and can regulate LPG sources to minimize any temporary shortage leading to unreasonable price increase in Vietnam LPG market;

For PV GAS' subsidiaries including PV GAS South, PV GAS North and PV GAS City, LPG products are sold to industrial plants (using LPG as fuel in manufacturing process), restaurants,

hotels, individual households or apartments, high buildings (using LPG in cylinder or via central gas system as fuel for cooking and living activities), transport means (using LPG as fuel instead of gasoline and diesel oil), etc. all over the country.

**Condensate**

Condensate: Mainly used to produce gasoline, industrial solvents and as feed stocks for petrochemical complexes.

Similar to LPG, PV GAS produces Condensate at Dinh Co GPP from Cuu Long gas source, the varying output depends on Cuu Long ashore gas output and the liquid product recovery ratio. In 2014, PV GAS supplied 59 thousand tons of Condensate to PV Oil's Condensate Processing Plant under the long-term contract.

For Condensate produced at Nam Con Son GPP, PV GAS acts as the transporter for the field owner and is entitled to transportation fee, with the transport volume of 140.5 thousand tons in 2014.

“ **THE GAS INDUSTRY IS A CHAIN OF SEARCH - EXPLORATION - EXPLOITATION - PRODUCTION - TRADING ACTIVITIES FROM UPSTREAM, MIDSTREAM TO DOWNSTREAM. NO ENTERPRISE CAN OPERATE INDEPENDENTLY WITHOUT RELATIONSHIP WITH OTHER ENTERPRISES AND ORGANIZATIONS.** ”

Therefore, PV GAS has always actively sought, maintained and developed investment and cooperation relationship with reputable foreign and domestic partners, PVN's members, major partners in Asian-Pacific region, Europe, Australia and Middle East.

On the other hand, PV GAS is also a reliable partner that almost all domestic and foreign investors and enterprises seek to establish business relationship when they intend to do business or investment in Vietnam gas industry.

Investment and business cooperation relations between PV GAS and partners have brought mutual benefits for concerned parties, including PV GAS, contributing to PV GAS' reputation as well as development of Vietnam gas industry.

In 2014, PV GAS maintained and improved cooperation with long-term partners to operate gas fields offshore Vietnam (Rosneft, Perenco, Chevron, MOECO, PTTEP, Talisman, Vietsovpetro, JVPC, HLJOC, Thang Long JOC, etc.), sell dry gas (EVN, PV Power, PVFCCo, PVCFC), import LPG (Adnoc, KPC, Astomos, Total, Shell, Statoil, Georgas, Marubeni, E1), trade in LPG, Condensate (BSR, PV Oil, SaigonPetro, Petrolimex, ect.), invest, sell and trade in LNG (Tokyo Gas, BG LNG Trading, GDF SUEZ, Gazprom, Shell, etc.), produce steel pipelines (Steel Flower and Busan City, Korea), etc.

PV GAS always welcomes reputable investors and enterprises interesting in PV GAS in particular and Vietnam gas industry in general.

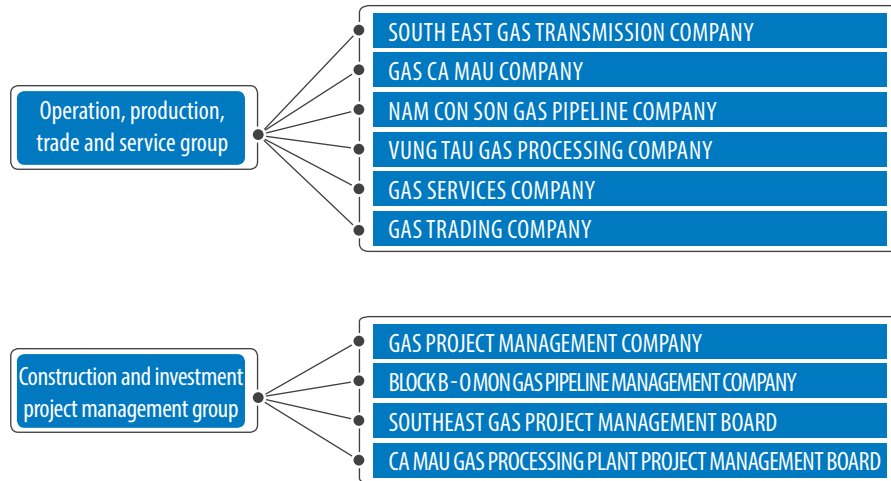




## 100% OWNED COMPANIES

“ PV GAS’ SYNERGY IN THE GAS INDUSTRY IS MORE AND MORE STRENGTHENED BY PROFESSIONALISM IN PRODUCTION AND BUSINESS ACTIVITIES OF 100% OWNED COMPANIES AND GOOD COORDINATION OF SUBSIDIARIES WITH WIDE OPERATING NETWORK.

The professionalism from gathering, import, transporting, processing, storing to trading of gas and gas products constitutes and affirms the key role of 100% owned companies to PV GAS.



### Operation, production, trade and service group

#### 1. SOUTH EAST GAS TRANSMISSION COMPANY

<b>Functions, duties</b>	Transporting and distributing gas from Cuu Long and Nam Con Son basins to power, fertilizer, industrial customers and other customers in the Southeast region.
<b>Strength</b>	Workforce with in-depth experience in operating gas works in PV GAS; managing and operating the gas pipeline system from Cuu Long Basin to Ba Ria - Phu My - Nhon Trach - Hiep Phuoc basins with the distance of over 370 km and Phu My Gas Distribution Center, the most modern and largest gas center in Vietnam at present.
<b>Main activities in 2014</b>	Safely and effectively distributing 3 million m <sup>3</sup> of wet gas to onshore JVPC customer and 8,120 million m <sup>3</sup> of dry gas to power, fertilizer, industrial customers.
<b>Orientation</b>	Continuously operating gas works in a safe manner to transport and distribute maximize gas output from gas sources being exploited in the Southeast region; preparing resources to receive new gas sources from Cuu Long and Nam Con Son basins.
<b>Address</b>	101 Le Loi, Ward 6, Vung Tau City.
<b>Telephone</b>	064 3834174
<b>Fax</b>	064 3834171
<b>Website</b>	www.pvgas.com.vn

#### 2. GAS CA MAU COMPANY

<b>Functions, duties</b>	Transporting gas from PM3 field of Malay - Tho Chu basin to power, fertilizer customers in the South-west region.
<b>Strength</b>	Young workforce with creativity, enthusiasm and devotion in work and learning to safely and efficiently operate the gas pipeline system with a capacity of 6.2 million m <sup>3</sup> /day-night.
<b>Main activities in 2014</b>	Safely and effectively transporting 1,846 m <sup>3</sup> of gas ashore; to achieve the landmark of transporting and distributing 10 billion m <sup>3</sup> of gas since the first gas ashore in 2007 on 26 June 2014.
<b>Orientation</b>	Maintaining safe operation of PM3 gas pipeline system and prepare resources to transport additional gas output from PM3 field ashore.
<b>Address</b>	Khanh An Commune, U Minh District, Ca Mau Province.
<b>Telephone</b>	0780 3591343
<b>Fax</b>	0780 3591315
<b>Website</b>	www.pvgas.com.vn

#### 3. NAM CON SON GAS PIPELINE COMPANY

<b>Functions, duties</b>	Transporting gas from Nam Con Son basin to Phu My Gas Distribution Center.
<b>Strength</b>	Organized on the basis of a joint venture with global top petroleum companies possessing advanced management methods; managing and operating the gas pipeline system with the largest transportation capacity in Vietnam at present, 22 million m <sup>3</sup> / day-night.
<b>Main activities in 2014</b>	Safely and effectively transporting 6,849 million m <sup>3</sup> of gas ashore; ensuring reliable and 100% ready operation in 3 consecutive years.
<b>Orientation</b>	Continuing safe operation of gas works to transport maximum gas output from Nam Con Son basin, maintaining and promoting the Company's strengths
<b>Address</b>	7 <sup>th</sup> Fl, PV GAS Tower, 673 Nguyen Huu Tho, Phuoc Kien Commune, Nha Be District, HCMC.
<b>Telephone</b>	08 37840111
<b>Fax</b>	08 37840345
<b>Website</b>	www.pvgas.com.vn



## 100% OWNED COMPANIES (continued)

### 4. VUNG TAU GAS PROCESSING COMPANY

<b>Functions, duties</b>	Producing, storing, and distributing gas and gas products.
<b>Strength</b>	Managing and operating Dinh Co GPP, the LPG and Condensate storage system, the LPG and Condensate import and export terminals, around the North, Central, South, accounting for over 50% of the total LPG storage capacity in the country; not only helping increase the value of gas products and increase revenue and profits for PV GAS, but also coordinating smoothly with PetroVietnam Gas Trading Company to obtain the controlling market share in Vietnam LPG market.
<b>Main activities in 2014</b>	Receiving and processing 1,476 million m <sup>3</sup> of wet gas from Cuu Long Basin, producing 1,271 million m <sup>3</sup> of dry gas, 303.4 thousand tons of LPG, 59.5 thousand tons of Condensate, transporting 140.5 thousand tons of Condensate from Nam Con Son and Hai Thach - Moc Tinh fields and fully meet reasonable needs of customers using warehousing service at Thi Vai port.
<b>Orientation</b>	Continuing safe operation of gas works for optimal production, efficient storage, distribution of gas and gas products; preparing resources to produce LPG from Nam Con Son gas source and diversifying products and services (producing ethane and providing refrigerated LPG storage leasing service to Long Son Petrochemical Plant, etc.).
<b>Address</b>	101 Le Loi, Ward 6, Vung Tau City.
<b>Telephone</b>	064 6250150
<b>Fax</b>	064 3838257
<b>Website</b>	www.pvgas.com.vn

### 5. GAS SERVICES COMPANY

<b>Functions, duties</b>	Carrying out scheduled and unscheduled maintenance, protective maintenance and timely calibration and testing timely at high quality, contributing to smooth operation of PV GAS' gas systems.
<b>Strength</b>	Workforce with high and specialized qualification, proficiency in maintenance, repair, inspection, and calibration of PV GAS' gas works.
<b>Main activities in 2014</b>	Undertaking and completing all the tasks assigned related to repair works of PV GAS; Completing the maintenance and repair work during the phase of complete halt of PM3 and Cuu Long gas systems, major overhaul at Dinh Co GPP (processing equipment), Thi Vai Terminal Storage and ROV survey, maintenance and repair of pipelines.
<b>Orientation</b>	Maintaining and developing the workforce having high and in-depth qualifications to self-maintain and self-repair PV GAS' gas works.
<b>Address</b>	101 Le Loi, Ward 6, Vung Tau City.
<b>Telephone</b>	064 3586381
<b>Fax</b>	064 3563180
<b>Website</b>	www.pvgas.com.vn

### 6. GAS TRADING COMPANY

<b>Functions, duties</b>	Trading, importing and exporting LPG in Vietnam and world markets.
<b>Strength</b>	Storage and terminal systems nationwide (Thi Vai LPG storage with capacity of 71,000 tons, Go Dau LPG storage of 4,000 tons, Dung Quat LPG Storage of 2,000 tons, Hai Phong LPG Storage of 1,500 tons); diversified sources (Dinh Co, Dung Quat, Middle East and regional countries); entering into LPG trading contracts with most of major LPG trading companies in the North, Central and South; reputation of PV GAS brand; and a workforce well understanding Vietnam LPG market.
<b>Main activities in 2014</b>	Trading 1,086 thousand tons of LPG in Vietnam and the world's markets; controlling approximately 70% LPG market share in Vietnam market.
<b>Orientation</b>	Maintaining position as the leading LPG trader in Vietnam.
<b>Address</b>	11 <sup>th</sup> Floor, PV GAS Tower, 673 Nguyen Huu Tho, Phuoc Kien Commune, Nha Be District, HCMC.
<b>Telephone</b>	08 37840220
<b>Fax</b>	08 37840215
<b>Website</b>	www.pvgas.com.vn

## Construction and investment project management group

### 1. GAS PROJECT MANAGEMENT COMPANY

<b>Functions, duties</b>	Preparing and carrying out investment in PV GAS' significant gas projects.
<b>Strength</b>	Workforce with longest time experience in management and implementation of PV GAS' construction investment projects.
<b>Main activities in 2014</b>	Preparing and carrying out investment in such projects as 1 MMTPA LNG storage at Thi Vai, Ham Rong - Thai Binh gas pipeline, Upgrading Dinh Vu LPG Storage, Supplying Nam Con Son wet gas to Dinh Co GPP; 3-6 MMTPA LNG storage and terminal at Son My; and carrying out final settlement for completed investment projects.
<b>Orientation</b>	Maintaining the role as PV GAS' key subsidiary in management and implementation of construction and investment projects; completing investment projects on schedule and with quality assurance; preparing resources to perform new investment projects of PV GAS.
<b>Address</b>	11 <sup>th</sup> Floor, PV GAS Tower, 673 Nguyen Huu Tho, Phuoc Kien Commune, Nha Be District, HCMC
<b>Telephone</b>	08 37840181
<b>Fax</b>	08 37840180
<b>Website</b>	www.pvgas.com.vn

### 2. BLOCK B - O MON GAS PIPELINE MANAGEMENT COMPANY

<b>Functions, duties</b>	Preparing and carrying out investment in Block B - O Mon gas pipeline project under the business cooperation contract between PV GAS and foreign partners.
<b>Strength</b>	Workforce qualified and experienced in construction and investment construction joined by foreign partners.
<b>Main activities in 2014</b>	Completing basically treatment of O Mon GDC foundation, implementing compensation and site clearance for the pipeline corridor.
<b>Orientation</b>	Preparing resources to accelerate progress of investment projects when the project is resumed.
<b>Address</b>	5 <sup>th</sup> Floor, PV GAS Tower, 673 Nguyen Huu Tho, Phuoc Kien Commune, Nha Be District, HCMC.
<b>Telephone</b>	08 37840551
<b>Fax</b>	08 37840550
<b>Website</b>	www.pvgas.com.vn

### 3. SOUTHEAST GAS PROJECT MANAGEMENT BOARD

<b>Functions, duties</b>	Preparing and implementing investment in some gas gathering projects of PV GAS.
<b>Strength</b>	Workforce consisting of senior members with vast experience in many construction and investment projects in the petroleum industry, strong skills and creativity in dealing with situations arising during implementation of investment projects.
<b>Main activities in 2014</b>	Implementing investment of Nam Con Son 2 gas pipeline - Stage 1 project; preparing for investment in the project of separating Ethane from Cuu Long and Nam Con Son gas sources at Dinh Co GPP; and conducting final settlement of completed investment projects, work items.
<b>Orientation</b>	Completing investment in Nam Con Son 2 gas pipeline - Phase 1 project; preparing resources to implement new investment projects of PV GAS.
<b>Address</b>	12 <sup>th</sup> Floor, Petro Hotel, 9 - 11 Hoang Dieu, Ward 1, Vung Tau City.
<b>Telephone</b>	064 3584584
<b>Fax</b>	064 3584585
<b>Website</b>	www.pvgas.com.vn

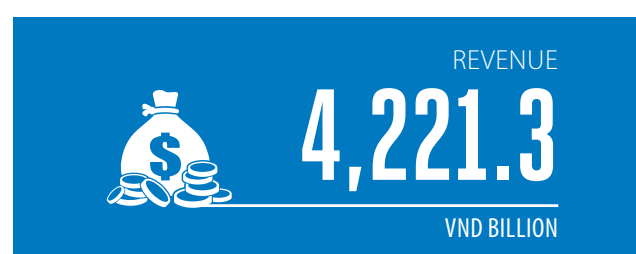
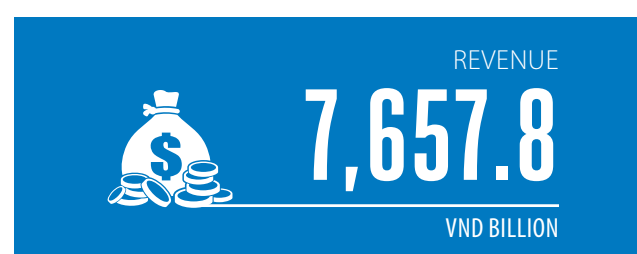
### 4. CA MAU GAS PROCESSING PLANT PROJECT MANAGEMENT BOARD

