



PETROVIETNAM
FERTILIZER AND CHEMICALS CORPORATION
STOCK CODE: DPM

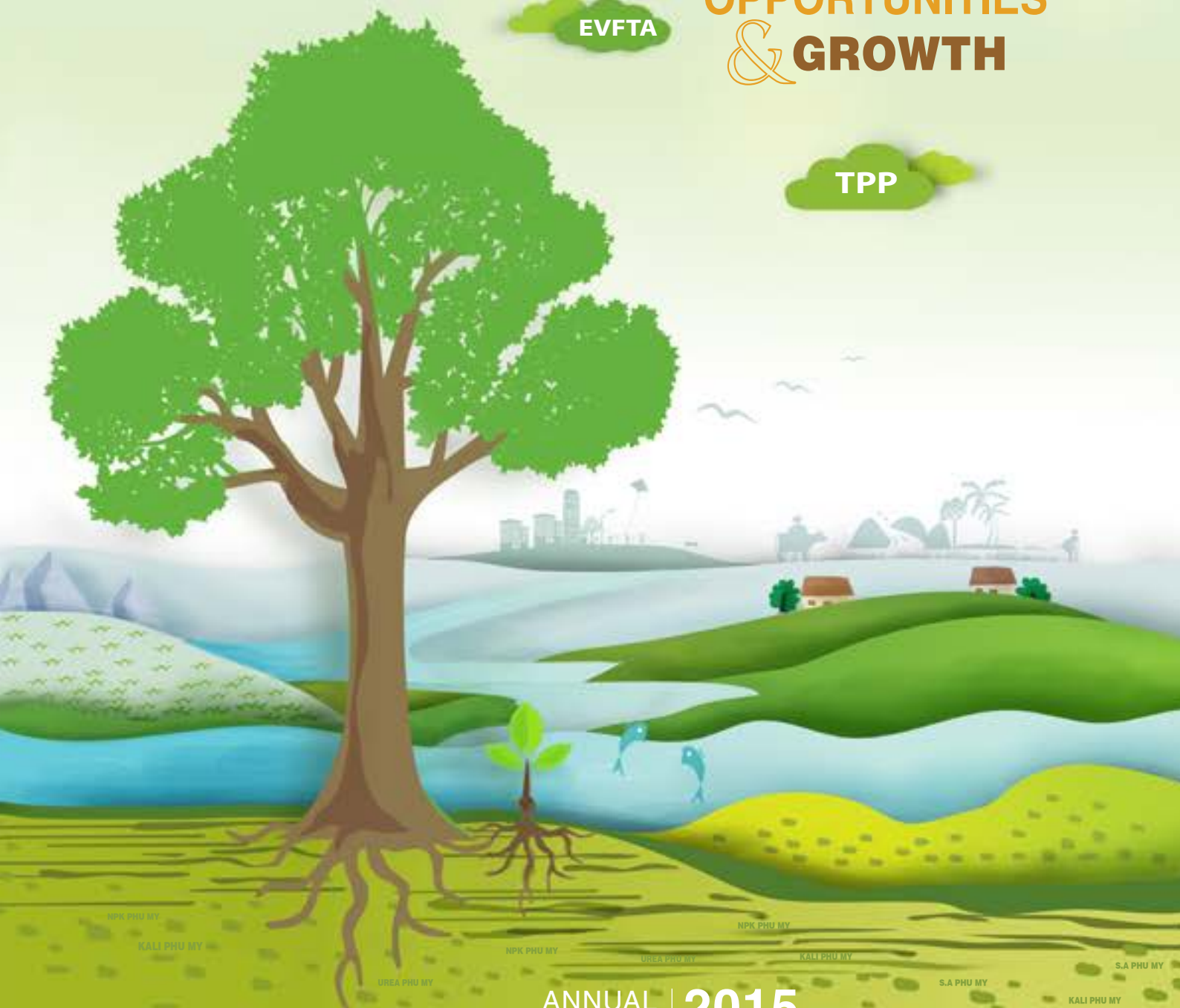


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OPPORTUNITIES & GROWTH

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ANNUAL
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www.dpm.vn

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VISION

Developing to become a leading producer and trader of fertilizers and chemicals for agriculture and oil and gas industry in Vietnam and Southeast Asia.

MISSION

To provide customers with a sufficient and reliable source of high quality fertilizers and chemicals at competitive prices, thereby achieving good business performance, contributing to the long term development of the agriculture sector in Vietnam.

SEIZING CURRENT OPPORTUNITIES FOR FUTURE GROWTH

2015 has seen major milestones in investment and development of PVFCCo. Within the last quarter of year, the operation of UFC85 Unit started, the production line of dedicated experiment Urea was assembled and the groundbreaking ceremony was held for NH₃ Revamp - NPK Phu My Complex. These events will strengthen the organization financially in 2016 and beyond.

DEAR VALUED SHAREHOLDERS AND INVESTORS,

2015 marked important milestones in economic integration of Vietnam. The participation in free trade agreements (FTA), such as the ASEAN-Korea, ASEAN-Japan FTA, Vietnam-Eurasian Economic Union, WTO Ratification Agreement, Trans-Pacific Partnership (TPP) and ASEAN Economic Community (AEC) will bring challenges, inspiration and opportunities for Vietnam. There will be changes in policy, regulations, financial markets and competitive advantages. These changes will increase market efficiency for the sustainable development of Vietnam and its enterprises.

In 2015, PetroVietnam Fertilizer and Chemicals Corporation (PVFCCo) continues to survive and thrive. The strong support from valued shareholders and investors was important and the committed collaboration and strong work ethics of staff were significant. Moreover, there were external market forces that was factored in the business performance of PVFCCo.

Firstly, the natural gas price was aligned with market price since early April 2014. The fall in oil price to 55USD per barrel in 2015 helped save input costs, as the cost of goods sold was reduced. However, the downward spiral of gas price was resulted in a lower price of gas products. Specifically, the Urea price dropped to a new low of 250-260USD FOB per ton by November 2015.

Secondly, in 2015, the PVFCCo suffered a spike in costs: (i) maintenance increased with older factories; (ii) transportation cost jumped because of vehicle load control; (iii) increased cost of goods sold because of the

removal of input VAT deduction; and (iv) non-performing investments which resulted to the incremental cost provision of investment losses and difficulties in the restructuring, divestment in these units.

2015 has seen major milestones in investment and development of PVFCCo. Within the last quarter of year, the operation of UFC85 Unit started, the production line of dedicated experiment Urea was assembled and the groundbreaking ceremony was held for NH₃ Revamp Phu My Complex. These events will strengthen the organization financially in 2016 and beyond.

Besides maintaining its effective corporate structure, PVFCCo continued the ERP Phase 2 implementation for production, planning and budgeting; setting staff performance indicators and 3P Payroll System. They all serve to improve effective management and transparent corporate governance, which became evident when PVFCCo was honored at the ASEAN Corporate Governance Awards held in Philippines on 14 November 2015 for three listed subsidiaries achieved the top corporate governance scores in Vietnam.

Despite the challenges, PVFCCo managed to control the costs to achieve profitability. At the same time, it implemented key investment projects to generate growth in the near term.

It is anticipated that in 2016 will not see an upswing in the fertilizer market in general and Urea market in particular. The demand will be fulfilled due to new factories that started production in 2015. The domestic production

capacity in 2016 is expected to reach 9 million tons of varied fertilizers, including 2.6 million tons of Urea. The domestic demand is expected to remain stable of just below 11 million tons, including 2 million tons of Urea. Market competition will continue, given a sharp decline of global Urea price caused by a falling oil price; imports from the ASEAN countries (especially Malaysia and Indonesia) are not subjected to import duties and the weak local demand of China will reveal significant export pressure.

In 2016, there will be uncertain shifts in the global economy and political environment. This will be reflected in product input costs and the markets. For 2016, PVFCCo Management is committed to set bold objectives, optimistic targets and execute operations that will exceed the forecast. Additionally to operate Phu My Fertilizer Plant with stable profitability, PVFCCo will continue to increase its production and chemical trading. It will invest in projects within the timeline, to use available resources effectively.

On behalf of Board of Directors, I extend my sincere appreciation to valued shareholders and investors for your trust and loyalty in DPM stock and understanding for the Board of Directors and Board of Management. Wishing you good health, great happiness and strong success.



LE CU TAN
Chairman

OVERVIEW OF PVFCCo

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INTRODUCTION

OVERVIEW

3,800
CHARTER CAPITAL / VND BILLION

Transaction Name:	PetroVietnam Fertilizer and Chemicals Corporation
Business Registration Certificate No.	0303165480
Charter Capital:	3,800,000,000,000 VND
Owner's Equity:	3,800,000,000,000 VND
Address:	43 Mac Dinh Chi, Da Kao Ward, District 1, Ho Chi Minh City
Tel:	(+84.8) 3825 6258
Fax:	(+84.8) 3825 6269
Website:	www.dpm.vn
Stock code:	DPM

HISTORY AND GROWTH

Date of establishment

PetroVietnam Fertilizer and Chemicals Company (PVFCCo), now called PetroVietnam Fertilizer and Chemicals Corporation JSC, is a member of PetroVietnam. PVFCCo was founded under Ministerial Decision No. 02/2003/QĐ - VPCP dated 28 March 2003 and officially inaugurated on 19 January 2004.

On 21 September 2004, PVFCCo acquired Phu My Fertilizer Plant from Technip Samsung Consortium and has since launched the Phu My Urea brand.

Restructuring

» From a 100% State-Owned Enterprise to a Joint Stock Company.

On 15 March 2007, the Ministry of Trade and Industry (MTI) issued Decision No. 793/QĐ-BCN to approve the change from a 100% State-Owned PetroVietnam Fertilizer and Chemicals Company to PetroVietnam Fertilizer and Chemicals Joint Stock Company.

On 21 April 2007, PVFCCo successfully issued 40% of its shares in an initial public offering on the Ho Chi Minh Stock Exchange (HOSE).

On 30 June 2007, PVFCCo held its inaugural Annual General Meeting (AGM) for Shareholders to approve the change to a joint stock company and the corporate charter. The AGM included the election of the Board of Directors and the Board of Supervisors and announced the business plans.

On 31 August 2007, the Ho Chi Minh City Department of Planning and Investment granted the Corporate Business Registration Certificate No. 4103007696, thus PetroVietnam Fertilizer and Chemicals Joint Stock Company was officially incorporated.

» Shares were listed on the Ho Chi Minh Stock Exchange (HOSE).

On 29 October 2007, PVFCCo completed the procedures for listing its shares on the Ho Chi Minh Stock

Type of Share:	Common Stock
Stock Code:	DPM
Par Value:	10,000 per share
Number of Listed Shares:	380,000,000 shares

Exchange (HOSE). There are now 380 million shares listed on HOSE starting from 05 November 2007.

» From Joint Stock Company to Corporation:

On 5 April 2008, the AGM passed a resolution to transform the Joint Stock Company into a Corporation (under a parent-subsidiary model).

On 15 May 2008, the Ho Chi Minh City Department of Planning and Investment granted PetroVietnam Fertilizer and Chemicals Corporation the Amended Business Registration Certificate No. 4103007696.

MILESTONES



12 March 2001: Groundbreaking ceremony for the construction of Phu My Fertilizer Plant was held.



21 September 2004: PVFCCo took over full responsibilities of Phu My Fertilizer Plant, formally launched the Phu My Urea brand.