<b>Functions, duties</b>	Preparing and carrying out investment in Ca Mau GPP project and other projects of PV GAS.
<b>Strength</b>	Young workforce with spirit of constant research, discovery, and creativity to reasonably solve situations arising during implementation of construction and investment projects, increasing their economic efficiency.
<b>Main activities in 2014</b>	Completing accounting/ final settlement for Ca Mau gas compressor; preparing and granting approval to the adjusted FS of Ca Mau GPP and organizing the bidding for the project.
<b>Orientation</b>	Implementing investment in Ca Mau GPP project on schedule and with ensured quality.
<b>Address</b>	12 <sup>th</sup> Floor, PV GAS Tower, 673 Nguyen Huu Tho, Phuoc Kien Commune, Nha Be District, HCMC.
<b>Telephone</b>	08 37840118
<b>Fax</b>	08 37840120
<b>Website</b>	www.pvgas.com.vn

“ THE GOOD COORDINATION AND EFFICIENT OPERATION OF JOINT STOCK COMPANIES NOT ONLY SUPPORT AND EXTEND THE GAS PRODUCTION AND BUSINESS LINE OF PV GAS, BUT ALSO CONSERVE AND EXPAND PV GAS’ FINANCIAL INVESTMENT CAPITAL. ”

	<b>PETROVIETNAM SOUTHERN GAS JOINT STOCK COMPANY - PV GAS SOUTH</b>	<b>PETROVIETNAM NORTHERN GAS JOINT STOCK COMPANY - PV GAS NORTH</b>
<b>Main business lines</b>	Importing, exporting and trading liquefied petroleum gas (LPG retail); Manufacturing and trading compressed natural gas (CNG)	Importing, exporting and trading liquefied petroleum gas (LPG retail)
<b>Strength</b>	Leading in the household LPG market in the South; owning LPG storage system, filling stations, distribution network widespread from Da Nang to Ca Mau; Producing and supplying CNG to transport vehicles and industrial customers in the South-east and South-west regions.	One of leaders in the household LPG market in the North; owning LPG storage system, filling stations, widespread distribution network from Ha Giang to Da Nang.
<b>Charter capital (VND billion)</b>	380.0	277.2
<b>PV GAS’ equity percentage (%)</b>	35.3	35.9
<b>Revenue (VND billion)</b>	7,657.8	4,221.3
<b>Net profit (VND billion)</b>	191.5	
<b>Net profit/ Charter capital ratio (%)</b>	50.4	
<b>Main activities in 2014</b>	Producing and selling approximately 237 thousand tons of LPG, 159 million m <sup>3</sup> of CNG; accounting for over 30% market share of household LPG market in the South.	Producing and selling nearly 197 thousand tons of LPG, accounting for about 16% of market share of household LPG in the North; Making preparations for the market and CNG consumers (in cooperation with PV GAS D).
<b>Orientation</b>	Maintaining the leading position in the South’s household LPG market; Expanding CNG customer network.	Retaining its position as one of leaders in the North’s household LPG market; Creating and developing the CNG customers network.
<b>Address</b>	4 <sup>th</sup> Floor, PetroVietnam Tower, 1 - 5 Le Duan, Ben Nghe Ward, District 1, HCMC	11 <sup>th</sup> Floor, Vietnam Petroleum Institute Tower, 167 Trung Kinh, Cau Giay District, Hanoi
<b>Telephone</b>	08 39100108	04 39445555
<b>Fax</b>	08 39100097	04 39445333
<b>Website</b>	www.pgs.com.vn	www.pvgasn.vn

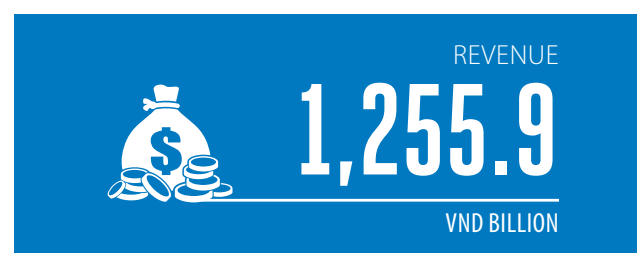
	<b>PETROVIETNAM LOW PRESSURE GAS DISTRIBUTION JSC - PV GAS D</b>	<b>PETROVIETNAM GAS CITY INVESTMENT AND DEVELOPMENT JSC - PV GAS CITY</b>
<b>Main business lines</b>	Trading and transporting low pressure gas by pipeline.	Trading gas by pipeline; installing gas supply systems for urban areas, high buildings.
<b>Strength</b>	Operating and supplying low pressure gas by pipeline to customers in Industrial Zones such as Phu My, My Xuan, Go Dau, Nhon Trach and Hiep Phuoc and expanding the customer network.	Being one of very few major companies operating in city gas industry nationwide; supplied with gas sources by PV GAS for production and business activities.
<b>Charter capital (VND billion)</b>	600.0	188.7
<b>PV GAS’ equity percentage (%)</b>	50.5	35.5
<b>Revenue (VND billion)</b>	6,964.9	853.3
<b>Net profit (VND billion)</b>	165.5	9.9
<b>Net profit/ Charter capital ratio (%)</b>	27.6	5.2
<b>Main activities in 2014</b>	Supplying over 630 million m <sup>3</sup> of low pressure gas; implementing investment in low pressure gas and CNG distribution system in Thai Binh and neighboring provinces; completing the increase of charter capital to 600 billion VND.	Supplying approximately 40 thousand tons of LPG to transport vehicles and industrial customers.
<b>Orientation</b>	Increasing the output of low pressure gas consumption in the South’s market; creating and developing the low pressure gas and CNG consumer network (in cooperation with PV GAS North, PV GAS South) in the North.	Boosting urban gas construction and supply activities; creating and developing the urban gas and CNG consumer network.
<b>Address</b>	7 <sup>th</sup> Floor, PV GAS Tower, 673 Nguyen Huu Tho, Phuoc Kien Commune, Nha Be District, HCMC	4 <sup>th</sup> Floor, Vietnam Petroleum Institute Tower, 167 Trung Kinh, Cau Giay District, Hanoi
<b>Telephone</b>	08 37840445	04 37346848
<b>Fax</b>	08 37840446	04 37346838
<b>Website</b>	www.pvgasd.com.vn	www.pvgascity.com.vn





## SUBSIDIARIES (continued)

	PETROVIETNAM STEEL PIPE JOINT STOCK COMPANY - PV PIPE	PETROVIETNAM COATING JOINT STOCK COMPANY - PV COATING
<b>Main business lines</b>	Manufacturing steel pipes for works and projects in and outside the petroleum industry.	Pipe coating for works and projects in and outside the petroleum industry.
<b>Strength</b>	Possessing Vietnam's first large-scale and advanced plant, producing straight welded steel pipes based on the production line named 3 - Roll Bending in accordance with API 5L and 2B standards -latest versions.	Being Vietnam's only company operating in pipe coating with various coating forms such as overloading concrete coating, 3-layer corrosion-resistant coating, insulated coating, bend coating, joint coating, etc. for pipelines with diameter from 6 to 48".
<b>Charter capital (VND billion)</b>	1,838.5	216.0
<b>PV GAS' equity percentage (%)</b>	99.9	76.5
<b>Revenue (VND billion)</b>	1,255.9	1,001.5
<b>Net profit (VND billion)</b>	199.8	147.5
<b>Net profit/ Charter capital ratio (%)</b>	10.9	68.3
<b>Main activities in 2014</b>	Producing steel pipes for such projects as Su Tu Nau, Nam Con Son 2 gas pipeline - Stage 1, Bach Ho expansion, etc.	Pipe coating for such projects as Su Tu Nau, Nam Con Son 2 gas pipeline - Stage 1, Bach Ho expansion, Ham Rong - Thai Binh, and other projects of VSP and JOC.
<b>Orientation</b>	Promoting advantages in manufacture of straight welded steel pipes to supply to projects in and outside the petroleum industry; locating and cooperating with foreign partners to supply products, services and jointly joining bids for projects.	Affirming the strong position in Vietnam pipe coating industry; locating and cooperating with foreign partners to provide products, services and jointly joining bid for projects.
<b>Address</b>	12 <sup>th</sup> Floor, PV GAS Tower, 673 Nguyen Huu Tho, Phuoc Kien Commune, Nha Be District, HCMC.	68 Truong Cong Dinh, Ward 3, Vung Tau City.
<b>Telephone</b>	08 37840196	064 3510556
<b>Fax</b>	08 37840198	064 3510555
<b>Website</b>	www.pvpipe.vn	www.pvcoating.vn



# HIGH efficiency

2014

TOP  
 **10**

VIETNAM FAMOUS  
BRANDS

TOP  
 **50**

MOST VALUABLE COMPANIES  
IN SOUTHEAST ASIA

TOP  
 **2000**

LARGEST COMPANIES  
IN THE WORLD

## ORIENTATION AND CONSOLIDATED FINANCIAL STATEMENT

Development strategy  
Business plan of 2015  
Audited consolidated financial  
statement 2014







DEVELOPING PV GAS BASED ON SUSTAINABILITY, EFFICIENCY AND HIGH COMPETITIVENESS WITH A WIDE RANGE OF OPERATION IN ALL STAGES OF GATHERING, IMPORTING - EXPORTING, TRANSPORTING, PROCESSING/ DEEP PROCESSING, STORING, SERVICES, TRADING OF GAS AND GAS PRODUCTS



Development viewpoints

Keen on the role and mission of developing the gas industry into key economics - engineering industry with safe and state-of-the-art gas industry infrastructure systems across the country, contributing to the assurance of energy and food security, environmental and natural resources protection, national security and defense protection;

Develop on the principle of keeping on improving corporate governance, assuring safety, quality, efficiency and sustainability by means of advanced technology, yielding practical benefits to the country, shareholders, employees, partners and community in which Safety and Efficiency play as a guide throughout the development process;

Develop on a basis of focusing on deep processing, product diversification, prioritizing production - import - trading, simultaneously developing retailing, services, investment and trade, meeting market demand on a basis of efficient use of gas sources;

Promote internal resources to a maximum and take advantage of external resources and strengthen international cooperation to make PV GAS increasingly grow in domestic and international market;

Consider human resources as the key factor by forming personnel staff of high qualifications, professional manners and strict disciplines; establish and develop PETROVIETNAM GAS brand name of reputation, quality and popularity.

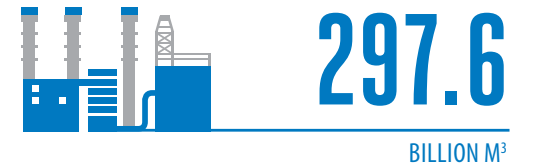
General objectives

Developing PV GAS based on sustainability, efficiency and high competitiveness with a wide range of operation in all stages of gathering, importing - exporting, transporting, processing/deep processing, storing, services, trading of gas and gas products; involving in upstream investment activities.

Targets toward 2025:

- A 2.5 times increase of total assets compared to 2015, sales growth rate on average of over 9%/year, after-tax profit/charter capital ratio on average of over 20%/year;
- Maintaining 100% of dry gas market share and 70% of LPG market share nationwide;
- Product structure in terms of revenue: Gas and LNG; gas products and gas services account for 61%, 26% and 14% respectively.

GATHERED GAS VOLUME IN THE PERIOD 2016 - 2035



Specific objectives

Exploiting, gathering gas: Play key role in gas gathering; get involved in domestic and international upstream activities; strive for domestically gathered gas volume of 297.6 billion m³ in the period 2016 - 2035. Objectives from 2017 onwards are increasing gas output by 0.2 - 1.5 billion m³ per year according to gas resource exploration and probing results; involving in upstream investment activities; striving for yielding gas/LNG output from oversea by 2025, with orientation to 5 - 10 billion m³/year by the period 2030 - 2035;


Transporting, processing, distributing and trading gas and LNG: Construct, operate and trade in synchronous, safe, efficient and optimum manners gas facilities nationwide; focus on processing and deep processing, product diversification, gas value enhancement; import LNG from 2021; develop gas/LNG consumption market to reach 18 - 24 billion m³/year by 2025; construct pipeline system connecting the areas, form National Gas Pipeline;

Storing and trading gas products: Firmly maintain and hold over 70% national LPG market share, proactively participate in international market on the principle of ensuring efficiency, including keeping 50% wholesale LPG market share nationwide and 27% retailing LPG market share; strongly develop the delivery of gas products to transportation, resident areas across the country, strive for gas city output growth rate on average of over 20%/year;

Gas services: Keep speeding up domestic and international activities, promote the key role in domestic market for gas services, strive for revenue ratio accounting for over 9% of total PV GAS revenues.



2015 PLANNED REVENUE  
CRUDE OIL PRICE IS 100 USD/BARREL

 **69,539**  
BILLION VND

## Business plan of 2015

### Target and mission

- To safely and effectively operate existing gas facilities and ensure their safety and security activities; to receive and put new gas systems (Nam Con Son 2 Gas Pipeline - phase 1, Ham Rong - Thai Binh, LPG Dinh Vu Storage) into safe production and operation;
- To ensure efficiency in production, consumption of gas and gas products at maximum output;
- To control and ensure progress and investment efficiency for projects, especially pertaining to gas gathering, processing, storing and distributing; to focus on project settlement upon its completion;
- To carry out corporate restructure, checking and arranging personnel according to the approved plan, in line with PV GAS production and business activities and assure the efficiency of the implementation;
- To effectively manage/capitalize on contracts of gas sales, purchase and transportation; to implement the overall development model of gas industry; to find out more measures of gas gathering at concomitant marginal fields, look for and develop other gas sources in the domestic and international areas, deep processing; to develop gas consumption market out of electricity to ensure making full use of gas ashore.



### 2015 action plan

The 2015 plan of PV GAS submitted to the 2015 AGM for approval will be as follows:

#### Basic of planning

- The development strategy of PV GAS towards 2025, with orientation to 2035; upstream gas supply and maintenance and repair schedule of field owners; downstream gas consumption and maintenance and repair schedule of customers;
- Demand/availability: In 2015, there will be more new customers in the North (Tien Hai - Thai Binh Industrial Park) demanding on CNG and low pressure gas. The existing customers in the South (15 major customers using gas in electricity generation, fertilizer, low pressure gas and industry production) mostly have no plan to expand their production scale, and some of these customers currently using gas as fuel/materials switch to other types of fuel/materials (Vedan tends to switch to coal by 7/2015); EVN will put three-circuit 500KV power transmission line (transmitting power from the North, Central to the South) and some coal-fired power plants into operation;
- Gas ashore: In 2015, there will be new gas sources brought from Dai Hung fields into Cuu Long gas system and Ham Rong - Thai Binh gas system will be put into operation to supply to end users in the North by Quarter III/2015;
- Produced gas output and gas product: The recovery ratio of dry gas and liquid products are equal to the actual recovery ratio on average;
- Gas and gas product supply and consumption output of customers specializing in electricity, fertilizer, low pressure gas and industrial households, LPG companies, Condensate Processing Plant; wet gas used offshore for JVPC's EOR (Enhanced Oil Recovery) project;
- Crude oil price is 100 USD/barrel;
- The selling price and tariff of gas and gas products in line with rules and regulations of the government/PVN and signed contracts.

2015 PLANNED PRE-TAX PROFIT  
CRUDE OIL PRICE IS 100 USD/BARREL

 **14,164**  
BILLION VND

### Main targeted norms (Crude oil price is 100 USD/barrel)

No.	Items	Unit	2015's plan
<b>I</b>	<b>Volumes</b>		
<b>I.1</b>	<b>Exploitation (wet gas)</b>	<b>Million m<sup>3</sup></b>	<b>9,980</b>
-	Cuu Long	Million m <sup>3</sup>	1,460
	Including gas for EOR project and consumption offshore		231
-	Nam Con Son	Million m <sup>3</sup>	6,660
-	PM3	Million m <sup>3</sup>	1,840
-	Tien Hai - Thai Binh	Million m <sup>3</sup>	20
<b>I.2</b>	<b>Production</b>	<b>Million m<sup>3</sup></b>	<b>9,540</b>
1	Dry gas		
-	Cuu Long	Million m <sup>3</sup>	1,020
-	Nam Con Son	Million m <sup>3</sup>	6,660
-	PM3	Million m <sup>3</sup>	1,840
-	Tien Hai - Thai Binh gas	Million m <sup>3</sup>	20
2	Condensate	Ton	48,000
3	Parent company's LPG	Ton	960,000
-	Dinh Co	Ton	234,000
-	Dung Quat	Ton	84,000
-	Import and international business	Ton	642,000
<b>II</b>	<b>Finance</b>		
1	Revenue	Billion VND	69,539
-	Including parent company's revenue	Billion VND	61,998
2	Pre-tax profit	Billion VND	14,164
-	Including parent company's pre-tax profit	Billion VND	13,951
3	After-tax profit	Billion VND	11,526
-	Including parent company's after-tax profit	Billion VND	11,339
4	Charter capital	Billion VND	28,615
4	After-tax profit/charter capital ratio	%	40
5	Dividend payout ratio	%	30
6	Contribution to state budget	Billion VND	4,670
-	Including parent company's contribution	Billion VND	4,563
7	Parent company's disbursement	Billion VND	5,900
-	Owner's equity	Billion VND	3,903
-	Borrowings + other capitals	Billion VND	1,997
8	Parent company's laborers at closing time	Person	1,310
9	Parent company's science research	Topic	4



**4,670**  
 BILLION VND

**Investment and construction plan**

In 2015, PV GAS tends to carry out investment preparations, implementation and final accounting and settlement of 18 projects, including: 7 projects of group A (5 projects on progress and 2 projects on investment preparation) with on demand disbursement capital of 5,259 billion VND, 9 projects of group B (3 projects on progress, 3 new projects, 2 projects on investment preparation and 1 project completed and paid/settled in investment capital) with on-demand disbursement capital of 220 billion VND and the projects of group C, equipment procurement and financial investment with on demand disbursement capital of 421 billion VND; therefore, total on demand disbursement capital will be 5,900 billion VND; mainly focusing on the development of gas supply sources from domestic fields and import gas from the international partners, develop the infrastructure system to enhance the production and business abilities and to implement deep processing for product value enhancement, etc.

**Disbursement plan for major projects**

Unit: Billion VND

Order No.	Project name	Disbursement plan in 2015
<b>Total</b>		<b>5,900</b>
<b>I</b>	<b>Gas gathering</b>	<b>2,965</b>
1	Nam Con Son 2 Gas Pipeline - Stage 1	2,285
2	Ham Rong - Thai Binh Gas Pipeline - Stage 1	500
3	Lot B - O Mon gas pipeline	157
4	Nam Con Son 2 gas pipeline - Stage 2 & Gas gathering and transport of Su Tu Trang field	23
<b>II</b>	<b>Strengthening the ability of gas and gas product processing and storage</b>	<b>2,283</b>
1	Ca Mau GPP	2,173
2	Upgrading Dinh Vu LPG Storage, Hai Phong	40
3	Supplying Nam Con Son wet gas to Dinh Co GPP	70
<b>III</b>	<b>Final accounting/settlement; investment preparations, implementation of other projects; equipment procurement and financial investment</b>	<b>652</b>

**Main task of some major projects**

**Gas gathering**

- Nam Con Son 2 Gas Pipeline - Phase 1: Accomplish and put into operation since quarter III/2015;
- Ham Rong - Thai Binh Gas Pipeline: Accomplish and put into operation since quarter III/2015;
- Lot B - O Mon Gas Pipeline: Accomplish GDC O Mon and make final accounting/settlement; make 100% compensation, site clearance toward the permanent compensated area; speed up the progress to resume the project;
- Nam Con Son 2 Gas Pipeline - Stage 2 & Gas gathering and transport of Su Tu Trang field: Accomplish the Deployment Solution Research Report; update basic design, FEED and cost estimation.

**Gas import**

- LNG Storage of 1 million tons/year capacity in Thi Vai: Negotiate, sign EPC contract, confirm the agreed LNG consumption;
- LNG Storage, Terminal of 3-6 million tons/year in Son My: Submit the FS for approval and seek for, negotiate with investors.

**Strengthening the ability of gas and gas product processing and storage**

- Ca Mau GPP: Accomplish 30% of EPC of offshore pipeline, 40% of EPC of gas compressor No. 2, 30% of EPC of the Plant, Terminal, 100% of land leveling and foundation treatment, Loop pipe coating and procuring, mines and explosive detecting, make additional environmental impact assessment and risk quantitative assessment.
- Upgrading LPG Dinh Vu Storage, Hai Phong: Accomplish and put into operation since quarter IV/2015.
- Offsetting Nam Con Son wet gas to Dinh Co GPP: Accomplish and put into operation in quarter IV/2015;
- Separating Ethane from Nam Con Son and Cuu Long gas sources and upgrading LPG refrigerated storage: Accomplish the investment project.

**Science research**

In 2015, PV GAS mainly focuses on the accomplishment of the 2014 topic on progress and tends to carry out three more topics:

- 2014 Topic on progress: Set up Vietnamese standards for satellite LNG storage-Equipment system and installation;
- New projects for implementation in 2015: Set up standards for LPG tank trucks; research subprojects within the scope of Ca Voi Xanh project, research the implementation of LNG delivery system via small-scale vessels, level 2 storages, tank trucks and satellite storages in Northern and Central provinces.

**Expected prominent events in 2015**

Accomplishing and putting into operation the following projects: Nam Con Son 2 Gas Pipeline - Stage 1, significantly contributing to the enlargement of domestic gas sources for the South-east region; Ham Rong - Thai Binh Gas Pipeline, enabling the development of gas and gas supply projects in the North; Supplying Nam Con Son wet gas to Dinh Co GPP to add more gas to Cuu Long gas source and more value to gas;

Raising PV GAS charter capital;

Signing EPC contracts and implementing the Ca Mau GPP project to recover the amount of gas supplied to Petronas and enhance gas value

Celebrating PV GAS' 25th anniversary of establishment and 100 billionth m<sup>3</sup> gas delivered to customers.



# AUDITED CONSOLIDATED FINANCIAL STATEMENT 2014



## STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of PetroVietnam Gas Joint Stock Corporation (the "Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31 December 2014.

### THE BOARDS OF DIRECTORS AND MANAGEMENT

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

#### **Board of Directors**

Mr. Le Nhu Linh	Chairman
Mr. Vu Dinh Chien	Vice Chairman (Resigned on 01 August 2014)
Mr. Nguyen Xuan Hoa	Member (Appointed on 01 October 2014)
Mr. Do Khang Ninh	Member
Mr. Phan Quoc Nghia	Member
Mr. Nguyen Trung Dan	Member

#### **Board of Management**

Mr. Do Khang Ninh	President and CEO
Mr. Duong Manh Son	Standing Vice President
Mr. Tran Hung Hien	Vice President
Mr. Pham Hong Linh	Vice President
Mr. Nguyen Thanh Nghi	Vice President
Mr. Bui Ngoc Quang	Vice President
Mr. Nguyen Quoc Huy	Vice President
Mr. Ho Tung Vu	Vice President
Mr. Nguyen Mau Dung	Vice President
Mr. Pham Dang Nam	Vice President (Appointed on 01 October 2014)

### BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board of Management 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 Management is required to:

## STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

### THE BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY (Continued)

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

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

For and on behalf of the Board of Management,



**Do Khang Ninh**  
President and CEO

18 March 2015

## INDEPENDENT AUDITORS' REPORT

No.:767 /VNIA-HN-BC

To: The Shareholders  
The Boards of Directors and Management  
PetroVietnam Gas Joint Stock Corporation

We have audited the accompanying consolidated financial statements of PetroVietnam Gas Joint Stock Corporation (the "Corporation"), prepared on 18 March 2015, as set out from page 107 to page 149, which comprise the consolidated balance sheet as at 31 December 2014, the consolidated statement of income, 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").

### Board of Management's Responsibility for the Consolidated Financial Statements

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

### Auditors' Responsibility

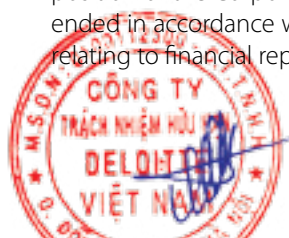
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' 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 auditors consider 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.

### Auditors' Opinion

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



**Pham Hoai Nam**  
Deputy General Director  
Audit Practising Registration Certificate  
No. 0042-2013-001-1  
For and on behalf of  
**DELOITTE VIETNAM COMPANY LIMITED**  
18 March 2015  
Hanoi, S.R. Vietnam

**Tran Quang Huy**  
Auditor  
Audit Practising Registration Certificate  
No. 1675-2013-001-1-1

## CONSOLIDATED BALANCE SHEET

As at 31 December 2014

FORM B 01-DN/HN

				Unit: VND	
				31/12/2014	31/12/2013
<b>ASSETS</b>	<b>Codes</b>	<b>Notes</b>			
<b>A. CURRENT ASSETS (100=110+120+130+140+150)</b>	<b>100</b>		<b>33,289,238,987,142</b>	<b>28,307,000,125,801</b>	
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>24,080,005,607,944</b>	<b>18,292,997,853,785</b>	
1. Cash	111		4,855,353,568,912	2,871,148,131,563	
2. Cash equivalents	112		19,224,652,039,032	15,421,849,722,222	
<b>II. Short-term financial investments</b>	<b>120</b>	<b>6</b>	<b>1,683,875,000,000</b>	<b>818,400,000,000</b>	
1. Short-term investments	121		1,696,600,283,780	818,400,000,000	
2. Provision for impairment of short-term investments	129		(12,725,283,780)	-	
<b>III. Short-term receivables</b>	<b>130</b>		<b>5,018,749,032,204</b>	<b>5,960,271,247,392</b>	
1. Trade accounts receivable	131		4,200,201,201,244	5,367,524,365,864	
2. Advances to suppliers	132		631,737,398,040	364,713,506,477	
3. Other receivables	135	7	283,825,017,475	303,515,673,310	
4. Provision for short-term doubtful debts	139		(97,014,584,555)	(75,482,298,259)	
<b>IV. Inventories</b>	<b>140</b>	<b>8</b>	<b>1,860,494,504,580</b>	<b>2,461,447,890,066</b>	
1. Inventories	141		1,936,137,670,317	2,551,234,000,042	
2. Provision for devaluation of inventories	149		(75,643,165,737)	(89,786,109,976)	
<b>V. Other short-term assets</b>	<b>150</b>		<b>646,114,842,414</b>	<b>773,883,134,558</b>	
1. Short-term prepayments	151	9	159,046,970,613	99,394,627,300	
2. Value added tax deductibles	152		348,394,101,230	155,681,481,108	
3. Taxes and other receivables from the State budget	154	10	39,275,957,465	27,431,864,026	
4. Other short-term assets	158	11	99,397,813,106	491,375,162,124	
<b>B. NON-CURRENT ASSETS (200=220+250+260)</b>	<b>200</b>		<b>20,022,656,770,787</b>	<b>21,540,672,785,751</b>	
<b>I. Fixed assets</b>	<b>220</b>		<b>19,011,093,468,496</b>	<b>19,832,971,680,375</b>	
1. Tangible fixed assets	221	12	14,778,107,841,990	16,566,943,437,255	
- Cost	222		35,015,948,305,693	33,379,936,365,725	
- Accumulated depreciation	223		(20,237,840,463,703)	(16,812,992,928,470)	
2. Finance lease assets	224	13	93,944,853,925	117,401,685,038	
- Cost	225		228,700,252,298	234,189,964,033	
- Accumulated depreciation	226		(134,755,398,373)	(116,788,278,995)	
3. Intangible assets	227	14	358,758,391,672	345,269,451,846	
- Cost	228		399,978,956,486	375,361,704,774	
- Accumulated amortisation	229		(41,220,564,814)	(30,092,252,928)	
4. Construction in progress	230	15	3,780,282,380,909	2,803,357,106,236	
<b>II. Long-term financial investments</b>	<b>250</b>		<b>87,201,169,122</b>	<b>445,219,192,283</b>	
1. Investments in associates	252	17	77,201,169,122	78,618,908,503	
2. Other long-term investments	258	19	85,000,000,000	441,600,283,780	
3. Provision for impairment of long-term financial investments	259		(75,000,000,000)	(75,000,000,000)	
<b>III. Other long-term assets</b>	<b>260</b>		<b>924,362,133,169</b>	<b>1,262,481,913,093</b>	
1. Long-term prepayments	261	20	861,635,599,757	1,231,778,636,667	
2. Deferred tax assets	262		37,235,738,307	5,499,218,456	
3. Other long-term assets	268		25,490,795,105	25,204,057,970	
<b>C. GOODWILL</b>	<b>269</b>	<b>21</b>	<b>479,511,590,176</b>	<b>531,262,467,013</b>	
<b>TOTAL ASSETS (270=100+200+269)</b>	<b>270</b>		<b>53,791,407,348,105</b>	<b>50,378,935,378,565</b>	

The notes set out on pages 112 to 149 are an integral part of these consolidated financial statements

## 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
<b>A. LIABILITIES (300=310+330)</b>	<b>300</b>		<b>16,112,058,787,504</b>	<b>15,345,611,241,732</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>10,611,727,565,572</b>	<b>9,873,098,383,528</b>
1. Short-term loans and liabilities	311	22	2,443,227,901,530	2,852,512,594,119
2. Trade accounts payable	312		1,782,284,125,251	3,658,256,678,856
3. Advances from customers	313		123,166,550,322	73,689,620,884
4. Taxes and amounts payable to the State budget	314	23	1,571,798,803,751	773,742,762,060
5. Payables to employees	315		153,146,072,621	137,995,751,453
6. Accrued expenses	316	24	1,510,725,063,882	1,564,990,395,523
7. Inter-company payables	317	25	77,135,056,337	298,361,455,294
8. Other current payables	319	26	2,661,738,576,187	404,605,274,667
9. Bonus and welfare funds	323		288,505,415,691	108,943,850,672
<b>II. Long-term liabilities</b>	<b>330</b>		<b>5,500,331,221,932</b>	<b>5,472,512,858,204</b>
1. Long-term inter-company liabilities	332	27	-	44,264,383,269
2. Other long-term payables	333	28	194,663,433,474	229,197,999,385
3. Long-term loans and liabilities	334	29	5,131,620,297,904	4,604,396,517,868
4. Long-term provisions	337	30	107,267,382,914	82,576,132,249
5. Unearned revenue	338		35,424,063,091	505,123,377,794
6. Scientific and technological development fund	339		31,356,044,549	6,954,447,639
<b>B. EQUITY (400=410)</b>	<b>400</b>		<b>35,981,404,928,993</b>	<b>33,358,036,009,393</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>31</b>	<b>35,981,404,928,993</b>	<b>33,358,036,009,393</b>
1. Owners' contributed capital	411		18,950,000,000,000	18,950,000,000,000
2. Share premium	412		1,216,727,266	1,216,727,266
3. Other owners' capital	413		59,449,827,984	33,010,841,083
4. Investment and development fund	417		7,628,468,040,217	8,519,430,938,822
5. Financial reserve fund	418		4,063,173,608,573	2,683,834,433,528
6. Other reserves	419		134,944,997,553	134,944,997,553
7. Retained earnings	420		5,144,151,727,400	3,035,598,071,141
<b>C. NON-CONTROLLING INTERESTS</b>	<b>439</b>	<b>32</b>	<b>1,697,943,631,608</b>	<b>1,675,288,127,440</b>
<b>TOTAL RESOURCES (440=300+ 400+439)</b>	<b>440</b>		<b>53,791,407,348,105</b>	<b>50,378,935,378,565</b>