15 May 2008: PVFCCo was turned into PetroVietnam Fertilizer and Chemicals Corporation.

15 December 2004: Phu My Fertilizer Plant was inaugurated.

2001

2003

2004

2007

2008

28 March 2003: PetroVietnam Fertilizer and Chemicals Company (PVFCCo) was founded.

31 August 2007: PVFCCo was transformed into a Joint Stock Company.

5 November 2007: DPM was listed and traded on HOSE.



14 September 2010: A Carbon Dioxide Recovery (CDR) System was inaugurated, increasing the capacity of Phu My Fertilizer Plant to 800,000 tons per year.



28 March 2013: PVFCCo celebrated 10 years of its founding and received the First-Class Labor Order.



February 2015: Phu My Fertilizer Plant produced the 8-million tons of Urea.

2010

2011

2013

2014

2015

2016

16 July 2011: PVFCCo Tower Headquarters was officially opened.

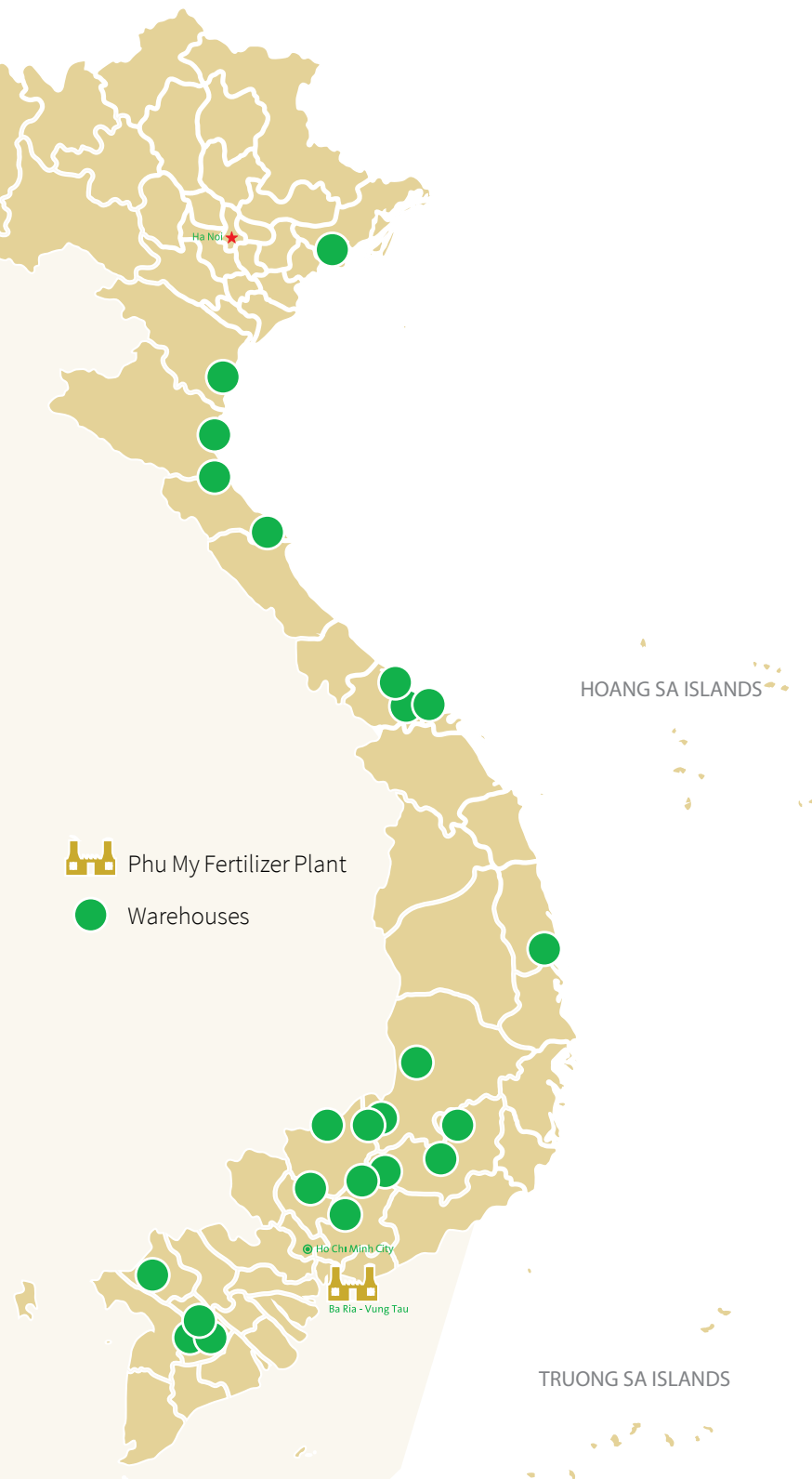
23 December 2014: Phu My Urea of PVFCCo was recognized as the National Brand 2014 by the Government of Vietnam.

28 March 2016: marked its 13th anniversary.



“

THE CORPORATION HAS GATHERED RESOURCES TO ENHANCE R&D TO DIVERSIFY ITS PRODUCT PORTFOLIO AND PROMOTE FERTILIZER EXPORT TO FOREIGN MARKETS. THIS AIMS AT NON-STOP DEVELOPMENT AND MARKET EXPANSION. THE EXISTENCE OF PHU MY FERTILIZER IN OTHER COUNTRIES HAS AFFIRMED THE DEVELOPMENT OF PVFCCo AND ITS PRODUCT QUALITY AS A LEADING FERTILIZER BRAND NAME IN VIETNAM MARKET.



BUSINESS LINES

PVFCCo's core business is the production and trading of fertilizer and chemicals. Currently, the key products are prilled Urea,

NPK, MOP, SA, DAP fertilizers targeted at the agriculture sector, liquid Ammonia and UFC85/Formaldehyde.

MAIN LOCATIONS

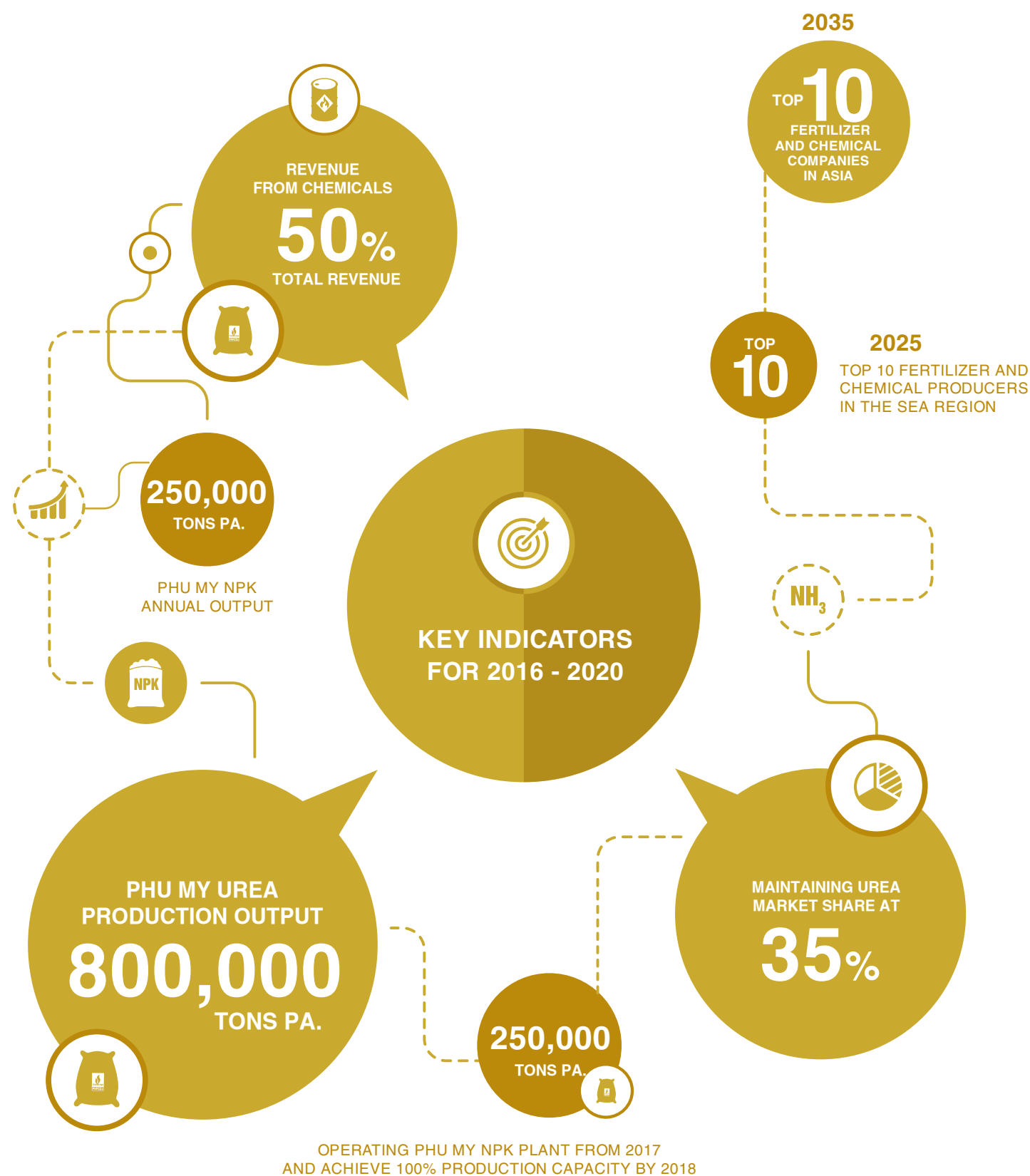
PVFCCo's main production is at Phu My Fertilizer Plant located in Phu My 1 Industrial Park, Tan Thanh District, Ba Ria-Vung Tau Province.

The distributors are situated in the agricultural heartland and industrial plants in Vietnam. They form a closely-knitted distribution network of subsidiaries and their regional headquarters are located in the North, Central and Highlands, Southeast and Southwest.

Since 2011, PVFCCo has expanded its business to ASEAN markets, set up trade relations with reputable partners in the region and the world. The aim is to promote fertilizer exports to the ASEAN and to build up the product brand.



STRATEGIC DIRECTIONS



In the past 13 years, PVFCCo has achieved outstanding success and breakthroughs in its performance.

On reflection, the enterprise has diligently driven its revenue and profitable growth. It boosted its research and development, expanded product lines, invested in fertilizer projects, chemical and petrochemical industry. This was the growth strategy in 2008 - 2015.

PVFCCo HAS NOW MAPPED ITS 2025-2035 STRATEGIC VISION, THE OBJECTIVES AND FOCUS ARE AS FOLLOWS:

OVERALL OBJECTIVES

2016 - 2020:

Firstly, to maintain the lead position in Vietnam as the fertilizer producer and trader. Secondly, to develop chemicals production, with a focus on petrochemicals. The revenue from chemicals is expected to contribute 50% of total revenue by 2020.

2016 - 2025:

Continue to invest and construct fertilizer and chemical plants with advanced technology and efficient process management. This aims to diversify products and widen its outreach to regional and global markets. This will propel PVFCCo as Top 10 fertilizer and chemical producers in the SEA region.