### OFF-BALANCE SHEET ITEMS

	31/12/2014	31/12/2013
1. Goods held under trust (VND)	9,688,536,429	50,344,504,169
2. Foreign currencies		
USD	10,454,551	5,107,337
EUR	1,456	1,947

Dang Thi Hong Yen  
Preparer

18 March 2015

Mai Huu Ngan  
Chief Accountant



Do Khang Ninh  
President and CEO

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

FORM B 02-DN/HN

Unit: VND

ITEMS	Codes	Notes	2014	2013
<b>1. Gross revenue from goods sold and services rendered</b>	<b>01</b>	<b>34</b>	<b>73,648,493,789,444</b>	<b>65,597,100,116,086</b>
2. Deductions	02	34	255,090,755,356	197,414,320,128
<b>3. Net revenue from goods sold and services rendered (10=01-02)</b>	<b>10</b>	<b>34</b>	<b>73,393,403,034,088</b>	<b>65,399,685,795,958</b>
4. Cost of sales	11	35	53,244,879,134,499	48,167,455,634,889
<b>5. Gross profit from goods sold and services rendered (20=10-11)</b>	<b>20</b>		<b>20,148,523,899,589</b>	<b>17,232,230,161,069</b>
6. Financial income	21	36	1,170,291,811,786	1,222,947,832,000
7. Financial expenses	22	37	523,523,292,419	649,017,818,757
- In which: Interest expense	23		365,715,353,306	420,450,207,908
8. Selling expenses	24		1,412,303,065,766	1,263,022,901,640
9. General and administration expenses	25		1,383,706,108,379	2,095,444,712,513
<b>10. Operating profit (30 = 20+(21-22)-(24+25))</b>	<b>30</b>		<b>17,999,283,244,811</b>	<b>14,447,692,560,159</b>
11. Other income	31	38	39,917,554,994	1,201,093,426,441
12. Other expenses	32	39	51,832,770,359	71,328,506,419
<b>13. (Loss)/Profit from other activities (40=31-32)</b>	<b>40</b>		<b>(11,915,215,365)</b>	<b>1,129,764,920,022</b>
14. Share of associates' net profit	45		3,497,901,222	5,298,215,259
<b>15. Accounting profit before tax (50=30+40+45)</b>	<b>50</b>		<b>17,990,865,930,668</b>	<b>15,582,755,695,440</b>
16. Current corporate income tax expense	51	40	3,652,779,929,841	2,988,853,977,911
17. Deferred corporate tax (income)	52		(31,736,519,851)	(1,977,931,169)
<b>18. Net profit after corporate income tax (60=50-51-52)</b>	<b>60</b>		<b>14,369,822,520,678</b>	<b>12,595,879,648,698</b>
18.1. Non-controlling interests	61		247,147,012,741	308,337,205,403
18.2. Equity holders of the Holding Company	62		14,122,675,507,937	12,287,542,443,295
<b>19. Basic earnings per share</b>	<b>70</b>	<b>41</b>	<b>7,140</b>	<b>6,478</b>

Dang Thi Hong Yen  
Preparer

18 March 2015

Mai Huu Ngan  
Chief Accountant



Do Khang Ninh  
President and CEO

The notes set out on pages 112 to 149 are an integral part of these consolidated financial statements

The notes set out on pages 112 to 149 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
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	01	17,990,865,930,668	15,582,755,695,440
<b>2. Adjustments for:</b>			
Depreciation and amortisation	02	3,467,376,276,521	3,338,271,404,708
Provisions	03	20,114,625,837	47,501,243,891
Unrealized foreign exchange loss	04	64,849,496,291	12,343,823,954
(Gain) from investing activities	05	(1,122,148,503,636)	(1,159,756,676,572)
Interest expense	06	365,715,353,306	420,450,207,908
<b>3. Operating profit before movements in working capital</b>	<b>08</b>	<b>20,786,773,178,987</b>	<b>18,241,565,699,329</b>
Changes in receivables	09	926,525,991,768	(548,535,666,065)
Changes in inventories	10	615,096,329,725	(853,300,204,218)
Changes in accounts payable (not including accrued interest and corporate income tax payable)	11	(2,468,638,077,001)	518,796,365,795
Changes in prepaid expenses and other assets	12	530,232,154,562	919,153,794,756
Interest paid	13	(379,776,463,577)	(449,960,870,727)
Corporate income tax paid	14	(2,980,914,126,718)	(3,003,609,993,823)
Other cash outflows	16	(327,849,789,135)	(239,473,799,460)
<b>Net cash from operating activities</b>	<b>20</b>	<b>16,701,449,198,611</b>	<b>14,584,635,325,587</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets	21	(2,859,942,028,772)	(2,370,691,165,930)
2. Proceeds from sales, disposal of fixed assets and other long-term assets	22	9,208,786,216	962,732,491
3. Cash outflow for lending, buying debt instruments of other entities	23	(549,700,000,000)	(753,283,158,412)
4. Cash recovered from lending, selling debt instruments of other entities	24	28,100,000,000	406,800,000,000
5. Interest earned, dividends and profits received	27	1,112,482,063,829	1,110,891,885,615
<b>Net cash (used in) investing activities</b>	<b>30</b>	<b>(2,259,851,178,727)</b>	<b>(1,605,319,706,236)</b>

The notes set out on pages 112 to 149 are an integral part of these consolidated financial statements

## CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2014

FORM B 03-DN/HN

Unit: VND

ITEMS	Codes	2014	2013
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	6,243,748,745,580	5,609,612,470,569
2. Repayment of borrowings	34	(6,140,037,307,744)	(7,315,593,730,885)
3. Repayment of obligations under finance lease	35	(52,751,025,649)	(29,653,684,508)
4. Dividends and profits paid	36	(8,123,284,760,000)	(5,703,802,624,545)
5. The settlement of the excess of the gas volume delivered over the committed volume (i)		(582,827,540,832)	-
<b>Net cash (used in) financing activities</b>	<b>40</b>	<b>(8,655,151,888,645)</b>	<b>(7,439,437,569,369)</b>
<b>Net increase in cash (50=20+30+40)</b>	<b>50</b>	<b>5,786,446,131,239</b>	<b>5,539,878,049,982</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>18,292,997,853,785</b>	<b>12,753,084,518,890</b>
Effects of changes in foreign exchange rates	61	561,622,920	35,284,913
<b>Cash and cash equivalents at the end of the year (70=50+60+61)</b>	<b>70</b>	<b>24,080,005,607,944</b>	<b>18,292,997,853,785</b>

(i) As stated in Note 31 of the Notes to the consolidated financial statements, during 2014 under an agreement between the Corporation and Vietnam Oil and Gas Group, the entire excess of the gas volume delivered over the committed volume related to EVN and power plants for the period from 01 July 2009 to 15 May 2011 (the time of the Corporation's official transformation to a joint stock company) will belong to Vietnam Oil and Gas Group (since as One-member Company Limited, the Corporation used to be the wholly owned subsidiary of Vietnam Oil and Gas Group). Accordingly, the settled excess of the gas volume delivered over the committed volume for the period from 01 July 2009 to 15 May 2011 (after 20% corporate income tax) was transferred to Vietnam Oil and Gas Group with an amount of USD 27,324,310, equivalent to about VND 582.8 billion.

Dang Thi Hong Yen  
Preparer

18 March 2015

Mai Huu Ngan  
Chief Accountant



Do Khang Ninh  
President and CEO

The notes set out on pages 112 to 149 are an integral part of these consolidated financial statements



## 1. GENERAL INFORMATION

## Structure of ownership

PetroVietnam Gas Joint Stock Corporation (the "Corporation"), formerly known as PetroVietnam Gas Corporation - One Member Company Limited, is a subsidiary of Vietnam Oil and Gas Group which was established in accordance with Decision No. 2232/QĐ-DKVN dated 18 July 2007 issued by Vietnam Oil and Gas Group and the first Business Registration Certificate No. 3500102710 dated 17 January 2007.

PetroVietnam Gas Corporation - One Member Company Limited was officially transformed into PetroVietnam Gas Corporation - Joint Stock Company in accordance with Business Registration Certificate dated 16 May 2011 issued by the Department of Planning and Investment of Ho Chi Minh City with the charter capital of VND 18,950 billion. The Corporation's stocks are listed on Ho Chi Minh City Stock Exchange with the stock symbol GAS.

The Corporation's head office is located in PVGAS Tower, No. 673 Nguyen Huu Tho Street, Phuoc Kien Commune, Nha Be District, Ho Chi Minh City, S.R. Vietnam.

The Corporation had subsidiaries as follows:

- PetroVietnam Southern Gas Joint Stock Company ("PVGAS South").
- PetroVietnam Northern Gas Joint Stock Company ("PVGAS North").
- PetroVietnam Low Pressure Gas Distribution Joint Stock Company ("PVGAS D").
- PetroVietnam Coating Joint Stock Company ("PV Coating").
- PetroVietnam Steel Pipe Joint Stock Company ("PV Pipe").

## Principal activities

The principal activities of the Corporation are to collect, transport, store gas and gas products; to produce fuel gas, distribute gaseous fuel through pipelines, i.e. to process gas and gas products; to wholesale solid, liquid and gaseous fuel and other relevant products, i.e. to distribute and trade dry gas, LNG, CNG, LPG and Condensate; to import and export dry gas, LNG, LPG and Condensate; to perform architectural activities and relevant technical issues, i.e. to consult in investment, design and construction of mechanical engineering works; to supervise construction and completion of industrial and civil works; to perform other relevant construction activities i.e. to invest, construct, manage, maintain, repair gas and gas related construction works and projects; to wholesale and trade other fields, i.e. trade materials, equipment, chemicals in gas and gas product processing and utilizing fields, to import materials, equipment and means used for gas industry; to trade in real estate, land use rights attached to owners, users or for lease, i.e. warehouses, port, real estate business; to invest in infrastructure for distribution systems of dry and liquid gas; to research and develop technical and scientific fields i.e. to research and apply in gas industry and renovate gas works; to provide gas related services, renovate, repair engines, install conversion equipment of vehicles and used in agriculture, forestry and fishery; to transport cargo by road i.e. to provide transport services and means of transport using gas, to transport gas products (provide relevant services).

## 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.

## 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 Management 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 in the preparation of these consolidated financial statements, are as follows:

## Estimates

The preparation of the 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.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Basis of consolidation (Continued)

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 the Corporation and its subsidiaries and among subsidiaries are eliminated on consolidation.

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

##### Investments in associates

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

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Interests in associates are carried in the 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.

##### 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.

Where a group entity undertakes its activities under joint venture arrangements directly, the Corporation's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognized in the consolidated financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Corporation's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Corporation and their amount can be measured reliably.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 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, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an intangible asset and is amortised on the straight-line basis over its estimated period of benefit of 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 and jointly controlled entities is presented separately as an intangible asset in the consolidated balance sheet.

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

##### Financial instruments

###### Initial recognition

###### Financial assets

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

###### Financial liabilities

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

###### 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.

##### Short-term financial investments

Short-term financial investments include investments in securities and deposits with maturity over 3 months and less than 1 year.

Investments in securities are recognised on a trade date basis and are initially measured at cost including directly attributable transaction costs.

At the subsequent reporting dates, investments in securities are measured at cost, less the amount of impairment of investments in securities.

Provision for impairment of investments in securities is made in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance, which allows provision to be made for securities whose book values are higher than market prices.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use. The costs of tangible fixed assets formed from construction investment by contractual mode or self-construction or self-generating process are the settled costs of the invested construction projects in accordance with the prevailing State's regulations on investment and construction management, directly-related expenses and registration fee (if any). In the event the construction project has been completed and put into use but the settled costs thereof have not been approved, the cost of tangible fixed assets is recognized at the estimated cost based on the actual cost incurred. The estimated cost will be adjusted according to the settled costs approved by competent authorities.

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

	<b>Year 2014</b>
	Years
Buildings, structures	4 - 25
Machinery, equipment	3 - 20
Motor vehicles	3 - 12
Office equipment	3 - 9
Other assets	3 - 20

The Corporation's tangible fixed assets were revaluated when the State-owned enterprise was equitized. The cost and accumulated depreciation of tangible fixed assets were adjusted based on the revaluation value approved by competent authorities as regulated.

Tangible fixed assets, representing machinery, equipment directly related to the goods production for the coating project in PV Coating, are depreciated based on the work volume completed in the year.

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognized in the consolidated income statement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Corporation at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Corporation's general policy on borrowing costs (see below).

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease, details as follow:

	<b>Year 2014</b>
	Years
Machinery, equipment	5
Motor vehicles	3 - 6

Intangible assets and amortization

Intangible assets represent land use rights, computer software, copyrights, patents, trademarks and other intangible assets that are stated at cost less accumulated amortization. Definite-term land use rights are amortized over their granted time; indefinite-term land use rights are not amortized. Computer software is amortized using the straight-line method over their estimated useful lives from two (02) years to night (09) years.

Intangible assets were revaluated when the State-owned enterprise was equitized. The cost and accumulated amortization of intangible assets were adjusted based on the revaluation value approved by competent authorities as regulated.

Construction in progress

Properties in the course of construction for production, rental and administrative purposes or for other purposes are carried at cost. The cost includes any costs that are necessary to form the asset including construction cost, equipment cost, other costs and related borrowing costs in accordance with the Corporation's accounting policy. Such costs will be included in the estimated costs of the fixed assets (if settled costs have not been approved) when they are put into use.

According to the State's regulations on investments and construction management, the settled costs of completed construction projects are subject to approval by appropriate level of competent authorities. The final costs of these completed construction projects may vary depending on the final approval by competent authorities.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Other long-term financial investments

Other long-term investments represent investments in other entities with proportion of ownership interest less than 20% equivalent to proportion of voting power held at these entities, loans and other long-term financial investments are recognized at cost including directly attributable costs. At the subsequent reporting dates, these investments are measured at cost less the amount of impairment of investments (if any).

Provision for impairment of long-term investments is made in accordance with Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance, which allow provision to be made for long-term investments in the investees whose equity presented in their financial statements at the balance sheet date is less than the capital actually contributed by the owners to the investees.

##### Long-term prepayments

Long-term prepayments comprise business privilege, gas cylinder case values and other types of long-term prepayments.

Business privilege represents the value of advantage in doing business arising from revaluation of the Corporation's net asset for equitization. Business privilege is allocated to the consolidated income statement for three (03) years from the time the Corporation has officially been transformed into Joint Stock Company. By 31 December 2014, all the business privilege has been allocated to operation expenses.

Gas cylinder case values are presented as prepayments and allocated to the consolidated income statement for the year over their estimated useful lives (collaterals, deposits obtained from customers are recorded in the other long-term payables and allocated to income over the term of allocation of gas cylinder case values). Gas cylinder case values are allocated using the straight-line method over the period of maximum ten (10) years.

Other types of long-term prepayments comprise prepaid land rentals, costs of small tools, supplies and spare parts issued for consumption and other long-term prepaid expenses which are expected to provide future economic benefits to the Corporation for one year or more. These expenditures have been capitalised as long-term prepayments, and are allocated to the consolidated income statement using the straight-line method in accordance with the prevailing accounting regulations.

##### Revenue recognition

###### Sale of products

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.

In accordance with Official Letter No.5110-TC/TCT dated 16 May 2003 issued by the Ministry of Finance, revenue

- from selling and transporting Nam Con Son gas is recognized at the issue date of value added tax invoices.
- #### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Sale 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 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.

Revenue from construction contracts is recognised in accordance with the Corporation's accounting policy on construction contracts (see below).

##### Unearned revenue

Unearned revenue mainly represents a deficit when the gas volume actually delivered is less than the committed volume in accordance with take or pay gas sale agreement. Such difference will be offset by the excess of the amount delivered in the subsequent periods.

##### Financial revenue

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

Dividend income from investments is recognized when the Corporation's right to receive payment has been established.

##### Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable of recovery.

##### 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 of the Ministry of Finance providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement. Unrealised exchange gains as at the balance sheet date are not treated as

part of distributable profit to shareholders.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 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 recognized in the consolidated income statement when incurred.

##### Provisions

Provisions are recognized 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.

##### Scientific and technological development fund

Scientific and technological development fund is allocated to finance the Corporation's scientific and technological activities. The fund is established on the basis of appropriation of at most 10% of taxable income before calculating corporate income tax and is recognized as operating expenses for the year.

As at 31 December 2014, the Holding Company - the Corporation had no scientific and technological research projects/programs; therefore, the Holding Company - the Corporation did not provide for scientific and technological development fund, and scientific and technological research expenses when incurred will be recognised in the separated income statements of the Holding Company.

##### 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 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 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

#### 5. CASH AND CASH EQUIVALENTS

	Unit: VND	
	31/12/2014	31/12/2013
Cash on hand	10,438,916,392	20,278,890,078
Cash in bank	4,814,914,652,520	2,850,438,727,910
Cash in transit	30,000,000,000	430,513,575
Cash equivalents (i)	19,224,652,039,032	15,421,849,722,222
	<b>24,080,005,607,944</b>	<b>18,292,997,853,785</b>

(i) Cash equivalents represent time deposits of 3 months or less at commercial banks.

#### 6. SHORT-TERM FINANCIAL INVESTMENTS

	Unit: VND	
	31/12/2014	31/12/2013
Time deposits of over 3 months to less than 12 months	1,340,000,000,000	818,300,000,000
Short-term investments in securities (i)	356,600,283,780	-
Other short-term investments	-	100,000,000
Provision for impairment of short-term investments	(12,725,283,780)	-
	<b>1,683,875,000,000</b>	<b>818,400,000,000</b>

(i) Under the Resolution No. 122/NQ-KVN dated 01 December 2014, the Board of Directors has approved a resolution to divest by the end of 2015, under which the Corporation will withdraw all investments in the Southeast Asia Joint Stock Commercial Bank amounting to VND 311.25 billion, equivalent to 8,226,458 shares (including 726,458 bonus shares) and in Cuu Long Petro Gas Service Transportation JSC amounting to VND 45.35 billion, equivalent to 4,500,000 shares. As at 31 December 2014, the Corporation reclassified the two investments from "Other long-term investments" item to "Short-term investments" item.

#### 7. OTHER RECEIVABLES

	Unit: VND	
	31/12/2014	31/12/2013
Receivable from related parties in joint venture agreement on the construction of Block B - O Mon Pipelines System	54,190,675,035	23,629,438,880
Receivables from Phu Long Real Estate JSC.	13,843,599,844	21,474,885,586
Receivables from PVC MeKong for construction contract of office for lease in Bac Lieu Province	50,000,000,000	50,000,000,000
Accrued interest income from agreements on entrusted capital management and term deposits	100,951,112,102	96,289,596,413
Receivable from PetroVietnam Insurance Joint Stock Corporation - insurance compensation	-	10,465,468,068
Others	64,839,630,494	101,656,284,363
	<b>283,825,017,475</b>	<b>303,515,673,310</b>

8. INVENTORIES

	31/12/2014	31/12/2013
Goods in transit	22,880,764,149	75,266,818,644
Raw materials	768,639,033,744	537,768,189,494
Tools and supplies	75,015,052,265	61,045,044,314
Work in progress	41,186,395,773	47,169,471,714
Finished goods	250,895,423,892	89,974,375,039
Merchandise	777,489,262,131	1,739,953,337,079
Goods on consignment	31,738,363	56,763,758
	<b>1,936,137,670,317</b>	<b>2,551,234,000,042</b>
Provision for devaluation of inventories	(75,643,165,737)	(89,786,109,976)
<b>Net realisable value of inventories</b>	<b>1,860,494,504,580</b>	<b>2,461,447,890,066</b>

Unit: VND

9. SHORT-TERM PREPAYMENTS

	31/12/2014	31/12/2013
Assets insurance fee	22,905,620,845	19,596,932,826
Operating and depreciation cost of Nam Con Son gas pipelines	38,618,483,288	39,743,572,135
Communication and advertising cost	59,389,481,880	3,208,925,837
Other short-term prepayments	38,133,384,600	36,845,196,502
	<b>159,046,970,613</b>	<b>99,394,627,300</b>

Unit: VND

10. TAXES AND OTHER RECEIVABLES FROM THE STATE BUDGET

	31/12/2014	31/12/2013
Value added tax	8,051,807,778	4,419,642,821
Import, export duties	28,711,297,129	22,382,302,241
Corporate income tax	2,181,306,974	213,310,972
Personal income tax	131,703,100	285,561,037
Others	199,842,484	131,046,955
	<b>39,275,957,465</b>	<b>27,431,864,026</b>

Unit: VND

11. OTHER CURRENT ASSETS

	31/12/2014	31/12/2013
A shortage of assets awaiting to be resolved	186,346,432	750,437,509
Advances	13,805,329,919	12,602,037,800
Short-term deposits and collateral (i)	85,406,136,755	478,022,686,815
	<b>99,397,813,106</b>	<b>491,375,162,124</b>

Unit: VND

- (i) Short-term deposits and collateral mainly represent the collateral balances of PetroVietnam Gas Trading Company (the unit directly under the Corporation) at commercial banks to pay for export and import transactions.

12. TANGIBLE FIXED ASSETS

	Unit: VND					
	Buildings, structures	Machinery, equipment	Motor vehicles	Office equipment	Other fixed assets	Total
<b>COST</b>						
As at 01/01/2014	5,485,654,590,753	3,757,527,919,631	521,357,519,376	131,635,698,722	23,483,760,637,243	33,379,936,365,725
Purchases for the year	30,673,653,382	90,824,679,062	1,367,763,898	20,134,350,267	2,647,113,379	145,647,559,988
Transfer from construction in progress	62,649,203,585	68,881,766,216	58,122,695,985	739,679,636	1,266,402,678,611	1,456,796,024,033
Adjustment as per final accounts	(96,050,755,957)	52,888,702,287	50,871,781,833	-	(5,790,253,084)	1,919,475,079
Transfer from finance lease assets	-	-	42,086,821,615	-	-	42,086,821,615
Other increases	259,355,766	-	-	650,423,957	8,641,080,727	9,550,860,450
Disposals	(3,959,455,068)	(1,938,183,232)	(521,912,336)	(1,551,974,843)	(10,618,540,687)	(18,590,066,166)
Other decreases	(258,568,003)	(1,124,267,028)	(15,900,000)	-	-	(1,398,735,031)
Reclassification	253,752,821,619	(1,295,155,369)	1,005,213,054	289,942,315	(253,752,821,619)	-
As at 31/12/2014	5,732,720,846,077	3,965,765,461,567	674,273,983,425	151,898,120,054	24,491,289,894,570	35,015,948,305,693
<b>ACCUMULATED DEPRECIATION</b>						
As at 01/01/2014	1,388,478,149,317	1,134,260,661,984	358,775,370,888	87,232,949,567	13,844,245,796,714	16,812,992,928,470
Charge for the year	490,859,183,470	469,285,321,568	67,093,863,824	18,833,171,702	2,352,948,646,850	3,399,020,187,414
Transfer from finance lease assets	-	-	39,786,377,057	-	-	39,786,377,057
Disposals	(1,485,241,775)	(1,518,042,285)	(521,912,336)	(1,550,358,192)	(8,853,841,674)	(13,929,396,262)
Other decreases	-	(29,632,976)	-	-	-	(29,632,976)
Reclassification	18,136,365,797	(690,749,530)	1,396,996,878	259,335,372	(19,101,948,517)	-
As at 31/12/2014	1,895,988,456,809	1,601,307,558,761	466,530,696,311	104,775,098,449	16,169,238,653,373	20,237,840,463,703
<b>NET BOOK VALUE</b>						
As at 31/12/2014	3,836,732,389,268	2,364,457,902,806	207,743,287,114	47,123,021,605	8,322,051,241,197	14,778,107,841,990
As at 31/12/2013	4,097,176,441,436	2,623,267,257,647	162,582,148,488	44,402,749,155	9,639,514,840,529	16,566,943,437,255

The cost of the Corporation's tangible fixed assets as at 31 December 2014 includes VND 882,480,901,907 of fixed assets which have been fully depreciated but are still in use (as at 31 December 2013: VND 622,554,209,299).

The cost of the tangible fixed assets as at 31 December 2014 includes some facilities at cost of VND 1,027,720,002,543 (as at 31 December 2013: VND 3,767,101,966,857) which are temporarily recorded based on the actual expenses for the purpose of depreciation when the facilities go into operation. The temporarily recorded cost will be adjusted for any arising differences when the final cost of such facilities is approved.

The Corporation has pledged its buildings, structures, machinery and equipment which have net book value of VND 179,254,090,063 as at 31 December 2014 (as at 31 December 2013: VND 154,587,982,001), to secure banking facilities granted to the Corporation.

12. TANGIBLE FIXED ASSETS (Continued)

In addition, PetroVietnam Coating Joint Stock Company (the subsidiary of the Corporation) pledged all assets formed from the Coating factory project at Phu My I Industrial Zone, Tan Thanh District, Ba Ria - Vung Tau Province to secure banking facilities granted to these subsidiaries.

13. FINANCE LEASE ASSETS

Unit: VND

	Machinery, equipment	Motor vehicles	Total
<b>COST</b>			
As at 01/01/2014	190,581,907,418	43,608,056,615	234,189,964,033
Increases for the year	36,597,109,880	-	36,597,109,880
Transfer to tangible fixed assets	-	(42,086,821,615)	(42,086,821,615)
As at 31/12/2014	227,179,017,298	1,521,235,000	228,700,252,298
<b>ACCUMULATED DEPRECIATION</b>			
As at 01/01/2014	87,182,724,947	29,605,554,048	116,788,278,995
Charge for the year	46,051,438,426	11,702,058,009	57,753,496,435
Transfer to tangible fixed assets	-	(39,786,377,057)	(39,786,377,057)
As at 31/12/2014	133,234,163,373	1,521,235,000	134,755,398,373
<b>NET BOOK VALUE</b>			
As at 31/12/2014	93,944,853,925	-	93,944,853,925
As at 31/12/2013	103,399,182,471	14,002,502,567	117,401,685,038

14. INTANGIBLE ASSETS

Unit: VND

	Land use rights	Computer software	Copyright, patents	Trademarks	Others	Total
<b>COST</b>						
As at 01/01/2014	330,966,401,892	38,574,125,260	1,464,370,376	4,288,007,246	68,800,000	375,361,704,774
Purchases for the year	-	24,617,251,712	-	-	-	24,617,251,712
Reclassification	(152,000,000)	152,000,000	-	-	-	-
As at 31/12/2014	330,814,401,892	63,343,376,972	1,464,370,376	4,288,007,246	68,800,000	399,978,956,486
<b>ACCUMULATED AMORTIZATION</b>						
As at 01/01/2014	3,524,042,677	25,937,853,146	567,290,437	-	63,066,668	30,092,252,928
Charge for the year	845,564,309	10,114,306,425	162,707,820	-	5,733,332	11,128,311,886
Reclassification	(63,376,670)	63,376,670	-	-	-	-
As at 31/12/2014	4,306,230,316	36,115,536,241	729,998,257	-	68,800,000	41,220,564,814
<b>NET BOOK VALUE</b>						
As at 31/12/2014	326,508,171,576	27,227,840,731	734,372,119	4,288,007,246	-	358,758,391,672
As at 31/12/2013	327,442,359,215	12,636,272,114	897,079,939	4,288,007,246	5,733,332	345,269,451,846

15. CONSTRUCTION IN PROGRESS

Unit: VND

	31/12/2014	31/12/2013
Nam Con Son 2 Gas Pipelines System	2,345,324,265,090	498,635,784,711
Block B - O Mon Gas Pipelines System	442,610,163,723	398,886,902,889
Project on gas collection and distribution in Ham Rong and Thai Binh fields	327,078,082,575	88,493,398,924
Liquefied Nature Gas Import Warehouse and Port	135,596,161,325	131,849,342,644
Ca Mau Gas Processing Plant	119,625,668,419	362,651,695,592
LNG Thi Vai Warehouse	74,432,838,473	74,349,202,109
Da Nang gas products base depot	51,839,034,000	28,625,586,440
C2 Chi Linh Apartment Building Project	46,438,795,278	46,438,795,278
CNG construction for automobiles	39,186,072,811	29,827,146,367
Capacity expansion of LPG Dinh Vu - Hai Phong Warehouse Project	29,100,059,678	999,650,901
House construction in PVPIPE	19,695,470,773	-
Project on gas collection and transportation system in Dai Hung - Nam Con Son 2	20,830,323,815	20,237,217,410
East - West Southern Region Connection Pipelines	20,809,223,285	20,809,223,285
Dai Hung Project	20,655,412,748	9,706,709,983
Nam Con Son - GPP Dinh Co gas supply project	17,685,711,733	4,683,087,197
Low pressure gas distribution system in Tien Hai - Thai Binh Industrial Zone	14,446,470,052	-
Gas collection system expansion project in Rong field - period 1	7,448,391,362	737,285,175,350
Shared work construction items of Thi Vai LPG warehouse and LNG warehouse	-	250,265,717,649
Steel pipe manufacturing plant project	-	13,108,145,053
Project on gas collection and transportation in Thang Long - Nam Dong Do field	-	6,442,462,966
Others	47,480,235,769	80,061,861,488
	<b>3,780,282,380,909</b>	<b>2,803,357,106,236</b>

## 16. INVESTMENTS IN SUBSIDIARIES

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

Name of companies	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting right power held	Principal activity	Number of shares held
PetroVietnam Southern Gas JSC (i)	HCM City	35.26%	35.26%	Distribute LPG	13,400,000
PetroVietnam Northern Gas JSC (i)	Hanoi	35.88%	35.88%	Distribute LPG	9,946,631
PetroVietnam Low Pressure Gas Distribution JSC (ii)	HCM City	50.50%	50.50%	Distribute low pressure gas	30,300,000
PetroVietnam Coating JSC (iii)	Vung Tau	76.50%	76.50%	Provide pipe coating service	16,524,000
PetroVietnam Steel Pipe JSC	Tien Giang	99.99%	99.99%	Manufacture steel pipes	183,840,000

(i) Investments in companies to which the Corporation contributes less than 50% of the charter capital but holds the controlling power. According to the assessment of the Board of Management, the controlling power of the Corporation over such investees is determined definitely and the classification of those companies as subsidiaries of the Corporation is suitable with nature of transactions incurred, compliant with accounting standards and prevailing relevant regulations.

(ii) Shares of PetroVietnam Low Pressure Gas Distribution JSC held by the Corporation as at 31 December 2014 consist of 2,770,766 bonus shares.

(iii) Shares of PetroVietnam Coating JSC held by the Corporation as at 31 December 2014 consist of 1,224,000 bonus shares.

In 2014, the Corporation registered to sell 5,090,000 shares of PetroVietnam Coating JSC to restructure the investment portfolio, however by 31 December 2014 the transaction had not been made successfully. On 20 January 2015, the Corporation continued to register to sell the number of shares stated above under matching method.

## 17. INVESTMENTS IN ASSOCIATES

	Unit: VND	
	31/12/2014	31/12/2013
Gas City Investment and Development JSC	77,201,169,122	78,618,908,503
	<b>77,201,169,122</b>	<b>78,618,908,503</b>

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

Name of associate	Place of incorporation and operation	Number of shares held	Proportion of voting power held	Principal activity
Gas City Investment and Development JSC	Hanoi	6,700,000	35.51%	Trading gas

## 18. BUSINESS COOPERATION AGREEMENT

PetroVietnam Gas Joint Stock Corporation, PetroVietnam Engineering Consultancy Corporation - JSC and Phu Long Real Estate Joint Stock Company have jointly entered into a business cooperation agreement to construct and invest in the project "PV Gas Tower" at No. 673 Nguyen Huu Tho Street, Phuoc Kien Commune, Nha Be District, Ho Chi Minh City. Under the agreement, the Corporation is in charge of managing and accounting for the results of operations and then distributing profit after tax to parties based on the capital contribution ratio.