BY 2035:

To become Top 10 Fertilizer and Chemical Companies in Asia.

SPECIFIC OBJECTIVES FOR 2016 - 2020

PRODUCTION:

- » Having an average total production of Phu My Urea Plant of about 800,000 tons pa.
- » Operating Phu My NPK Plant from 2017 with an aim to achieve 100% production capacity by 2018 (or equivalent to 250,000 tons pa).
- » Expanding chemical production facilities with modern technology, including NH₃ Revamp (90,000 tons pa), UFC85/Formaldehyde (15,000 tons pa), H₂O₂ (30,000 tons pa), Polystyrene (300,000 tons pa).
- » Setting up smaller plants, improving input fertilizers for producing specialty fertilizers products (Urea and NPK).

SALES:

- » Maintaining urea market share at 35%.
- » Production and sales of 250,000 tons NPK pa.
- » Business expansion to South East Asia region.
- » 100% of chemical production is sold and exceeding fertilizer revenue by 2020.
- » Diversifying fertilizer products as Urea and NPK.
- » Selling specialty fertilizers produced by smaller new plants.

CORPORATE STRUCTURE & HUMAN RESOURCES MANAGEMENT

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GOVERNANCE

PVFCCo is a subsidiary of PetroVietnam, a State-owned company. PetroVietnam holds over 61% stake in PVFCCo. The remaining shares are held by local and foreign shareholders and individual investors representing individual and institutional investors.

PVFCCo's parent company and subsidiaries are set up as public joint stock companies listed on stock exchange. The parent company and subsidiaries have complied with regulations and governance standards for listed enterprises.



CORPORATE STRUCTURE

General meeting of shareholders

Board of Directors (BOD)

The current Board of Directors consists of the Chairman, Vice Chairwoman, a full-time member and two part-time members including the President & CEO.

Board of Supervisors (BOS)

The current Board of Supervisors consists of the Head of BOS, one full-time member and one part-time member.

Board of Management (BOM)

The Head of BOM is the President & CEO who is also a member of the BOD. The President & CEO is assisted by Vice Presidents. They are responsible for

production, engineering technology, investment and construction, finance and accounting, sales and distribution network, research and development, international cooperation, registration and internal affairs.

At the parent company's headquarters, the Board of Management supervises functional divisions.

The branches, representative offices and operating units are located in other production and business locations.

Phu My Urea Plant: Located at Phu My 1 Industrial Zone, Tan Thanh District, Ba Ria-Vung Tau Province.

It is the main production plant of PVFCCo and has the capacity of 800,000 tons of Urea per year.

Ho Chi Minh City Branch: This office deals with export-import fertilizers and chemicals.

Project Management Unit (Fertilizer and Chemicals): a subsidiary that manages key investments and development projects.

Myanmar Representative Office: A subsidiary to support and promote fertilizer products in Myanmar.

RELATED COMPANIES

In 2015, the Corporation has six subsidiaries and four associates.

COMPANIES WITH OVER 50% SHAREHOLDING

No.	Company name	Business segments	Charter capital (Million VND)	Percentage of shareholding
1	North PetroVietnam Fertilizer and Chemicals Joint Stock Company (PVFCCo - North) Address: 4 th Floor, 173 Trung Kinh Street, Cau Giay District, Hanoi	Fertilizer and chemicals production and trading	120,000	75%
2	Central PetroVietnam Fertilizer and Chemicals Joint Stock Company (PVFCCo - Central) Address: Lot A2, Nhon Binh Industrial Cluster, Quy Nhon City, Binh Dinh Province	Fertilizer and chemicals production and trading	100,000	75%
3	South-East PetroVietnam Fertilizer and Chemicals Joint Stock Company (PVFCCo - SE) Address: 27 Dinh Bo Linh Street, Binh Thanh District, Ho Chi Minh City	Fertilizer and chemicals production and trading	125,000	75%
4	South-West PetroVietnam Fertilizer and Chemicals Joint Stock Company (PVFCCo - SW) Address: 151/18 Tran Hoang Na Street, Ninh Kieu District, Can Tho City	Fertilizer and chemicals production and trading	170,000	75%
5	Dam Phu My Packaging Joint Stock Company (PVFCCo - Packaging) Address: Phu My 1 Industrial Zone, Tan Thanh District, Ba Ria - Vung Tau Province	Packaging, manufacturing and trading	42,000	50.98% (*)
6	PetroVietnam Southern Building and Development Joint Stock Company (PVFCCo - SBD) Address: 27 Dinh Bo Linh Street, Binh Thanh District, Ho Chi Minh City	Housing development and management, construction and transportation services	72,248	81.38%

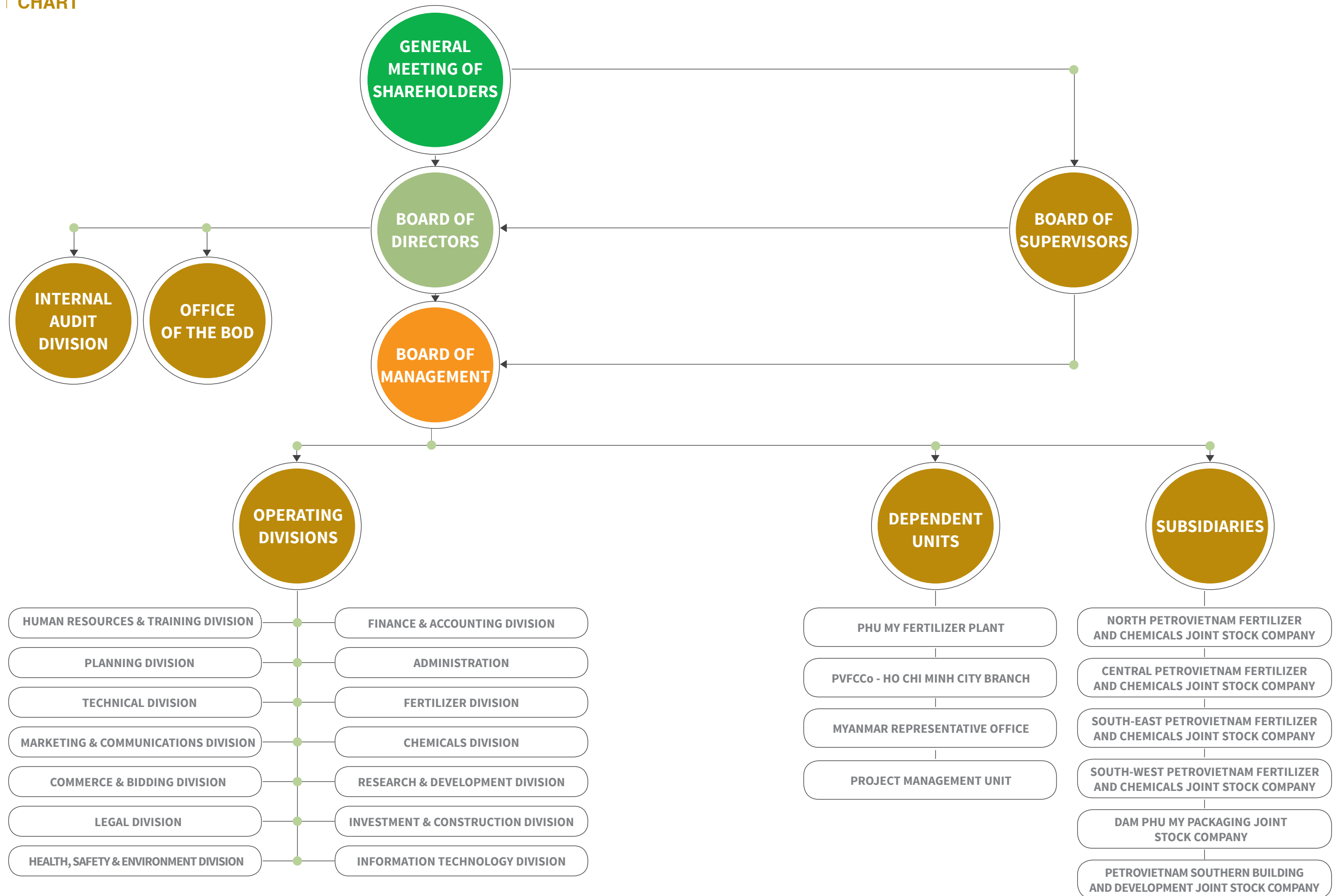
(*) Note: In April 2015, PVFCCo reduced its shareholding in Dam Phu My Packaging Joint Stock Company (PVFCCo Packaging) to 43.34% of charter capital.



COMPANIES WITH LESS THAN 50% SHAREHOLDING

No.	Company name	Business segments	Charter capital (Million VND)	Percentage of shareholding
1	PetroVietnam Petrochemical and Textile Fiber Joint Stock Company (PVTEX) Address: Lot CN5.5A, Dinh Vu Industrial Park, Dong Hai 2 Ward, Hai An District, Hai Phong City	Textile fiber production and trading	2,165,110	25.99%
2	PetroVietnam Information Technology, Telecom and Automation Joint Stock Company (PAIC) Address: 10 th Floor, 173 Trung Kinh Street, Cau Giay District, Hanoi	Information Technology, telecoms and automation, clean energy	42,352	8.5%
3	PetroVietnam Urban Development Joint Stock Company (PVC Mekong) Address: No. 131, Tran Hung Dao Street, Ninh Kieu District, Can Tho City	Consulting, construction, construction materials production, real estate trade	280,869	35.63%
4	Ut Xi Seafood Processing Joint Stock Company Address: Provincial Road 8, Tai Van Commune, Tran De District, Soc Trang Province	Aquaculture, seafood processing and trading	354,000	6.78%

ORGANIZATIONAL
CHART





Mr. **LE CU TAN**
Chairman of the BOD

Year of Birth: 1967

Qualifications: Marine Engineer,
Bachelor of Business Administration,
Master of Automation Engineering

Mr. Le Cu Tan has been with Vietnam's petroleum industry since 1992. He held various management positions in PetroVietnam Technical Services Corporation (PTSC) and assumed the position of Deputy General Director before serving as Chairman of the BOD of PVFCCo since December 2013.



Ms. **NGUYEN THI HIEN**
Vice Chairwoman of the BOD

Year of Birth: 1974

Qualifications: Bachelor of Economics
in International Trade

Ms. Nguyen Thi Hien worked for Power Engineering Consulting Joint Stock Company 2; Ca Mau Gas, Power, Fertilizer Project Management Board; and PetroVietnam Fertilizer and Chemicals Corporation as economic analysis specialist and planning manager.

From July 2007 to March 2009, she served as Head of PVFCCo's Supervisory Board and subsequently as Vice Chairwoman of the BOD since March 2009.



Mr. **DOAN VAN NHUOM**
BOD Member, President and CEO
(since 1st January 2016)

Year of Birth: 1963

Qualifications: Geodetic Engineer

Mr. Doan Van Nhuom joined the Vietnam oil refinery industry and was with Geophysics Company, which belongs to Vietnam Oil and Gas Group since 1987. From 1992 to 2006, he assumed the positions of Factory Deputy Director of PetroVietnam Technical Services Corporation (PTSC), Deputy Director of PetroVietnam Oil Processing and Distribution Company (PDC), belonging to PetroVietnam Oil and Gas Group. From 2006 to 2015, he held the position Director of PetroVietnam Gas South, then President & CEO of PetroVietnam Oil Corporation (PV Oil).

On 30 December 2015, the Board of Directors of PVFCCo decided to appoint him as the President & CEO and BOD member for 2016.



Mr. **CAO HOAI DUONG**
Member of the BOD

Year of Birth: 1972

Qualifications: Master of Technology
in Petroleum Refining and
Petrochemicals

Mr. Cao Hoai Duong was appointed as President & CEO of PVFCCo on 15 November 2010. He is also a member of the BOD since February 2011. Prior to PVFCCo, he worked in the oil refinery and petrochemical industry for many years serving as Head of Project Management Board – PetroVietnam's second refinery and petrochemical complex project. He was then appointed Deputy General Director of Nghi Son Refinery and Petrochemical Limited Liability Company.

He resigned from the position of President/CEO of PVFCCo and BOD member since 2016 under the Decision dated 30 December 2015 by the Corporation.



Mr. **NGUYEN HONG VINH**
Member of the BOD

Year of Birth: 1960

Qualifications: Agricultural Engineer

Mr. Nguyen Hong Vinh has extensive experience in Vietnam's fertilizer and agricultural chemicals industry, particularly in international joint ventures.

From December 2009 to July 2013, he was PVFCCo's Vice President. He was elected to be a full time Member of the BOD since April 2013.



Mr. **DINH QUANG HOAN**
Member of the BOD

Year of Birth: 1976

Qualifications: Master of Economics,
ACCA

Since 1998, Mr. Dinh Quang Hoan has worked in leading auditing firms, such as Andersen Vietnam and KPMG. In 2007, he joined Viet Capital Securities Joint Stock Company (VCSC) and was in charge of securities and finance advisory services.

Now he has assumed the position as VCSC's Deputy General Director. He was elected at the Annual General Meeting of PVFCCo's Shareholders 2013 to be a Member of the BOD for the period 2013 - 2018.

He terminated his Member position by sending a resignation letter to the Board of Directors on 27 August 2015.



Mr. **DOAN VAN NHUOM**
President and CEO (since 1st January 2016), BOD Member,

Year of Birth: 1963

Qualifications: Geodetic Engineer

Mr. Doan Van Nhuom joined the Vietnam oil refinery industry and was with Geophysics Company, which belongs to Vietnam Oil and Gas Group since 1987. From 1992 to 2006, he assumed the positions of Factory Deputy Director of PetroVietnam Technical Services Corporation (PTSC), Deputy Director of PetroVietnam Oil Processing and Distribution Company (PDC), belonging to PetroVietnam Oil and Gas Group. From 2006 to 2015, he held the position Director of PetroVietnam Gas South), then President & CEO of PetroVietnam Oil Corporation (PV Oil).

On 30 December 2015, the Board of Directors of PVFCCo decided to appoint him as the President & CEO and BOD member for 2016.



Mr. **LE VAN QUOC VIET**
Vice President of Internal Affairs

Year of Birth: 1962

Qualifications: Bachelor of Economics in Planning

After leaving the armed forces in 1984, Mr. Le Van Quoc Viet joined the Youth Union, Communist Party and worked in the Organization and Human Resources operations in Vung Tau-Con Dao Special Zone and the Vietnam-Russia Oil and Gas Joint Venture (Vietsovpetro).

Since May 2007, he had served as Head of Human Resources and has been appointed as PVFCCo's Vice President since February 2009.



Mr. **TU CUONG**
Vice President of Planning, Production, Production Technology and Investment of the NH₃ Revamp - NPK Complex

Year of Birth: 1960

Qualifications: Organic Chemical Technology Engineer

Mr. Tu Cuong assumed various roles over the years, as Interpreter of Ministry of Labor, Invalids and Social Affairs' (MoLISA) and Czechoslovakia Labor Management Board. He was a Technical Specialist at Poison Control Centre (PCC) of Bach Mai Hospital Hanoi; Engineer of Technology Division, Head of Gas Distribution Division and Head of Trading Division, etc. of PetroVietnam Gas Corporation (PV Gas); Director of PetroVietnam Gas Processing Plant.

Since 2008, he served as PVFCCo's Vice President and Director of Phu My Fertilizer Plant. In October 2015, he terminated his position as Director of Phu My Fertilizer Plant.



Mr. **HOANG VIET DUNG**
Vice President of Project Technology, Investment and Construction and Safety, Health, Environment, Product Quality and Information Technology.

Year of Birth: 1972

Qualifications: Petrochemical Technology Engineer

Mr. Hoang Viet Dung was a Specialist in Vietnam National Oil and Gas Group (PetroVietnam) from January 1996 to October 2002. He was sent to study at University of the Pacific (UOP) in United States.

He was appointed as a Specialist - Deputy Head of Dung Quat Oil Refinery Project Management Board before serving as PVFCCo's Vice President since March 2011.



Mr. **NGUYEN VAN TONG**
Vice President of Finance, Accounting, Auditing and Financial Investment

Year of Birth: 1958

Qualifications: Bachelor of Finance and Accounting in Reconstruction Banking

Mr. Nguyen Van Tong worked for the General Department of Taxation (Office No. 2 in Ho Chi Minh City) and was in charge of Finance and Accounting in the Vietnam Oil and Gas Company II, the PetroVietnam Exploration Production Company (PVEP) as well as the Research and Development Centre for Petroleum Safety and Environment (CPSE). He assumed the role of Head of Supervisory Board of PetroVietnam Drilling and Well Services Corporation (PVD). He was also Vice President and HCMC Branch Director of PetroVietnam Securities Joint Stock Company (PSI) before being appointed as PVFCCo's Vice President in April 2009.



Mr. **DUONG TRI HOI**
*Vice President of Sales and
Distribution*

Year of Birth: 1978

Qualifications: Industrial Electricity Engineer, Bachelor of Economics in Investment Planning

Mr. Duong Tri Hoi represents the pioneer generation of PVFCCo.

He joined PVFCCo in 2007 and served in several senior positions such as Assistant to CEO, Head of Marketing, Director of PVFCCo Central, Director of PVFCCo SE before serving as PVFCCo's Vice President from July 2013.



Ms. **LE THI THU HUONG**
*Vice President of Legislation,
Research and Development
(R&D)*

Year of Birth: 1975

Qualifications: Master of Business Administration

Ms. Le Thi Thu Huong started in Hanoi Trade Department in 1996, followed by Trade and Services Department of the Ministry of Planning and Investment. In May 2008, she took on the position of Head of Legal Department and International Cooperation in PetroVietnam Power Corporation.

Prior to assuming her current role as PVFCCo Vice President, she was the Deputy Head of Investment and Development in Vietnam National Oil and Gas Group from 2009 - 2013. She has been PVFCCo Vice President since 1 March 2013.



Mr. **HUYNH KIM NHAN**
Chief Accountant

Year of Birth: 1976

Qualifications: Bachelor of Economics in Finance and Accounting

From 1998 to June 2007, Mr. Huynh Kim Nhan served as Accounting Specialist of PetroVietnam Construction Investment Consultancy Company. He was a Specialist and subsequently Deputy Head of PVFCCo's Finance and Accounting.

He assumed the position of PVFCCo's Chief Accountant since June 2007.



Ms. **TRAN THI PHUONG THAO**
Head of the Board of Supervisors

Year of Birth: 1970

Qualifications: Bachelor of Economics in International Trade

Ms. Tran Thi Phuong Thao worked at PETEC of the Ministry of Trade and was in charge of business, contract management, finance, accounting and auditing at PetroVietnam PSC Supervising Company.

In 2001, she was Deputy Head of Finance and Accounting of Phu My Fertilizer Project Management Board, followed by Deputy Head of PVFCCo's Commerce. She was elected to be Head of PVFCCo Board of Supervisors in March 2009.



Mr. **NGUYEN VAN HOA**
*Member of the Board of
Supervisors*

Year of Birth: 1969

Qualifications: Bachelor of Economics in Banking

Mr. Nguyen Van Hoa worked as an Accountant in the Asia Commercial Bank (ACB) and held the positions of Chief Accountant in Da Nang Branch and Deputy Chief Accountant in the ACB Headquarters since 2002.

He was elected into PVFCCo Board of Supervisors in 2007.



Mr. **LE VINH VAN**
*Member of the Board of
Supervisors*

Year of Birth: 1969

Qualifications: Bachelor of Economics in Finance and Accounting

Mr. Le Vinh Van was the Accounting Specialist in International SOS - OSC Petroleum Services Joint Venture Company, Chief Accountant in Classic Services and Trading Company Limited and the Trading Specialist in PetroVietnam Fertilizer and Chemicals Corporation.

In November 2008, he was elected as Member of the Board of Supervisors.

MEMBER LIST OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND BOARD OF SUPERVISORS

No.	Full Name	Position	Number of DPM stocks	
			Representative	Individual
BOARD OF DIRECTORS				
1.	Le Cu Tan	Chairman of the BOD, Full-Time, Non-Executive, not concurrently holding any position in other organizations	77,404,253	50,000
2.	Nguyen Thi Hien	Vice Chairwoman of the BOD, Full- Time, Non-Executive, not concurrently holding any position in other organizations	55,100,000	5,500
3.	Cao Hoai Duong	Member of the BOD cum President & CEO, not concurrently holding any position in other organizations	55,100,000	2,000
4.	Nguyen Hong Vinh	Member of the BOD, Full-Time, Non-Executive, not concurrently holding any position in other organizations	45,600,000	-
5.	Dinh Quang Hoan	Member of the BOD, Part-Time, Non-Executive, Vice president of Viet Capital Securities Joint Stock Company (VCSC)	-	-
BOARD OF MANAGEMENT				
1.	Cao Hoai Duong	CEO	55,100,000	2,000
2.	Le Van Quoc Viet	Vice President	-	-
3.	Tu Cuong	Vice President	-	-
4.	Nguyen Van Tong	Vice President	-	-
5.	Duong Tri Hoi	Vice President	-	-
6.	Hoang Viet Dung	Vice President	-	-
7.	Le Thi Thu Huong	Vice President	-	-
BOARD OF SUPERVISORS				
1.	Tran Thi Phuong Thao	Head of the BOS (Full-Time)	-	-
2.	Nguyen Van Hoa	Member of the BOS (Part-Time), Chief Accountant in the Asia Commercial Bank (ACB)	-	-
3.	Le Vinh Van	Member of the BOS (Full-Time), cum Member of Supervisors of PetroVietnam Petrochemical and Textile Fiber Joint Stock Company (PVTEX)	-	800
CHIEF ACCOUNTANT				
1.	Huynh Kim Nhan	Chief Accountant	-	

CHANGES TO THE BOARD OF DIRECTORS, BOARD OF SUPERVISORS AND BOARD OF MANAGEMENT

On 27 August 2015, the Corporation received the resignation letter dated 25 August 2015 from Mr. Dinh Quang Hoan, a BOD member. As a result, Mr. Dinh Quang Hoan terminated his position as BOD member on 27 August 2015 in accordance with company charter.