## 18. BUSINESS COOPERATION AGREEMENT (CONTINUED)

The capital contribution ratio under the agreement is as follows:

PetroVietnam Gas Joint Stock Corporation	70%
PetroVietnam Engineering Consultancy Corporation - JSC	20%
Phu Long Real Estate Joint Stock Company	10%

Financial figures of the agreement presented in the Corporation's consolidated financial statements are as follows:

	Unit: VND	
	31/12/2014	31/12/2013
Cost of fixed assets	726,241,790,840	718,541,747,813
Accumulated depreciation of fixed assets (i)	68,021,540,593	48,082,852,898
Net book value of fixed assets	658,220,250,247	670,458,894,915

(i) Accumulated depreciation of fixed assets excludes VND 165,065,911, representing accumulated depreciation of the garage of PVGas Tower that was disposed of in 2013.

	Unit: VND	
	2014	2013
Revenue of business cooperation agreement	62,611,549,764	117,627,671,780
Expenses of business cooperation agreement	46,560,830,257	46,785,341,898
Other expenses of business cooperation agreement (i)	(22,889,833,834)	21,533,571,464
Corporate income tax	8,566,921,735	12,327,189,605
Net profit after corporate income tax	30,373,631,606	36,981,568,814
Profit distribution as per the capital contribution ratio:		
<i>PetroVietnam Gas Joint Stock Corporation</i>	21,376,294,559	25,887,098,170
<i>PetroVietnam Engineering Consultancy Corporation - JSC</i>	5,522,227,731	7,396,313,763
<i>Phu Long Real Estate Joint Stock Company</i>	3,475,109,316	3,698,156,881
(i) Other expenses of business cooperation agreement include:		
Executive Board's expenses and other expenses	727,365,442	5,637,464,666
Adjustment of Executive Board's expenses incurred from 2011 to 2013 due to the change in cost distribution method	(7,721,092,478)	-
(Reversal of provision)/Provision for doubtful debts due from PVE	(15,896,106,798)	15,896,106,798
	<b>(22,889,833,834)</b>	<b>21,533,571,464</b>

## 19. OTHER LONG-TERM INVESTMENTS

	Unit: VND	
	31/12/2014	31/12/2013
Southeast Asia Commercial Joint Stock Bank (i)	-	311,250,000,000
Cuu Long Petro Gas Service Transportation Joint Stock Company (i)	-	45,350,283,780
Vinabenny Energy Joint Stock Company (ii)	50,000,000,000	50,000,000,000
Vietnam Assets Investment and Trading Joint Stock Company (ii)	25,000,000,000	25,000,000,000
Vung Ang Petroleum Joint Stock Company	10,000,000,000	10,000,000,000
	<b>85,000,000,000</b>	<b>441,600,283,780</b>

(i) Investments in Southeast Asia Joint Stock Commercial Bank and Cuu Long Petro Gas Service Transportation Joint Stock Company have been reclassified and presented in the "Short-term investments" item as described



in Note 6.

19. OTHER LONG-TERM INVESTMENTS (Continued)

(ii) As at 31 December 2014, PetroVietnam Northern Gas Joint Stock Company and PetroVietnam Southern Gas Joint Stock Company (the Corporation's subsidiaries) evaluated impairment of these investments; accordingly, 100% of provision for impairment of the investments was made based on actual operating results of investees.

20. LONG-TERM PREPAYMENTS

	31/12/2014	31/12/2013
Business privilege (i)	-	341,217,322,506
Gas cylinder expenses	497,701,499,057	558,646,525,552
Other long-term prepayments	363,934,100,700	331,914,788,609
	<b>861,635,599,757</b>	<b>1,231,778,636,667</b>

Unit: VND

(i) Business privilege represents the value of advantage in doing business arising from revaluation of the Corporation's net asset value for equitization. Business privilege is allocated to the consolidated income statement within 3 years from the official date of transformation into joint stock company (i.e. from 16 May 2011). The remaining value of business privilege has been fully allocated into expenses in 2014.

21. GOODWILL

	2014	2013
Opening balance	531,262,467,013	619,357,443,887
Movement due to trading of investments	29,426,799,948	(12,006,997,852)
Allocation to expense for the year	(81,177,676,785)	(76,087,979,022)
Closing balance	<b>479,511,590,176</b>	<b>531,262,467,013</b>

Unit: VND

22. SHORT-TERM LOANS AND LIABILITIES

	31/12/2014	31/12/2013
Short-term loans	546,627,673,385	370,415,091,649
Current portion of long-term loans (Note 29)	1,896,600,228,145	2,482,097,502,470
	<b>2,443,227,901,530</b>	<b>2,852,512,594,119</b>

Unit: VND

23. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	31/12/2014	31/12/2013
Value added tax	280,773,446,704	184,436,389,605
Import, export duties	-	17,612,241
Corporate income tax	1,264,562,608,279	568,234,143,846
Special consumption tax	3,148,658,367	5,339,839,281
Personal income tax	21,622,295,898	12,825,116,358
Others	1,691,794,503	2,889,660,729
	<b>1,571,798,803,751</b>	<b>773,742,762,060</b>

Unit: VND

23. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET (Continued)

Detail of carrying out obligation for the State budget based on each type of taxes are as follows:

Unit: VND

Items	As at 31/12/2013	Payable	Paid	As at 31/12/2014
Value added tax	180,016,746,604	3,623,415,318,819	3,530,710,426,497	272,721,638,926
Special consumption tax	5,339,839,281	81,611,038,845	83,802,219,759	3,148,658,367
Import, export duties	(22,364,690,000)	227,706,354,833	234,052,961,962	(28,711,297,129)
Corporate income tax	568,020,832,874	3,675,274,595,149	2,980,914,126,718	1,262,381,301,305
Land and housing tax, land rental	295,892,000	16,841,547,529	17,334,169,814	(196,730,285)
Personal income tax	12,591,923,045	89,927,832,647	81,029,162,894	21,490,592,798
Business license tax	-	70,000,000	69,000,000	1,000,000
Foreign contractor withholding tax	1,573,857,303	27,187,826,577	27,599,506,882	1,162,176,998
Other taxes, fees and charges	836,496,927	19,539,611,534	19,850,603,155	525,505,306
<b>Total</b>	<b>746,310,898,034</b>	<b>7,761,574,125,933</b>	<b>6,975,362,177,681</b>	<b>1,532,522,846,286</b>
<i>In which:</i>				
Taxes and other receivables from the State Budget	27,431,864,026			39,275,957,465
Taxes and other payables to the State Budget	773,742,762,060			1,571,798,803,751

24. ACCRUED EXPENSES

	31/12/2014	31/12/2013
Accruals for gas purchase cost	942,080,835,932	999,551,877,663
Accruals for gas system repair (i)	274,374,699,972	242,309,132,892
Accruals for construction in progress	110,180,281,549	186,069,713,421
Accruals for operating lease fees of VSP compression platform	62,789,607,139	1,802,168,052
Interest expense	36,010,229,211	48,465,733,203
Accruals for operating Rong Doi Moi and Vom Bac Bach Ho fields	15,449,452,898	26,670,743,950
Expenses for Nam Con Son Project's operator	13,114,873,205	35,338,734,292
Others	56,725,083,976	24,782,292,050
	<b>1,510,725,063,882</b>	<b>1,564,990,395,523</b>

Unit: VND

(i) The Corporation accrued repair and maintenance expenses for gas facilities based on estimated expense for items that will be repaired for the subsequent financial years. The Corporation believes that the accruing such an expense is consistent with the actual situation of the Corporation.

25. SHORT-TERM INTER-COMPANY PAYABLES

	31/12/2014	31/12/2013
Vietnam Oil and Gas Group	77,135,056,337	298,361,455,294
	<b>77,135,056,337</b>	<b>298,361,455,294</b>

Unit: VND

The balance payables to Vietnam Oil and Gas Group as at 31 December 2014 mainly represents expenses for management services that are payable under a services supplying contract between Vietnam Oil and Gas Group and the Corporation. Accordingly, the Corporation is responsible for making an annual payment for management services to Vietnam Oil and Gas Group at the rates from 0.05% to 0.5% of each type of revenue.

26. OTHER CURRENT PAYABLES

	Unit: VND	
	31/12/2014	31/12/2013
Phu Long Real Estate Joint Stock Company (i)	92,607,923,143	89,132,813,827
PetroVietnam Engineering Consultancy Corporation - JSC (i)	179,161,728,584	173,639,500,854
Joint Venture Vietsovpetro (ii)	5,503,921,395	65,025,992,405
Dividend payables (iii)	2,299,782,843,111	567,603,111
Other payables	84,682,159,954	76,239,364,470
	<b>2,661,738,576,187</b>	<b>404,605,274,667</b>

(i) This amount represents the contributed capital and distributed profits of PetroVietnam Engineering Consultancy Corporation - JSC and Phu Long Real Estate Joint Stock Company to construct and invest in the project "PVGas Tower" as stated in Note 18.

(ii) This payable relates to the joint investment in the "Construction of Block of 10 flats in Drilling Platform MSP4" project between PetroVietnam Gas South East Transmission Company (the unit directly under the Corporation) and Joint Venture "VietsovPetro" (Vietsov). Accordingly, Vietsov monitors, inspects and takes responsibility for payment to contractors. According to minutes of inspection and acceptance with contractors, Vietsov will recover construction costs corresponding to the investment proportion of PetroVietnam Gas South East Transmission Company.

(iii) This amount mainly represents the second interim dividend of 2014 payable to Vietnam Oil and Gas Group.

27. LONG-TERM INTER-COMPANY PAYABLES

	Unit: VND	
	31/12/2014	31/12/2013
Vietnam Oil and Gas Group	-	44,264,383,269
	-	<b>44,264,383,269</b>

28. OTHER LONG-TERM PAYABLES

	Unit: VND	
	31/12/2014	31/12/2013
Deposits and collateral received for gas cylinder cases	191,972,824,589	226,233,196,950
Others	2,690,608,885	2,964,802,435
	<b>194,663,433,474</b>	<b>229,197,999,385</b>

29. LONG-TERM LOANS AND LIABILITIES

	Unit: VND	
	31/12/2014	31/12/2013
<b>Long-term loans</b>	<b>6,952,054,294,972</b>	<b>6,982,643,865,112</b>
Joint Stock Commercial Bank for Investment and Development of Vietnam	2,396,295,890,688	2,811,700,849,704
Cathay United Bank	1,603,500,000,000	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam	810,530,829,028	524,486,458,296
Ho Chi Minh City Development Joint Stock Commercial Bank	653,055,977,667	422,090,460,552
Standard Chartered Bank	631,897,777,445	1,246,357,777,731
Vietnam Public Joint Stock Commercial Bank	612,150,336,291	686,956,739,845
Shinhan Bank Vietnam Limited	71,024,400,000	-
Bangkok Bank Public Company Limited - Ho Chi Minh City Branch	62,120,252,352	122,526,239,951
Military Commercial Joint Stock Bank	38,928,564,790	80,058,679,230
Ocean Commercial Joint Stock Bank	32,242,010,846	-
Southeast Asia Commercial Joint Stock Bank	24,856,555,865	224,696,339,043
Vietnam Joint Stock Commercial Bank for Industry and Trade	5,938,000,000	709,795,896,718
Lien Viet Post Joint Stock Commercial Bank	9,513,700,000	-
European Investment Bank	-	153,974,424,042
<b>Long-term liabilities</b>	<b>76,166,231,077</b>	<b>103,850,155,226</b>
Vietnam International Leasing Company Ltd.	40,189,762,590	41,068,480,639
Sai Gon Thuong Tin Commercial Joint Stock Bank	21,352,436,963	-
ACB Leasing Company	8,643,494,799	18,072,761,679
Chailease International Leasing Co., Ltd.	5,980,536,725	2,328,724,473
Sacombank Leasing Company Limited	-	42,380,188,435
	<b>7,028,220,526,049</b>	<b>7,086,494,020,338</b>
Less: Current portion of long-term loans (shown under current liabilities)	1,896,600,228,145	2,482,097,502,470
<b>Amount due for settlement after 12 months</b>	<b>5,131,620,297,904</b>	<b>4,604,396,517,868</b>

Long-term loans and liabilities of the Corporation are disbursed in Vietnam Dong and United States Dollar to construct and purchase fixed assets of the Corporation. Details of loans in disbursement currency are as follows:

	Unit: VND	
	31/12/2014	31/12/2013
Loans in USD	4,085,693,537,327	4,678,602,464,864
Loans in VND	2,942,526,988,722	2,407,891,555,474
	<b>7,028,220,526,049</b>	<b>7,086,494,020,338</b>



31. OWNERS' EQUITY (Continued)

(i) The Holding Company - The Corporation adjusted the balance of the investment and development fund temporarily distributed in 2013 to the final amount that was approved in Resolution No. 56/NQ-DHDCD dated 17 April 2014 at the 2014 Annual General Meeting of Shareholders. Accordingly, the fund balance was decreased by VND 1,612,672,193,928.

(ii) The profit after corporate income tax from the business cooperation agreement on the "PV Gas Tower" project for the financial year 2014 was distributed to the partners based on their capital contribution ratio.

(iii) In 2014, the Corporation and purchasers, including Vietnam Electricity (EVN for short), PetroVietnam Power Corporation - Company Limited and Ba Ria Thermal Power Joint Stock Company, entered into contracts amending and supplementing the Nam Con Son Gas Purchase and Sale Contracts. Under the terms of the amended and supplemented contracts, the parties agreed to additional regulations on gas prices and settlement of the excess of the gas volume delivered over the committed volume for the period from 01 July 2009 to 31 March 2014 (the contract signed with EVN), and for the period from 01 July 2009 to 28 February 2011 (the contract signed with the other purchasers). The purchasers accepted to pay the Corporation the excess of the gas volume delivered over the committed volume for the mentioned periods amounting to USD 182,423,092. The Corporation recognized the entire settled excess, equivalent to VND 3,898 billion, in the consolidated income statement for the year ended 31 December 2014.

Under an agreement between the Corporation and PetroVietnam Gas Corporation, the entire excess of the gas volume delivered over the committed volume related to EVN and power plants for the period from 01 July 2009 to 15 May 2011 (the time of the Corporation's official transformation to a joint stock company) will belong to Vietnam Oil and Gas Group (since as One-member Company Limited, the Corporation used to be the wholly owned subsidiary of Vietnam Oil and Gas Group). Accordingly, the settled excess of the gas volume delivered over the committed volume for the period from 01 July 2009 to 15 May 2011 (after 20% corporate income tax) was transferred to Vietnam Oil and Gas Group with an amount of USD 27,324,310, equivalent to VND 582.8 billion.

Details of owners' contributed capital are as follows:

	Quantity (share)	Rate %	Capital Contributed VND
Vietnam Oil and Gas Group	1,832,835,900	96.72	18,328,359,000,000
Other shareholders	62,164,100	3.28	621,641,000,000
	<b>1,895,000,000</b>	<b>100</b>	<b>18,950,000,000,000</b>

31. OWNERS' EQUITY (Continued)

The number of Corporation's shares registered and issued to the public as at 31 December 2014 was 1,895,000,000. All of the shares are common shares, with par value of VND 10,000 per share.

Shares	31/12/2014	31/12/2013
- Number of shares issued to the public	1,895,000,000	1,895,000,000
+ Common shares	1,895,000,000	1,895,000,000
- Number of outstanding shares in circulation	1,895,000,000	1,895,000,000
+ Common shares	1,895,000,000	1,895,000,000

Dividends:

Under Resolution No. 56/NQ-DHDCD dated 17 April 2014 at the 2014 Annual General Meeting of Shareholders and the Board of Management's Resolution No. 61/NQ-KVN dated 25 April 2014, the Corporation declared and made the third payment of dividends from the 2013 profit after tax with the amount of VND 4,169,000,000,000 (equivalent to VND 2,200 per share).

The Holding Company - The Corporation declared and made the first and second payment of interim dividends from profit after tax for the financial year ended 31 December 2014 with the amount of VND 6,253,500,000,000 (equivalent to VND 3,300 per share).