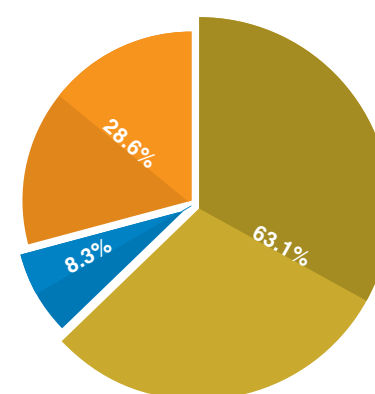
On 30 December 2015, the BOD held an extraordinary meeting to accept the resignation of Mr. Cao Hoai Duong from the BOD. Mr. Doan Van Nhuom was appointed Chief Executive Officer. The resignation and appointment take effect on 1 January 2016.

HUMAN RESOURCES

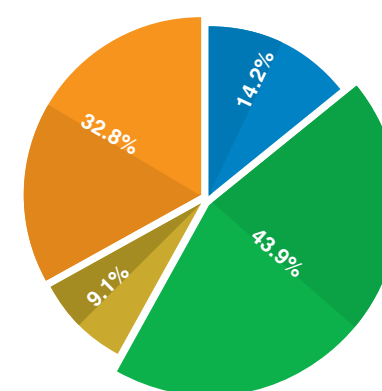
1,583
TOTAL WORKFORCE employees

as at 31 December 2015

(including parent company and subsidiaries)



Classification by qualification	Quantity (employees)	Rate %
University, College and Postgraduate	998	63.1%
Vocational	132	8.3%
Technical and Others	453	28.6%
Total	1,583	100%



Classification by position	Quantity (employees)	Rate %
Leadership and Management	225	14.2%
Technical and Professional	695	43.9%
Supporting Staff	144	9.1%
Workers	519	32.8%
Total	1,583	100%

LABOR POLICY

HUMAN RESOURCES POLICY

In 2015, PVFCCo completed two key projects in human resources management and compensation and benefits. The first project was defining the key performance indicators (KPI) for job and organization levels. The second project was improving the remuneration policy, coding a competency and qualification framework to evaluate job performance.

In 2008, PVFCCo formulated, documented and implemented a new compensation and benefits package befitting a joint stock company in accordance with the Labor Code. This move was to encourage talent retention while attracting new talent. The payroll system has been reviewed and is in compliance with the law and aligned with the market realities. PVFCCo has Social Security, Health Insurance and Termination Benefits according to the Social Insurance Law and other government regulations.

Although the HR Policy took effect in January 2009, it has been revised annually taking into consideration the current conditions. It consists of employee welfare, remuneration scales, training and development funds, leisure benefits, employment practices and placement and even welfare schemes for skilled and qualified professional employees.

PVFCCo has formulated reward policies in recognition of skills sets. A tiered remuneration scheme is applied to specialists and several gradings for employees. These policies and schemes are directed at attracting and retaining talents who have professional knowledge and skills. Senior specialists have similar remuneration to senior management of PVFCCo and its subsidiaries. To date, PVFCCo has recognized 18 specialists in their fields of expertise.



In 2015, PVFCCo completed two key projects in human resource management and compensation and benefits. The first project was defining the key performance indicators (KPI) for job and organization levels. The second project was improving the remuneration policy, coding a competency and qualification framework to evaluate job performance. In doing so, PVFCCo human resource management policy intends to ensure rationality, logic, validity and accurate performance measurement. The expected final outcome is a fair and competitive environment to disburse compensation and benefits.

PVFCCo recognizes that the continuous professional development plays a vital role in its operations and business performance. The enterprise has placed special attention on learning and development and job performance. This is intended to motivate employees to improve their professionalism, competencies, skills, knowledge and expertise.

TRAINING AND DEVELOPMENT POLICY

The quality of training has also improved. Employees in strategic positions were given specialised professional training. The training programmes focused on management skills, professional knowledge and technical expertise. There was a good balance of in-house, external and overseas, short and long term training. Much attention was given to training high potential and young employees, who are earmarked for career advancement to managerial or specialist levels. The reward and recognition policy was implemented to encourage employees to improve their expertise, professional knowledge and language skills.

In recent years, in-house training has been the most effective and PVFCCo has emphasized this training modality. The staff have significantly improved their levels of expertise and knowledge. They are now able to safely

and efficiently operate Phu My Fertilizer Plant, successfully mastering the operations and distribution systems.

The overseas training or international courses are reviewed for their relevance and impact (including language of instruction, content and objectives). This review is to ensure training effectiveness. The management of PVFCCo has readily invested in human resources development. Technically skilled employees have participated in comprehensive overseas training to acquire the latest knowledge and technology updates in their field. The expected outcome is improvement in business performance through the launch of new projects for PVFCCo.

External lecturers have been invited to train in-house training programs with PVFCCo's designed curriculum. This is to ensure cost savings, efficiency and consistency with corporate values.

Implementing the learning and development plan with varied flexibility has helped achieve milestones in the knowledge and skill acquisition. This has led to PVFCCo's enhanced business performance.

The Human Resource Department is proud to support post-training for production and operations staff. In particular, PVFCCo's technical staffs have diligently applied their knowledge to operate and maintain Phu My Fertilizer Plant with safety and efficiency. They have consistently and successfully exceeded the planned targets.



10,047

REVENUE VND BILLION

ACHIEVING 109% OF ANNUAL PLAN 2015

1,880

PROFIT BEFORE TAX VND BILLION

1,488

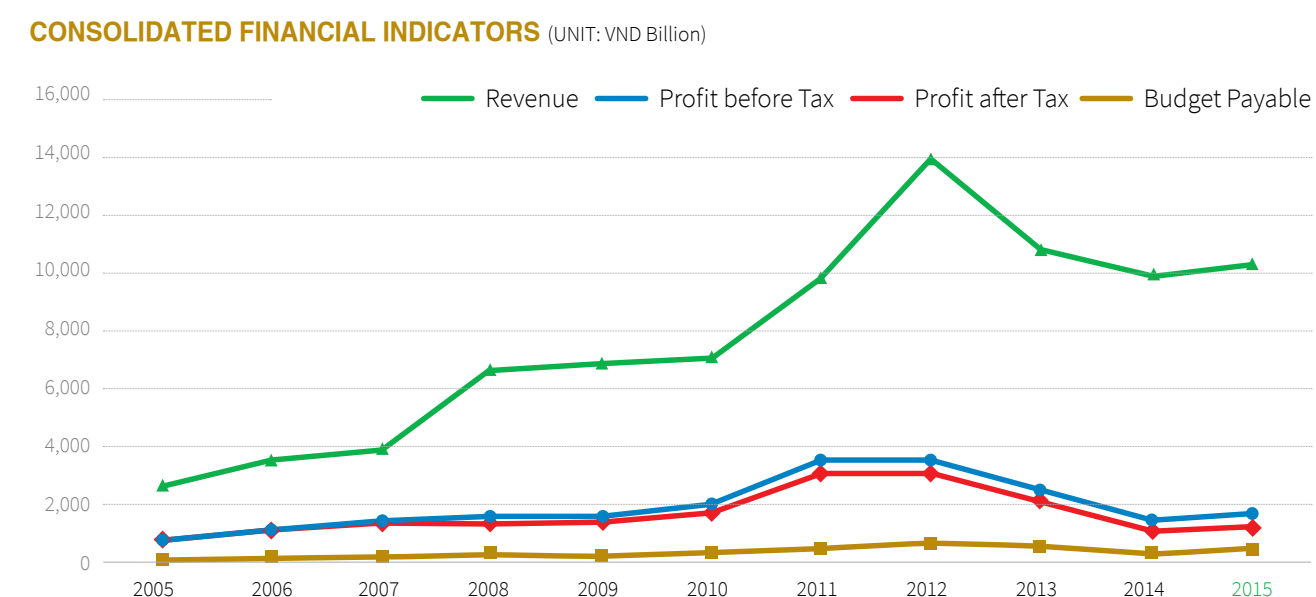
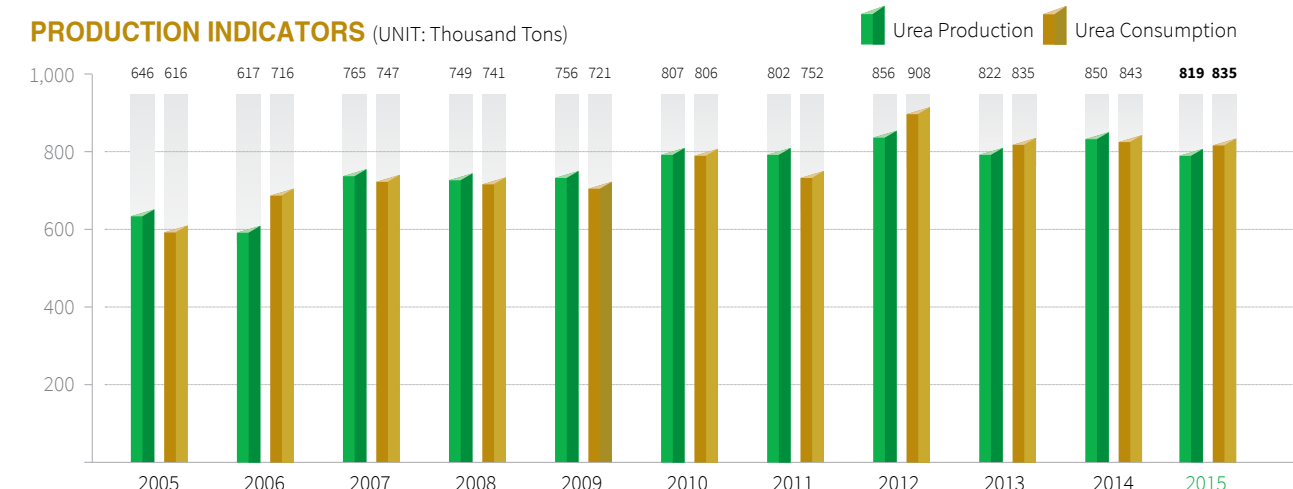
PROFIT AFTER TAX VND BILLION

PRODUCTION INDICATORS

CONSOLIDATED FINANCIAL INDICATORS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Urea Production (Thousand Tons)	646	617	765	749	756	807	802	856	822	850	819
Urea Consumption (Thousand Tons)	616	716	747	741	721	806	752	908	835	843	835
Revenue (VND Billion)	2,713	3,542	3,928	6,625	6,834	6,999	9,763	13,906	10,807	9,972	10,047
Budget Payable (VND Billion)	85	107	151	283	253	405	537	694	602	308	436
Profit before Tax (VND Billion)	791	1,161	1,330	1,501	1,520	1,922	3,510	3,542	2,468	1,285	1,880
Profit after Tax (VND Billion)	791	1,161	1,329	1,383	1,348	1,706	3,140	3,016	2,142	1,096	1,488

KEY PERFORMANCE INDICATORS OF PHU MY UREA



RISK ANALYSIS ON BUSINESS PERFORMANCE AND TARGET ACHIEVEMENT

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Phu My Fertilizer Plant, the main production plant of PVFCCo, has been operating for 12 years. Despite having regular and heavy maintenance, it has entered an age where mechanical wear and tear posed serious risks.

OPERATION RISKS

Phu My Fertilizer Plant, the main production plant of PVFCCo, has been operating for 12 years. Despite having regular and heavy maintenance, it has entered an age where mechanical wear and tear posed serious risks. The potential operational problems may cause the production downtime. As a result, the downtime may significantly affect production efficiency, input costs and revenue and profit targets. In addition, the production waste and carbon emissions may pollute the environment. Employees are also impacted. Maintenance cost is increased. In addition, the problems at the factory may pollute the environment, impact the employees and increase the maintenance cost.

INPUT PRICE RISKS

Gas is the key production input for Urea and it takes a major portion of cost of goods sold. Although gas supply is assured by the Government of Vietnam, the price is aligned to the market. And the market price do fluctuate widely and affects input cost and in turn profitability. Besides, the natural gas is considered a national treasure. At times, the Government of Vietnam may revise gas exploration plans to meet total market demand. The revisions may adversely impact the production input of the Urea plant.

MARKET RISKS

At present, the total domestic demand of Urea is about 2 million tons, while the total domestic production capacity exceeds 2.6 million tons. In recent years, despite strong competition from domestic producers, they have not reached full production capacity as yet. Admittedly, Phu My Urea is a strong brand and all its production has been sold at an optimal market price. However, there is always a possibility of losing its market share and having to conduct price cutting, especially after the production capacity and operational efficiency of other producers have improved. There is also the threat from Urea imports.

FINANCIAL AND RESTRUCTURING RISKS (INVESTMENT RISKS)

The Corporation has several term investments in non-core business. Some of these investments are under-performing, such as, PVTEX and PVC Mekong. According to the restructuring plan, PVFCCo has set a target date to divest these investments, although with great difficulty. Although the corporation has provided for investment loss, it has plans to improve the performance of these companies so as to attract potential investors at a higher valuation. These supports may expose others costs for the Corporation.

2.6
THE TOTAL DOMESTIC
PRODUCTION CAPACITY OF UREA
million tons

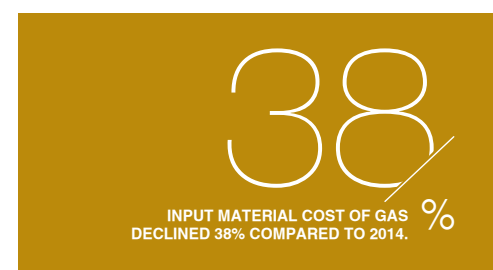
BUSINESS PERFORMANCE

SUMMARY ON BUSINESS PERFORMANCE 2015

No.	Item	Unit	Actual 2014	Annual plan 2015	Actual 2015	Growth compared to 2014 (%)	Completion ratio to plan (%)
A	B	C	1	2	3	4=3/1	5=3/2
1	Production						
	Phu My Urea	(Thousand tons)	850	780	819	96%	105%
2	Fertilizer imports	(Thousand tons)	144	255	301	177%	118%
3	Sales volume						
	Phu My Urea	(Thousand tons)	843	800	835	99%	104%
	The other fertilizers	(Thousand tons)	380	339	370	97%	109%
	Chemicals	(Thousand tons)	3.8	3.5	4.6	121%	131%
4	Group financial indicators (consolidated)						
	Total Revenue	(VND Billion)	9,972	9,246	10,047	101%	109%
	Profit before Tax	(VND Billion)	1,285	1,293	1,880	146%	145%
	Profit after Tax	(VND Billion)	1,096	1,047	1,488	136%	142%
	Budget Payable	(VND Billion)	308	316	436	141%	138%
5	Holding company's financial indicators						
	Owner's Equity	(VND Billion)	8,694	6,374	8,368	96%	131%
	In which: Charter Capital	(VND Billion)	3,800	3,800	3,800	100%	100%
	Total Revenue	(VND Billion)	8,001	8,068	8,616	108%	107%
	Profit before Tax	(VND Billion)	1,181	1,242	1,738	147%	140%
	Profit after Tax	(VND Billion)	1,066	1,018	1,468	138%	144%
	Ratio of Profit after Tax/Charter Capital	%	28.06	25.39	38.63	138%	152%
	Budget Payable	(VND Billion)	214	271	363	169%	134%
6	Investment						
a.	Total Investment	(VND Billion)	262	1,389	979	374%	71%
	Basic Construction Investment	(VND Billion)	160	1,288	893	558%	69%
	Equipment Procurement	(VND Billion)	74	101	86	116%	85%
	Capital Investment	(VND Billion)	29	-	-	-	-
b.	Capital Investment Source	(VND Billion)	262	1,389	979	374%	71%
	Owner's Equity	(VND Billion)	262	1,110	757	289%	68%
	Loans and Others	(VND Billion)	0	279	222	-	80%

MAJOR CHANGES IN BUSINESS STRATEGY, REVENUE, PROFIT, EXPENSES, MARKET, PRODUCTS AND SUPPLIES - THE REASONS

The variations between the forecast and actual performance can be identified and highlighted:



» **Value Added Tax Act 2014** with effect from 01 Jan 2015 has exempted fertilizer sector from output VAT instead of zero tax rate. This mean that input VAT cannot be deducted from that of input cost which has since increased by about VND300 billion.

» **The global price of oil and gas in 2015 has seen a continuous decline.** This has reduced input cost of gas by 38%, definitely an unexpected positive change.

» **A significant portion of long-term investment** went into 2 subsidiaries which are PVC Mekong and PVTEX. There was a major loss provision of about VND663 billion.

» **Despite the increase in volatility in production costs,** the actual 2015 financial results exceeded forecast.

» **PVFCCo achieved the planned targets** on business productivity, sales, market share and production.



PRODUCTION AND BUSINESS ANALYSIS

PRODUCTION

Phu My Fertilizer Plant completed the production plan 26 days ahead of time. The production output reached 819,000 tons. This has exceeded the plan by 5%. The plant has also achieved its safety standards and operational stability and met its production plan ahead of schedule for the ninth consecutive year.

BUSINESS AND PRODUCTS

Sales reached 1.2 million tons (835,000 tons of Phu My Urea which exceeded 4% of plan. Sales of other fertilizers was 370,000 tons and exceeded 9% of plan). Chemical sales were 4.6 thousand tons which exceeded 31% of plan. In addition:

» “Phu My Urea” retained its leading position in the market.

» Quality of “Phu My” products (Urea, MOP, DAP) was certified by the Ministry of Agriculture, Forestry and Aquatic of Japan, as having met the GCN quality standards of Japan.

» Affirmed its position in the production and trading of chemicals, petroleum and chemicals in 2014 (including the Petrochemicals Plant). On 12 Dec 2015 the factory started producing UFC85/Formaldehyde with a capacity of 15,000 tons/year

and has confirmed the continuous growth of the chemical business.

» Sales turnover 2015 reached VND10,047 billion, having achieved 109% of the plan, up 1% year-on-year.

» Profit before tax: VND1,880 billion, having reached 145% of the plan, representing an increase of 46% year-on-year. The reason was marked improvement was that the average gas price in 2015 reduced to US\$ 4.22 / MMBTU, down 38% compared to 2014 (4.22/ \$ 6.78/ MMBTU).

RESEARCH AND DEVELOPMENT INVESTMENT IN OTHER PROJECTS

RESULTS OF RESEARCH AND DEVELOPMENT (R&D)

Knowing the importance of R&D in driving business growth, PVFCCo in 2015, rigorously applied technology to management, resource allocation, planning, (medium and long term). The R&D focused on application, market demand and secured existing strengths of the corporation in the oil and gas sector.

The Development of Science and Technology Fund at end 2015 was set up with a value of VND57 billion, in which VND29.7 billion was used, it is expected that R&D to be strengthened. Several technical facilities for science and technology will be built.

The research content planned for 2014 - 2017, will focus on developing Urea fertilizer products (such as application of new technology and Urea with trace, organic and microbiological elements), the fertilizer and chemical (organic minerals, optimal formula NPK fertilizer products with high mineral content, Chemical and fertilizers products from agricultural waste or dissolve fertilizers combined with irrigation system).

In 2016, PVFCCo will continue to promote the study of technology applications, research models and new business solutions in line with the scale of development. At the same time, there will be infrastructure and equipment, for experimental laboratories, experimental garden) in order to increase the drive for timely implementation of creative ideas. Besides, PVFCCo will also strengthen the cooperation with national agencies and international institutions to promote the research and development of new fertilizer products, chemicals and new manufacturing business.



INVESTMENT PERFORMANCE



meet only about 5-10% of the high quality product. The project is being implemented according to schedule and is expected to be completed in 2017.

Project UFC85 Unit with a production capacity of 15,000 tons/year. The investment cost is VND497 billion. UFC85 is an important additive in the production of Urea, which increases the hardness, durability and reduction of product waste. Thus, Phu My Urea can be more resistant to damage during shipping and the quality assured. PVFCCo is the first supplier of such products. The project was completed in December 2015. In 2016, it will start production with an expected output of 13,500 tons UFC85/Formaldehyde, contributing to the brand value.

In addition to the above projects, PVFCCo is preparing for investment in the period 2015 - 2020. It is building both scale and variety of new products on the basis of utilizing the core strengths of PVFCCo in oil and gas industry. A number of investment projects in production and manufacturing is under ongoing research:

- » Peroxide Production Project (H_2O_2) with a capacity of 30,000 tons per year, with an investment of about USD 21 million. This chemical is used extensively in industrial production, especially in paper and dyed paper. The H_2O_2 will use hydrogen-rich gas and additives from Phu My Fertilizer Plant.
- » Polystyrene (PS) Production Plant project is designed with the capacity of 300,000 tons per year. The PS and PP petrochemical products, widely used in consumer industries and support industries. There is a supply shortage of this product.

According to 2015 Plan, PVFCCo implemented one Group A project, two Group B projects and two Group C projects. Some fixed assets were bought with a total construction investment and procurement amount of VND1,389 billion.

In 2015 the Corporation has disbursed VND979 billion or 71% of Plan. This has been the highest level of investment disbursement so far. It marked PVFCCo's efforts in the selection of investment projects in their core business and also improved product diversification, to make a difference in the market.