32. MINORITY INTERESTS

	31/12/2014	31/12/2013
Owners' contributed capital	893,026,270,000	833,953,049,289
Other owners' capital	2,834,219,563	8,110,915,588
Assets revaluation reserve	-	14,845,685,500
Share premium	38,130,801,836	38,055,042,784
Treasury shares	(4,727,250)	-
Investment and development fund	503,288,299,452	438,886,816,432
Financial reserve fund	66,832,863,628	64,880,969,147
Other reverses	6,162,750,000	6,162,750,000
Retained earnings	187,673,154,379	270,392,898,700
	<b>1,697,943,631,608</b>	<b>1,675,288,127,440</b>

Unit: VND

### 33. BUSINESS AND GEOGRAPHICAL SEGMENTS

#### Geographical segments

The Corporation has no operating activities outside the territory of Vietnam, thus the Corporation has no geographical segments outside the territory of Vietnam.

#### Business segments

For management purposes, the Corporation is currently organised into separate operating divisions based on relatively separate operations of subsidiaries.

Principal activities of the Corporation are as follows:

- Gas and gaseous products business activities (including the Holding Company, PVGAS South, PVGAS North and PVGAS D);
- Gas and gaseous products sub-activities: Steel pipe and cylinder productions and installation, repair of gas facilities (including PV Pipe and PV Coating).

The information about business segments is as follows:

#### Consolidated balance sheets as at 31 December 2014

	Unit: VND			
	Gas and gaseous products business activities	Gas and gaseous products sub-activities	Eliminated	Total
<b>Assets</b>				
Cash and cash equivalents	23,771,988,277,949	308,017,329,995	-	24,080,005,607,944
Short-term financial investments	1,683,875,000,000	-	-	1,683,875,000,000
Short-term receivables	8,410,958,865,658	453,380,923,973	(3,845,590,757,427)	5,018,749,032,204
Inventories	1,376,649,397,891	634,826,906,201	(150,981,799,512)	1,860,494,504,580
Other short-term assets	635,823,548,459	10,291,293,955	-	646,114,842,414
Fixed assets	17,216,332,885,585	2,088,416,150,234	(293,655,567,323)	19,011,093,468,496
Long-term financial investments	3,071,750,993,947	-	(2,984,549,824,825)	87,201,169,122
Other long-term assets	807,779,471,238	106,940,519,771	9,642,142,160	924,362,133,169
Goodwill	29,555,598,846	-	449,955,991,330	479,511,590,176
<b>Total consolidated assets</b>	<b>57,004,714,039,573</b>	<b>3,601,873,124,129</b>	<b>(6,815,179,815,597)</b>	<b>53,791,407,348,105</b>
<b>Liabilities</b>				
Current liabilities	13,353,745,262,882	1,202,681,959,454	(3,944,699,656,764)	10,611,727,565,572
Long-term liabilities	5,126,562,861,938	375,293,787,229	(1,525,427,235)	5,500,331,221,932
<b>Total consolidated liabilities</b>	<b>18,480,308,124,820</b>	<b>1,577,975,746,683</b>	<b>(3,946,225,083,999)</b>	<b>16,112,058,787,504</b>

### 33. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

#### Consolidated operating results for the year ended 31 December 2014

	Unit: VND			
	Gas and gaseous products business activities	Gas and gaseous products sub-activities	Eliminated	Total
<b>Gross sales</b>				
Net sales	83,569,366,353,915	2,257,375,151,377	(12,433,338,471,204)	73,393,403,034,088
Internal sales	10,960,303,869,331	1,473,034,601,873	(12,433,338,471,204)	-
<b>Total sales</b>	<b>72,609,062,484,584</b>	<b>784,340,549,504</b>	<b>-</b>	<b>73,393,403,034,088</b>
<b>Operating expenses</b>				
- Cost of sales	63,571,287,504,417	1,693,765,736,778	(12,020,174,106,696)	53,244,879,134,499
- Selling expenses	1,472,313,915,770	-	(60,010,850,004)	1,412,303,065,766
- General and administration expenses	1,224,959,065,389	95,906,328,823	62,840,714,167	1,383,706,108,379
<b>Operating profit</b>	<b>17,300,805,868,339</b>	<b>467,703,085,776</b>	<b>(415,994,228,671)</b>	<b>17,352,514,725,444</b>
Share of associates' net profit				3,497,901,222
Financial income				1,170,291,811,786
Financial expenses				523,523,292,419
Loss) from other activities				(11,915,215,365)
<b>Accounting profit before tax</b>				<b>17,990,865,930,668</b>
Current corporate income tax expense				3,652,779,929,841
Deferred corporate tax income				(31,736,519,851)
<b>Net profit after corporate income tax</b>				<b>14,369,822,520,678</b>

### 34. REVENUE

	Unit: VND	
	2014	2013
<b>Gross sales</b>		
Sales of dry gas (i)	40,714,934,926,267	32,266,408,660,838
Sales of LPG	26,497,355,945,204	27,657,602,672,799
Gas transportation revenue	3,987,363,173,048	4,040,790,375,278
Sale of condensate	897,721,427,292	460,719,382,626
Sale from leasing PVGAS Tower	54,870,931,958	117,627,671,780
Sales from coating activities	659,686,279,933	533,019,811,983
Sales from mechanics, manufacturing	211,205,503,205	34,033,909,741
Others	625,355,602,537	486,897,631,041
<b>Deductions</b>	<b>255,090,755,356</b>	<b>197,414,320,128</b>
Sales discount	173,479,716,511	155,530,739,889
Special consumption tax, export tax	81,611,038,845	41,883,580,239
<b>Net sales</b>	<b>73,393,403,034,088</b>	<b>65,399,685,795,958</b>

#### 34. REVENUE (Continued)

- (i) In 2014, the Corporation and purchasers, including Vietnam Electricity (EVN for short), PetroVietnam Power Corporation - Company Limited and Ba Ria Thermal Power Joint Stock Company, entered into contracts amending and supplementing the Nam Con Son Gas Purchase and Sale Contracts. Under the terms of the amended and supplemented contracts, the parties agreed to additional regulations on gas prices and settlement of the excess of the gas volume delivered over the committed volume for the period from 01 July 2009 to 31 March 2014 (the contract signed with EVN), and for the period from 01 July 2009 to 28 February 2011 (the contracts signed with the other purchasers). The purchasers accepted to pay the Company the excess of the gas volume delivered over the committed volume for the mentioned periods amounting to USD 182,423,092. The Corporation recognized the entire settled excess, equivalent to VND 3,898 billion, in the consolidated income statement for the year ended 31 December 2014.

Revenue from selling and transporting Nam Con Son gas is recognized at the issue date of value added tax invoices in accordance with Official Letter No. 5110-TC/TCT dated 16 May 2003 issued by the Ministry of Finance. Accordingly, revenue and purchase cost of sold and transported Nam Con Son gas incurred in November and December 2014 have not been recorded in the consolidated income statement for the year ended 31 December 2014 with the amounts of VND 5,029 billion and VND 4,250 billion, respectively (those incurred in November and December 2013 were recorded in the consolidated income statement for the year ended 31 December 2014 of the Corporation with the amounts of VND 4,056 billion and VND 3,328 billion, respectively).

#### 35. COST OF SALES

	Unit: VND	
	2014	2013
Cost of dry gas sold	26,791,720,753,055	22,045,209,092,382
Cost of LPG sold	23,259,188,817,629	23,625,246,404,884
Cost of gas transportation	1,479,478,096,442	1,325,687,869,740
Cost of condensate sold	421,802,653,676	211,536,202,837
Cost of leasing PVGAS Tower	46,560,830,257	46,785,341,898
Cost of coating activities	456,381,423,713	418,670,328,447
Cost of mechanics, manufacturing	201,822,061,797	161,157,888,363
Others	587,924,497,930	333,162,506,338
	<b>53,244,879,134,499</b>	<b>48,167,455,634,889</b>

#### 36. FINANCIAL INCOME

	Unit: VND	
	2014	2013
Deposit and loan interest	1,098,105,324,764	1,129,514,181,099
Realized foreign exchange gain	51,283,251,124	44,238,541,654
Unrealized foreign exchange gain	1,536,769,707	3,387,907,500
Profit and dividends received	19,038,254,754	39,471,557,750
Gain from selling investments	-	5,146,263,919
Other financial income	328,211,437	1,189,380,078
	<b>1,170,291,811,786</b>	<b>1,222,947,832,000</b>

#### 37. FINANCIAL EXPENSES

	Unit: VND	
	2014	2013
Interest expense	365,715,353,306	420,450,207,908
Realized foreign exchange loss	71,388,656,303	127,187,874,374
Unrealized foreign exchange loss	47,242,951,804	15,731,731,454
Loss from selling investments	-	12,674,960,000
Provision for impairment of long-term investments	12,725,283,780	19,591,347,155
Other financial expenses	7,307,733,032	34,238,383,672
Foreign exchange loss during construction	19,143,314,194	19,143,314,194
	<b>523,523,292,419</b>	<b>649,017,818,757</b>

#### 38. OTHER INCOME

	Unit: VND	
	2014	2013
Reversal of Scientific and Technological Development Fund (i)	-	1,146,711,002,353
Income from disposal of assets, materials	11,083,333,403	962,732,491
Others	28,834,221,591	53,419,691,597
	<b>39,917,554,994</b>	<b>1,201,093,426,441</b>

- (i) In 2013, the Corporation reversed the unused Scientific and Technological Development Fund according to Resolution No. 01/NQ-KVN by the Board of Directors on 02 January 2013.

#### 39. OTHER EXPENSES

	Unit: VND	
	2014	2013
Interest expense related to CIT on the reversed balance of Scientific and Technological Development Fund	-	30,945,482,839
Expenses of disposal of assets, materials	25,644,084,302	2,557,189,761
Others	26,188,686,057	37,825,833,819
	<b>51,832,770,359</b>	<b>71,328,506,419</b>

#### 40. CORPORATE INCOME TAX

	Unit: VND	
	2014	2013
Profit before tax	17,990,865,930,668	15,582,755,695,440
<b>Current corporate income tax expenses</b>	<b>3,652,779,929,841</b>	<b>2,988,853,977,911</b>
<i>In which:</i>		
PetroVietnam Gas Joint Stock Corporation	3,482,123,063,530	2,845,418,785,761
PetroVietnam Southern Gas Joint Stock Company	67,507,327,467	42,509,494,646
PetroVietnam Northern Gas Joint Stock Company	3,679,383,916	9,005,287,848
PetroVietnam Low Pressure Gas Distribution Joint Stock Company	48,315,161,882	72,170,534,738
PetroVietnam Coating Joint Stock Company	51,154,993,046	19,461,105,058
Petroleum Sport and Culture Joint Stock Company	-	288,769,860

40. CORPORATE INCOME TAX (Continued)

The Corporation and its subsidiaries are obligated to pay corporate income tax at the rate of 22% of assessable income. The Corporation and its subsidiaries are entitled to significant tax incentives as follows:

(i) Corporate income tax incentives for the Holding Company - the Corporation:

The Holding Company - The Corporation is entitled to corporate income tax incentive at the rate of 20% for Phu My Gas Distribution Station Project under Investment Incentive Certificate No. 8898-BKH/DN dated 31 December 2001; Nam Con Son Condensate Transportation Project under Investment Incentive Certificate No. 3399-BKH/DN dated 28 May 2002 and Nam Con Son Pipeline Project under Investment Incentive Certificate No. 6011-BKH/DN dated 18 September 2002 issued by the Ministry of Planning and Investment.

The Holding Company - The Corporation is entitled to a corporate income tax exemption for three years as from the first year having taxable income and to a tax rate of 7.5% for the subsequent 7 years and a rate of 15% for the 2 years thereafter with respect to Thi Vai LPG Filling Station Project under Investment Incentive Certificate No. 49221000055 dated 10 August 2007. PetroVietnam Gas Corporation - One Member Company Limited (equitized entity) had registered to apply this incentive since 2010 and the Corporation inherited such incentive.

The Holding Company - The Corporation is entitled to a corporate income tax exemption for three years as from the first year having taxable income and to a tax rate of 7.5% for the subsequent 7 years and a rate of 15% for the 2 years thereafter with respect to low pressure gas distribution system - phase 2 under Investment Incentive Certificate No. 49221000047 dated 02 July 2007. PetroVietnam Gas Corporation - One Member Company Limited had registered to apply this incentive since 2010 and the Corporation inherited such incentive.

The Holding Company - The Corporation is entitled to a corporate income tax exemption for two years as from the first year having taxable income and a reduction of 50% for the three years thereafter with respect to PM3 - Ca Mau Gas Pipelines System Project under Investment Incentive Certificate No. 61101000095 dated 09 February 2010. PetroVietnam Gas Corporation - One Member Company Limited had registered to apply this incentive since 2010 and the Corporation inherited such incentive.

(ii) Corporate income tax incentives for PVGas South, a subsidiary:

As per Investment Certificate with respect to CNG business, CNG business at My Xuan A Industrial Park, Tan Thanh ward, Ba Ria - Vung Tau province is entitled to a corporate income tax exemption for one year and a reduction of 50% for the four years thereafter as from the first year having taxable income. PVGAS South registered with the tax authorities its first year having taxable income in 2010, accordingly, 2014 is considered the fifth year when CNG business has taxable income, and the last year when PVGAS South is entitled to a reduction of 50% of the tax payable.

CNG Vietnam Joint Stock Company, a subsidiary of PVGAS South, is annually entitled to corporate income tax rate of 20% of taxable income within 10 years from the operation commencement and normal tax rate of 25% (from 2014: 20% according to Decree No. 218/2013/ND-CP dated 26 December 2013) for the following years. Besides, CNG Vietnam Joint Stock Company is entitled to a corporate income tax exemption for two years from the first profit-making year (from 2009) and a reduction of 50% in the six years thereafter (from 2011). For the capacity that exceeds the capacity stated in the current business registration, CNG Vietnam Joint Stock Company is obliged to pay corporate income tax under the normal tax rate.

(iii) Corporate income tax incentives for PV Pipe, a subsidiary:

As per Investment Certificate No. 53101000116 dated 21 October 2010 of People's Committee of Tien Giang province, PV Pipe is entitled to incentives for investment projects in geographical areas with difficult socio-economic conditions (Go Cong district, Tien Giang province). The company is entitled to incentives regarding corporate income tax and duration of corporate income tax exemption under Decree No. 124/2008/ND-CP dated 11 December 2008 of the Government specifying and guiding the implementation of some articles of Law on Corporate income tax, i.e. preferential tax rate of 20% applied during 10 years continuously from the first year with revenue from business activities entitled to tax incentives and tax exemption for 2 years, reduction of 50% in 4 the years thereafter. Exemption and reduction duration shall be continuous from the first year that the Corporation has taxable income from investment project. In case that the Company has no taxable income in the first 3 years from the year in which the Company has revenue from the project, exemption and reduction durations are determined from the fourth year.

41. BASIC EARNINGS PER SHARE

	Unit: VND	
	2014	2013
Profit after tax of the Holding Company	14,122,675,507,937	12,287,542,443,295
Profit attributable to partners in the business cooperation agreement on PVGas Tower	8,997,337,048	11,094,470,644
The settlement of the excess of the gas volume delivered over the committed volume transferred to Vietnam Oil and Gas Group (i)	582,827,540,832	
<b>Profit to calculate basic earnings per share</b>	<b>13,530,850,630,057</b>	<b>12,276,447,972,651</b>
Weighted average number of ordinary shares in circulation for the year	1,895,000,000	1,895,000,000
<b>Basic earnings per share</b>	<b>7,140</b>	<b>6,478</b>

(i) As stated in Note 31, the Corporation recognized the entire excess of the gas volume delivered over the committed volume for the period from 01 July 2009 to 31 March 2014 in the consolidated income statement for the year ended 31 December 2014 with the amount of VND 3,898 billion. Under an agreement between the Corporation and PetroVietnam Gas Corporation, the entire excess of the gas volume delivered over the committed volume related to EVN and power plants for the period from 01 July 2009 to 15 May 2011 (the time of the Corporation's official transformation to a joint stock company) will belong to Vietnam Oil and Gas Group (since as One-member Company Limited, the Corporation used to be the wholly owned subsidiary of Vietnam Oil and Gas Group). Accordingly, the settled excess of the gas volume delivered over the committed volume for the period from 01 July 2009 to 15 May 2011 (after 20% corporate income tax) was eliminated by the Corporation when calculating Basic earnings per share with an amount of USD 27,324,310, equivalent to VND 582.8 billion.