The typical projects that have been implemented in 2015 includes:

The project on "Revamping the capacity of factory workshops NH_3 Phu My fertilizer and construction NPK Plant chemical technology": The project on "Revamping the capacity of factory workshops NH_3 Phu My fertilizer and construction NPK Plant chemical technology": This project aims to increase the capacity of NH_3 Phu My Fertilizer Plant by 90,000 tons per year (representing a 20% increase to current capacity). The project also constructs a new NPK Plant to produce 250,000 tons per year from NH_3 by using chemical engineering. The total investment for the project is about VND5,000 billion. The project is highly feasible given that the annual demand of NPK exceeds 2 million tons, but supply

RETURN ON CAPITAL

2015 Financial Summary:

(Unit: VND billion)

No.	Item	Equity To Total Charter Capital Ratio (%)	Market Value Of Total Invested Capital	Charter Capital	Profit After Tax (PAT)	PAT To Charter Capital Ratio	Dividend
I	Investments in Subsidiaries		445.05	587.25	134.30		60.57
1	PVFCCo North	75.00%	90.00	120.00	25.18	21%	8.10
2	PVFCCo Central	75.00%	75.00	100.00	27.96	28%	12.00
3	PVFCCo SE	75.00%	93.75	125.00	27.28	22%	17.81
4	PVFCCo SW	75.00%	127.50	170.00	32.04	19%	19.13
5	PVFCCo SBD	81.38%	58.80	72.25	6.22	9%	3.53
II	Investments in Associates and Joint Ventures		680.90	2,487.80	- 1,300.08		3.09
1	PVTEX	25.99%	562.70	2,165.11	- 1,308.00	-60%	-
2	PVC Mekong	35.63%	100.00	280.69	- 3.19	-1%	-
3	PVFCCo Packaging	43.34%	18.20	42.00	11.11	26%	3.09
III	Other Long-Term Investments		20.50	396.35	- 74.48		-
1	PAIC	8.50%	3.60	42.35	2.23	5%	-
2	Ut Xi Seafood Processing JSC	6.78%	16.90	354.00	- 76.71	-22%	-
TOTAL			1,146.45	3,471.40	-1,240.25	-	-

CORPORATE FINANCIAL STATEMENTS



ASSETS AND CAPITAL

Target (Unit: VND billion)	31/12/2014	31/12/2015	% INCREASE (DECREASE)
TOTAL ASSETS	10,111	10,919	8%
Current Assets	7,200	8,082	12%
Long-term Assets	2,910	2,837	-3%
TOTAL CAPITAL	10,111	10,919	8%
LIABILITIES	1,106	2,372	114%
OWNER'S EQUITY	9,005	8,548	-5%
- Charter Capital	3,800	3,800	0%
TOTAL REVENUE	9,972	10,047	1%
TOTAL COST	8,408	7,969	-5%
INTEREST	2.9	2.6	-11%
EBIT	1,567	2,081	33%
PROFIT BEFORE TAX	1,285	1,880	46%
PROFIT AFTER TAX	1,134	1,522	34%
- Profit after Tax of Minority Shareholders	38	34	-10%
- Profit after Tax of Parent Company	1,096	1,488	36%

FINANCIAL INDICATORS

Target	2014	2015
Liquidity Ratios		
Current Ratio	6.90	4.40
Quick ratio	5.47	3.66
Solvency Ratios		
Debt to Assets = Total Debt / Total Assets	10.94%	21.72%
Debt to Equity = Total Debt / Total Equity	12.59%	27.75%
Operational Capacity Ratios		
Inventory Turnover	6.40	7.13
Total Asset Turnover = Net Revenue / Total Assets	94%	89%
Profitability Ratios		
Net Profit Margin = Net Profit after Tax / Net Revenue	11.48%	15.24%
Pre-Tax Profit Margin = Profit before Tax / Total Revenue	13%	19%
ROE	12.47%	17.41%
ROA	10.84%	13.63%

SHARES

- » Initial Public Offering (IPO): 380,000,000 common shares.
- » As at 31 December 2015, there were 379,934,260 outstanding shares (excluding 65,740 treasury shares).
- » All shares were unencumbered.

CHANGES IN OWNER'S EQUITY

In 2015, the share capital amount was maintained.

TREASURY SHARES

- » As start of 2015, there were 65,740 treasury shares.
- » There were no transaction during the year. As at 31 December 2015, it remained at 65,740 shares.



SHAREHOLDERS STRUCTURE

BASED ON THE SHAREHOLDER LISTING IN THE VIETNAM SECURITIES DEPOSITORY, AS AT 30 DECEMBER 2015, THERE WAS A TOTAL OF **379,934,260** SHARES OWNED BY **8,529** SHAREHOLDERS.

DOMESTIC SHAREHOLDERS

Detailed information on domestic shareholder structure

Shareholder	Quantity	Number of shares	Proportion of outstanding shares
Legal Entities	100	243,654,592	64.13%
Individuals	7,848	36,183,334	9.52%
Total	7,948	279,837,926	73.65%

Detailed information on major domestic shareholders

Shareholder name and address	Main business lines	Number of shares held	Proportion of outstanding shares
Vietnam National Oil and Gas Group (PetroVietnam) Address: 18 Lang Ha Street, Ba Dinh District, Hanoi. State-Owned Corporation Website: www.pvn.vn	<ul style="list-style-type: none"> » Discover, develop, process, store and transport oil, gas and other related services locally in Vietnam as well as internationally. Supply material and equipment for oil and gas industry. Distribute and trade oil, gas and petrochemical products » Invest in production and trading of electricity, biofuel and renewable energy » Ancillary businesses pertaining to oil, gas and energy industries 	233,204,253	61.38%

FOREIGN SHAREHOLDERS

Detailed information on foreign shareholder structure

Shareholder	Quantity	Number of shares	Proportion of outstanding shares
Legal Entities	119	98,731,626	25.99%
Individuals	462	1,364,708	0.36%
Total	581	100,096,334	26.35%

Detailed information on major foreign shareholders: None

STATE-OWNED SHAREHOLDER: Vietnam National Oil and Gas Group (as above)

Despite difficulties and challenges in 2015, PVFCCo achieved high business results thanks to supervision and great support from leaders from the Group and Corporation. Especially, the result was attributed to the creative and professional working attitude of the Corporation.



IN GENERAL

PVFCCo's has operated for 13 years and celebrates its ninth year as a joint stock company. The enterprise continues to enlarge and improve its sustainable development framework. It emphasizes on the value, rewarding the experience and training of human resource. Changes were made to the organizational structure, management and operations in PVFCCo. The combined efforts of this change produced favorable results. The goal of brand development was achieved and a marked improvement in its competitive position was noticed in both locally and internationally. The employees are motivated by the company's continued stability thus leading to productivity increases. This affirms that company has applied the appropriate business approach to pave the way for development growth.

PVFCCo achieved the 2015 annual targets through capitalizing on its core strengths while overcoming the challenges:

Core Strengths

- » Having the endorsement from key shareholders, business community in the oil and gas sector and the Government of Vietnam.
- » Phu My Urea has the trust of the farming community for product quality and brand value and an affirmed position in the fertilizer sector.
- » An extensive distribution network.
- » Adequate supply of input gas to Phu My Fertilizer Plant for maximum operation capacity.
- » Adequate capital is ensured timely for production operation.
- » A well-designed decentralized operations structure that complies with transparency, regulations. Internal regulations and policies are regularly reviewed and amended in line with changing operational realities.

- » A combination of highly-qualified, experienced and youthful staff force.
- » A culture of collaboration, cooperation, dedication and creativity.

Challenges

- » Competitive markets leading to price discount.
- » Input cost escalated due to removal of Input VAT exemption (started January 2015).
- » Aging equipment with higher maintenance cost and risk of downtime.
- » Presence of fake Urea products in the market.

FINANCIAL PERFORMANCE 2015

10,047
REVENUE VND BILLION
9% ABOVE ANNUAL PLAN.

1,880
PROFIT BEFORE TAX VND BILLION
45% ABOVE ANNUAL PLAN.

819
PRODUCTION OUTPUT THOUSAND TONS PHU MY UREA
(EXCLUDING EXCHANGED-NH₃).

835
SALES THOUSAND TONS PHU MY UREA
(EXCLUDING OTHER FERTILIZERS)
4% ABOVE ANNUAL PLAN.

PERFORMANCE HIGHLIGHTS 2015

Production: Good progress has been achieved by resolving issues proactively and quickly. The number of production issues reduced by 80% from 2014. Actions taken for reviews, calibration and applications have raised efficiency and reduced production cost.

Markets and Marketing: Phu My Urea retained its lead position in the domestic market, while entering the exporting overseas. The Japanese premier Urea market was penetrated. Despite strong competition, premier market was achieved a high sales volume. Other premier products, such as Phu My NPK, Phu My DAP and Phu My MOP, gain a foothold in the market.

Laying the Foundation:

- » Project "Revamping Ammonia (NH₃) Workshop and Building Chemical technology-based NPK Plant" aims

to add the production capacity of the NH₃ Workshop at Phu My Fertilizer Plant by 90,000 tons per year. This is about 20% of current production. The project has a component to build a new NPK Plant to produce 250,000 tons per year from NH₃ by chemical technology. It is implemented according to plan and will be in operation by 2017. This is a necessary step because the current supply meets only 5-10% of the market demand. The unmet demand is equal to 2 million tons annually.

- » Project "Building UFC85 Unit" aims to raise production to 15,000 tons per year. In 2016, it will start production of 13,500 tons to add to PVFCCo branding.

Research and Development (R&D): The R&D focused on applied research to cut the time to market. There have

been four research projects. Two products of Organic Mineral were launched for business trial.

Human resources: The Project Remuneration and KPI aims to improve staff productivity and operating results. The enterprise is now able to retain talent.

Other organizational improvements for consideration:

- » Raising staff productivity.
- » Increasing return on investment.
- » Improving managerial decision taking.
- » Applying inter-department Service Level Agreements (SLAs).

These limitations are big challenges that need to be tackled promptly to cope with the increasingly fierce and highly competitive market.

FINANCIAL REPORT

ASSETS

» Total assets as at 31 December 2015 was VND10,919 billion, a rise of 8% year on year, from VND10,111 billion. Cash and cash equivalents rose by 12% from the previous year and amounted to VND5,690 billion from VND5,078 billion.

LIABILITIES

» Total liabilities were VND2,372 billion. It went north by 114% from VND1,106 billion to VND2,372 billion. The rise was due to taking on major loans for investment.

» The Liability to Asset ratio and Liabilities to Equity were higher than 2014. This is due to disbursements for investments. The Current ratio and Quick ratio were maintained

at a high level and greater than one. It shows that there is sufficient liquidity to repay its short term debts.

» Given the closing balance of cash and cash equivalents of VND5,690 billion, PVFCCo had sufficient funding for manufacturing, trading and implementing investment projects as planned.