42. PRODUCTION COST BY NATURE

	Unit: VND	
	2014	2013
Raw materials and consumables	6,357,731,532,675	6,272,146,122,820
Expenses on gas purchase from field owners	21,138,087,027,545	17,353,555,072,678
Labour cost	887,381,515,719	748,819,717,935
Depreciation and amortization	3,466,010,979,635	3,338,271,404,708
Out-sourced services	2,909,660,356,101	2,016,057,746,706
Other expenses	1,466,882,908,605	1,911,386,641,153
	<b>36,225,754,320,280</b>	<b>31,640,236,706,000</b>

#### 43. COMMITMENTS

##### i) Capital commitments

As at 31 December 2014, the Corporation had capital commitments relating to some significant construction contracts which are being performed but have not been completed:

	Unit: VND	
	31/12/2014	31/12/2013
LNG Warehouse with a capacity of 1 million ton per annum at Thi Vai	951,341,602,333	951,425,238,697
Blocks 102 and 106 - Project on gas collection and distribution in Ham Rong and Thai Binh fields	338,060,131,198	576,644,814,849
Gas collection expansion project in Rong field - period 1	420,023,419,160	427,471,810,522
Low pressure gas delivery system project for Northern industrial parks	394,560,994,093	-
On-shore projects of Da Nang warehouse	81,054,249,336	55,000,000,000
	<b>2,185,040,396,120</b>	<b>2,010,541,864,068</b>

##### ii) Other commitments

The commitments relating to gas sales and transportation include:

##### Purchasing commitments:

Purchasing commitments	Committed volume	Committed period
Purchasing commitment from gas owners of Block 06.1	A minimum gas volume of 2.7 billion m <sup>3</sup> per annum	Until the end of stabilization period of Block 06.1
Purchasing commitment from gas owners of Block 11.2	A minimum gas volume of 1.216 billion m <sup>3</sup> per annum	Until the end of stabilization period of Block 11.2
Purchasing commitment from gas owners of Blocks 05.3 and 05.2	A minimum gas volume of 1.3 billion m <sup>3</sup> per annum	Until the end of stabilization period of Blocks 05.2 and 05.3

##### Selling commitments:

Selling commitments	Committed volume	Committed period
Nam Con Son Gas Sales Agreement (GSA) with Vietnam Electricity	An annual minimum gas volume of 1.85 billion m <sup>3</sup>	Within the stabilization period as per the GSA
Nam Con Son Gas Sales Agreement with Phu My 3 BOT Power Plant (PM3 BOT)	An annual minimum gas volume of 0.85 billion m <sup>3</sup>	Until 2023
Nam Con Son Gas Sales Agreement with MeKong Energy Company (PM2.2 BOT)	An annual minimum gas volume of 0.85 billion m <sup>3</sup>	Until 2023
Nam Con Son Gas Sales Agreement with PetroVietnam Power Corporation	An annual minimum gas volume of 0.447 billion m <sup>3</sup>	Within the stabilization period as per the contract
Nam Con Son Gas Sales Agreement with PetroVietnam Nhon Trach 2 Power Joint Stock Company	An annual minimum gas volume of 0.785 billion m <sup>3</sup>	Until 30 June 2036

#### 44. FINANCIAL INSTRUMENTS

##### Capital risk management

The Corporation manages its capital to ensure that the Corporation will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Corporation consists of net debt (borrowings as disclosed in Note 22 and Note 29, offset by cash and cash equivalents) and equity attributable to shareholders of the Corporation (comprising capital, reserves and retained earnings).

##### Gearing ratio

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

	Unit: VND	
	31/12/2014	31/12/2013
Borrowings	7,574,848,199,434	7,456,909,111,987
Less: Cash and cash equivalents	24,080,005,607,944	18,292,997,853,785
Net debt	-	-
Equity	35,981,404,928,993	33,358,036,009,393
Net debt to equity ratio	-	-

##### Significant accounting policies

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

##### Categories of financial instruments

	Unit: VND	
	Carrying amount 31/12/2014	Carrying amount 31/12/2013
<b>Financial assets</b>		
Cash and cash equivalents	24,080,005,607,944	18,292,997,853,785
Short-term investments	1,683,875,000,000	818,400,000,000
Trade and other receivables	4,387,011,634,164	5,595,557,740,915
Long-term investments	10,000,000,000	366,600,283,780
Other financial assets	85,406,136,755	478,022,686,815
<b>Total</b>	<b>30,246,298,378,863</b>	<b>25,551,578,565,295</b>
<b>Financial liabilities</b>		
Borrowings	7,574,848,199,434	7,456,909,111,987
Trade and other payables	4,626,860,894,083	4,490,054,443,522
Accruals	1,510,725,063,882	1,564,990,395,523
<b>Total</b>	<b>13,712,434,157,399</b>	<b>13,511,953,951,032</b>

The Corporation has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there is 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.



44. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives

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

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

Market risk

The Corporation's activities expose it primarily to the financial risks of changes in foreign exchange rates, interest rates and prices. The Corporation does not hedge these risk exposures upon its assessment that the cost of hedging foreign exchange risk or interest rate risk might be higher than that incurred from market risk of fluctuation in foreign exchange rates, interest rates of these instruments in the future.

Foreign currency risk management

The Corporation undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The 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
US dollar (USD)	695,266,703,611	1,892,021,464,520	4,942,458,703,098	6,222,515,685,332
Euro (EUR)	38,090,506	508,225,001	101,021,458	706,948,286

Unit: VND

Foreign currency sensitivity analysis

The Corporation is mainly exposed to United States (US) Dollar.

The following table details the Corporation's sensitivity to a 5% increase/decrease in US Dollar against Vietnam Dong. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. For a 5% increase/decrease in US Dollar against Vietnam Dong, the profit before tax in the year would decrease/increase by the following amount:

	Unit: VND	
	2014	2013
US Dollar	(212,359,526,213)	(216,524,711,041)

44. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives (Continued)

Market risk (Continued)

Interest rate risk management

The Corporation has 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 analysing market competition to enjoy favourable interest rates from appropriate lenders.

Interest rate sensitivity

The loan's sensitivity to interest rate changes which may arise at an appropriate level is presented in the following table. Assuming all other variables were held constant, if interest rates applicable to floating interest bearing loans had been 200 basis points higher/lower, the Corporation's profit before tax for the year ended 31 December 2014 would be impacted as follows:

	Increase/(decrease) in basis points	Impact on profit before tax VND
For the year ended 31 December 2014		
VND	+200	150,656,963,989
VND	-200	(150,656,963,989)
For the year ended 31 December 2013		
VND	+200	162,309,317,995
VND	-200	(162,309,317,995)

Share price risk management

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

With regard to short-term equity investments, the Corporation evaluated impairment values at the balance sheet date and made provision for impairment of such investments to minimize risks, including investments in shares of Southeast Asia Commercial Joint Stock Bank and Cuu Long PetroGas Service Transportation Joint Stock Company.

With regard to long-term equity investments, the Corporation evaluated impairment values at the balance sheet date and made provision for impairment of such investments to minimize risks, including investments in shares of Vinabenny Energy Joint Stock Company and Vietnam Assets Investment and Trading Joint Stock Company.

44. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives (Continued)

Market risk (Continued)

Commodity price risk management

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

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. As at 31 December 2014, the Corporation had some overdue receivables and made provision for doubtful debts as at 31 December 2014 with the amount of VND 97,014,584,555.

Liquidity risk management

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

The following table details the Corporation's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and 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.

31/12/2014	Less than 1 year	Over 1 year	Total
	VND	VND	VND
<b>Financial assets</b>			
Cash and cash equivalents	24,080,005,607,944	-	24,080,005,607,944
Short-term investments	1,683,875,000,000	-	1,683,875,000,000
Trade and other receivables	4,387,011,634,164	-	4,387,011,634,164
Long-term investments	-	10,000,000,000	10,000,000,000
Other financial assets	85,406,136,755	-	85,406,136,755
	<b>30,236,298,378,863</b>	<b>10,000,000,000</b>	<b>30,246,298,378,863</b>
<b>31/12/2014</b>			
<b>Financial liabilities</b>			
Borrowings	2,443,227,901,530	5,131,620,297,904	7,574,848,199,434
Trade and other payables	4,516,902,902,284	109,957,991,799	4,626,860,894,083
Accruals	1,510,725,063,882	-	1,510,725,063,882
	<b>8,470,855,867,696</b>	<b>5,241,578,289,703</b>	<b>13,712,434,157,399</b>
<b>Net liquidity gap</b>	<b>21,765,442,511,167</b>	<b>(5,231,578,289,703)</b>	<b>16,533,864,221,464</b>

44. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk management (Continued)

31/12/2013	Less than 1 year	Over 1 year	Total
	VND	VND	VND
<b>Financial assets</b>			
Cash and cash equivalents	18,292,997,853,785	-	18,292,997,853,785
Short-term investments	818,400,000,000	-	818,400,000,000
Trade and other receivables	5,595,557,740,915	-	5,595,557,740,915
Long-term investments	-	366,600,283,780	366,600,283,780
Other financial assets	478,022,686,815	-	478,022,686,815
	<b>25,184,978,281,515</b>	<b>366,600,283,780</b>	<b>25,551,578,565,295</b>
<b>31/12/2013</b>			
<b>Financial liabilities</b>			
Borrowings	2,852,512,594,119	4,604,396,517,868	7,456,909,111,987
Trade and other payables	4,360,249,125,569	129,805,317,953	4,490,054,443,522
Accruals	1,564,990,395,523	-	1,564,990,395,523
	<b>8,777,752,115,211</b>	<b>4,734,201,835,821</b>	<b>13,511,953,951,032</b>
<b>Net liquidity gap</b>	<b>16,407,226,166,304</b>	<b>(4,367,601,552,041)</b>	<b>12,039,624,614,263</b>

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

45. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Corporation include Vietnam Oil and Gas Group (the Holding Company of the Corporation) and its subsidiaries, management units and associates.

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

	2014	2013
Unit: VND		
<b>Sales</b>		
PetroVietnam Exploration Production Corporation	303,469,755,097	558,419,569,095
PetroVietnam Fertilizer and Chemicals Corporation	3,002,357,008,163	2,787,129,395,448
PetroVietnam Oil Corporation	825,302,023,075	460,771,141,390
PetroVietnam Technical Services Joint Stock Corporation	519,533,699,691	152,232,843,631
PetroVietnam Power Corporation	6,229,863,044,328	6,081,162,877,766
PetroVietnam Transportation Corporation	1,209,270,177,304	1,008,939,315,885
PetroVietnam Petrochemical and Textile Fiber JSC	103,356,602,805	81,873,337,990
Vietnam Oil and Gas Group	2,903,916,734,072	3,335,312,637,970
Gas City Investment and Development Joint Stock Company	762,333,854,048	694,768,792,342
PetroVietnam General Services Joint Stock Corporation	8,166,610,427	180,646,390,774
Vietsovpetro Joint Venture	280,941,110,266	43,367,915,400

45. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

	Unit: VND	
	2014	2013
<b>Purchases</b>		
Vietnam Oil and Gas Group	13,007,514,865,988	12,520,348,246,227
PetroVietnam Exploration Production Corporation	1,093,485,490,442	2,686,190,412,184
PetroVietnam Construction Joint Stock Corporation	37,312,996,325	403,414,780,934
Binh Son Refining and Petrochemical Limited Company	4,422,229,586,043	4,942,040,894,648
Joint Venture Vietsovpetro	658,152,243,696	826,622,399,733
PetroVietnam Oil Corporation	3,589,967,761	65,665,409,083
PetroVietnam Transportation Corporation	735,388,274,739	383,440,077,730
PetroVietnam Engineering Consultancy Corporation - JSC	74,480,082,955	162,039,975,126
PetroVietnam Technical Services Joint Stock Corporation	555,317,522,642	-

Related party significant balances at the 31 December 2014 were as follows:

	Unit: VND	
	31/12/2014	31/12/2013
<b>Receivables</b>		
Vietnam Oil and Gas Group	308,460,902,893	302,402,933,494
PetroVietnam Fertilizer and Chemicals Corporation	200,690,469,994	281,531,190,794
PetroVietnam Transportation Corporation	233,458,019,351	162,039,975,126
PetroVietnam Engineering Consultancy Corporation - JSC	80,028,971,769	61,596,610,765
PetroVietnam Petrochemical and Textile Fiber JSC	48,796,489,971	44,957,405,058
PetroVietnam Technical Services Joint Stock Corporation	99,135,901,788	5,681,626,281
Gas City Investment and Development Joint Stock Company	111,773,115,576	138,578,958,296
<b>Other receivables</b>		
PetroVietnam General Services Joint Stock Corporation	57,177,865,931	57,177,865,931
PetroVietnam Urban Development Joint-Stock Company	50,000,000,000	50,000,000,000
Joint Venture Vietsovpetro	20,049,889,507	-
<b>Account Payables</b>		
Vietnam Oil and Gas Group	21,120,828,099	6,131,365,191
PetroVietnam Construction Joint Stock Corporation	32,263,862,201	66,419,965,794
Binh Son Refining and Petrochemical Limited Company	506,428,395,404	677,720,709,774
PetroVietnam Engineering Consultancy Corporation - JSC	13,600,486	29,053,590,773
Joint Venture Vietsovpetro	68,643,048,927	317,546,678,975
<b>Internal payables</b>		
Vietnam Oil and Gas Group	77,135,056,337	342,625,838,563

45. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party significant balances at the 31 December 2014 were as follows (Continued):

	Unit: VND	
	31/12/2014	31/12/2013
<b>Accruals</b>		
Vietnam Oil and Gas Group	876,225,202,963	981,867,578,026
<b>Other payables</b>		
PetroVietnam Engineering Consultancy Corporation - JSC	179,161,728,584	173,639,500,854
Joint Venture Vietsovpetro	5,503,921,395	65,025,992,405
Vietnam Oil and Gas Group	2,299,104,620,000	-
<b>Advances to suppliers</b>		
PetroVietnam Engineering Consultancy Corporation - JSC	15,147,743,206	7,475,635,514
PetroVietnam Technical Services Joint Stock Corporation	249,136,054,659	173,645,399,729
Joint Venture Vietsovpetro	170,323,225,785	-
<b>Deposits</b>		
Vietnam Public Joint Stock Commercial Bank	1,825,385,019,932	340,688,428,080
Ocean Joint Stock Commercial Bank	490,387,130,057	994,043,682,854
<b>Loans</b>		
Vietnam Public Joint Stock Commercial Bank	612,150,336,291	686,956,739,845
Ocean Joint Stock Commercial Bank	32,242,010,846	-

46. SUBSEQUENT EVENTS

Under Resolution No. 01/NQ-KVN dated 08 January 2015, the Corporation's Board of Directors approved the policy and plan on buy-back of treasury shares in Quarter I of 2015 with the number of 10,000,000 shares, maximum price of VND 100,000 per share. The buy-back will be financed by either shareholders' equity or Bonus and welfare funds.

47. COMPARATIVE FIGURES

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

**Dang Thi Hong Yen**  
Preparer  
18 March 2015

**Mai Huu Ngan**  
Chief Accountant



**Do Khang Ninh**  
President and CEO



Towards perspective of sustainable development, working together to minimize the impact on the environment, contributing to build a Green - Clean - Beautiful community, The 2014 Annual Report of PV GAS use environmentally friendly paper. At the same time, reducing of printing and distributing to contribute to environmental protection, Annual Report of PV GAS is also be made in the electronic version and is published at

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