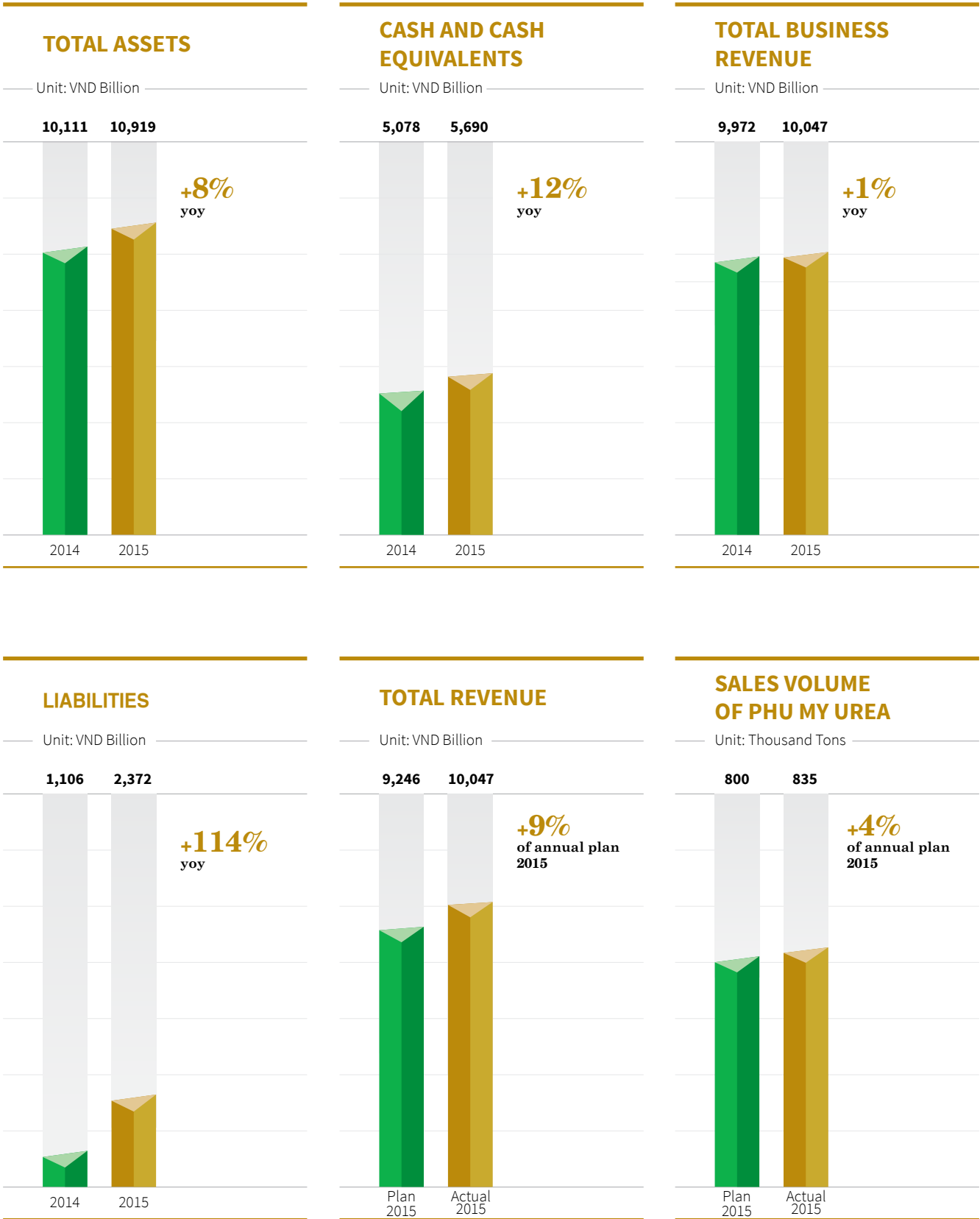
PROFITABILITY

Profit after tax rose by 36% from the previous year or reached 142% of Annual Plan. Even the subsidiaries exceed the profit target.

The profitability ratios as ROE and ROA increased from the previous year. The company ensured that the capital utilization remains high despite an uncertain global economy.

A VND662.7 billion loss provision was made for non-performing investments for PVC - Mekong, PVTEX and PAIC, as instructed by the Ministry of Finance.

The company ensured that the capital utilization remains high despite an uncertain global economy.



CORPORATE GOVERNANCE REVIEW BY BOARD OF DIRECTORS



The principle of corporate governance applied to the General Meeting of Shareholders, Board of Supervisors, Board of Management, complies with the Law on Enterprises in 2015.

PVFCCo's corporate governance complies and meets with the requirements of Circular No. 121/2012/TT-BTC, dated 26 July 2012 by the Ministry of Finance. The Corporate Governance practice covers internal operations, supervision and audit. All financial reports are prepared in compliance with the law on transparency and accountability. The financial reports are audited by market leaders in auditing and approved by the Ministry of Finance. The members of the BOD, BOS and

BOM fulfilled the qualification and ethics requirements. There are no personal conflicts and personal interests. They are effective in their role and functions in fulfilling the roles and duties during the year. PVFCCo focuses to improve corporate governance in several ways. It leveraged on the management experience of the BOD, the supervisory strength of the BOS and applied the support system to production and administration, such as, ERP, ISO, KPI management and performance evaluation.

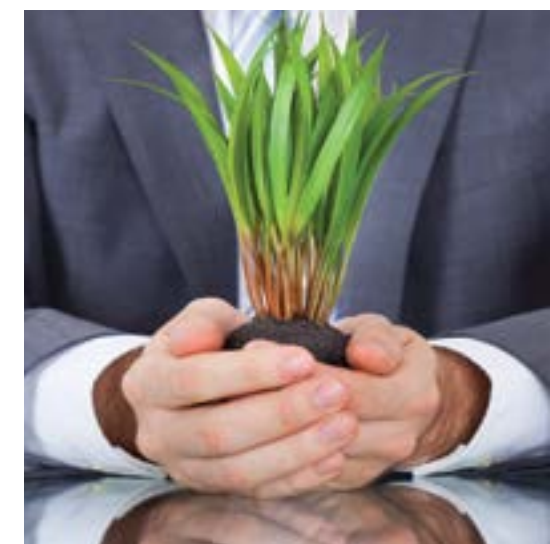
ANNUAL EVALUATION REVIEW

In 2015, PVFCCo continued obtaining the high business results to affirm quality of Phu My products and steadily prove its position in producing and trading chemicals, petroleum chemicals.

OVERVIEW OF ECONOMY

2015 Economic Highlights:

- Vietnam experienced positive GDP growth rate of 6.68% estimatedly. Inflation was controlled at a very low level of 0.63%.
- There was a sharp drop in global price of oil and gas, which lowered cost of input gas. However, it also meant low Urea prices and that led to intense competition. The supply exceeded demand in the domestic fertilizer market, because of an increased production caused by a fall in global price of Urea. The changes in tax laws raised VAT input costs. In 2015, policy and technical support for PVFCCo, came from the government of Vietnam, the Vietnam Oil and Gas Group and shareholders and staff, that encouraged the enterprise to achieve its targets set by AGM.



In addition, PVFCCo ensured optimum production efficiency. Given that Phu My Urea is the main product earning the highest revenue, the Corporation actively promoted the sales of its specialty Phu My fertilizer products (NPK Phu My, MOP Phu My, SA Phu My, DAP Phu My, etc.) which contributed to the success results. The subsidiaries in the distribution sector took the initiative to gradually improve business competitiveness in fertilizers, oil and gas. The investment in 2015 showed encouraging results with the completion in construction of chemicals factory UFC85 Unit. Also, the approval of the bidding results and selection of contractors for NH₃ revamping project and construction of new NPK fertilizer production plant showed good progress. Chemical technology development has achieved as planned.

THE RESULTS

The results summarised from two General Meetings of Shareholders are classified into two categories - Advantages and Limitations. The enterprise successfully achieved targets in production and business. There was a significant profit that exceeded 45% of the target. The organisational restructuring was completed with success. The flexibility in production and operations was much improved and increased production of 15,000 tons NH₃ efficiently.

The corporation has adopted the principle of honesty and transparency. As an award winning business, the management maintained the principle as its basis for and standard in, best practice. In 2015, besides having an effective integrated management systems ISO 9001-2008, OHSAS 18001: 2007 and ISO 14001: 2004; systems: ERP, STOP, 5S, Sig Sigma, CBM, RCA, FMEA, RBI, RCM, etc.

The Corporation set up a list of indicators to assess the effectiveness of the KPI and Innovation projects of wages (3P). This is to create a professional work environment that is fair and efficient. There was a new audit methodology and tools for enhancing risk management in business and production.



LIMITATIONS AND SOLUTIONS

Besides the achievements and results attained in 2015, the Board of Directors reviewed the corporation and found that there were restrictions that need to be addressed:

Research and Development:

To extend the product range, research and development is necessary for the creation of new products. The time to market period for fertilizers and chemicals can be lengthy. Hence drastic steps are taken.

Distribution network:

The contribution of fertilizer products was below forecast. The profit margin of Phu My Urea failed to meet targets. Greater effort is expected from the efforts of the sales team.

Investments in associated companies:

Objective divestments in associated companies: PTEX, PVC Mekong, PAIC and Ut Xi Seafood JSC did not take place in as planned for 2015. Activities in these companies in 2015 did not meet the planned.

Integrated Management System ISO 9001: 2008, OHSAS 18001: 2007 and ISO 14001: 2004; management systems and enterprise resource planning ERP have been successfully implemented. Policy reform to review staff salaries and staff assessment for deployment contributes to ensuring the productivity and effective, safe operation of the Corporation.

EVALUATION ON THE ACTIVITIES OF THE BOARD OF MANAGEMENT

General assessment of the management in production and business:

» The members of the Board of Management are qualified, competent, fully trained professionals, knowledgeable in areas under their charge. They possess much years of experience in managing and operating projects and big business.

» The CEO has a clear assignment for the Deputy CEO. Weekly briefings are held to assess the results of the work weekly and to deliver the next work plan period.

» The Board of Management implemented business initiatives in line with resolutions passed at the General Meeting of Shareholders. Business operations followed advice from the Board of Directors, especially on the direction and in compliance with the business charter and the provisions of law.

» Integrated Management System ISO 9001: 2008, OHSAS 18001: 2007 and ISO 14001: 2004; management systems and enterprise resource planning ERP have been successfully implemented. Policy reform to review staff salaries and staff assessment for deployment contributes to ensuring the productivity and effective, safe operation of the Corporation.

» The Board of Management always allow flexibility in production and business operations. To effectively control the operations and production, BOM is given the jurisdiction to approve documents. The BOM also controls internal risk management from the Executive Board to middle management.

» The BOM has taken an initiative to set up and develop the supply chain and distribution channels. PVFCCo has been actively dealing with: NPK, MOP, DAP, SA and chemical items and these items showed initial positive changes.



BOD'S 2016 PLANS AND DIRECTIONS

The plunge in oil prices in 2015 had a significant impact on the world's economy. If oil prices remain at current low levels for 2016, Vietnam's economy will be strongly affected.

For the fertilizer industry, oil prices dipped following gas prices, input materials for the production of nitrogen fertilizers dropped. However, the prices of fertilizer will also reduce. Setting a new price level with a delay would present risks. There are foreseeable difficulties and challenges for enterprises in implementing these objectives. Besides the difficulties of the sector, PVFCCo also faces with the surplus supply of 700,000 tons

per year while the Ha Bac Fertilizer Plant completed its project of leveraging capacity to 500,000 tons per year in 2015. Upcoming new projects are operated by the start-ups. The restructuring is difficult, especially divestment in associated companies with inefficient business. There are other challenges posed in 2016 for leadership and staff. Facing these difficulties and challenges, the BOM will join the Executive Board and company staffs to improve governance and business to achieve goals 2016 set by the AGM, as details:



CORPORATE OUTPUT TARGETS

No.	Target	Unit	Plan 2016	Note
1	Production			
1.1	Phu My Urea	Tons	800,000	
1.2	UFC85/Formaldehyde	Tons	13,500	
2	Sales Volume			
2.1	Phu My Urea	Tons	830,000	
2.2	The other fertilizers	Tons	282,000	
2.3	Chemicals	Tons	11,966	In which: including 9,500 tons of UFC85/Formaldehyde

GROUP FINANCIAL FORECAST (CONSOLIDATED)

No.	Target	Unit	Plan 2016
1	Total revenue	VND Billion	9,105
2	Total expenses	VND Billion	7,638
3	Profit before Tax	VND Billion	1,467
4	Profit after Tax	VND Billion	1,228
5	Budget payable	VND Billion	347
5.1	Income tax	VND Billion	239
5.2	Taxes and others	VND Billion	108

HOLDING COMPANY

Financial Forecast

No.	Target	Unit	Plan 2016
1	Owner's Equity	VND Billion	7,939
	In which: Charter Capital / Average Charter Capital	VND Billion	3,914
2	Total Revenue	VND Billion	8,427
3	Profit before Tax	VND Billion	1,428
4	Profit after Tax	VND Billion	1,212
5	Ratio of Profit after Tax / Charter Capital	%	31
6	Ratio of Profit after Tax / Owner's Equity	%	15
7	Ratio of Dividend Payout / Charter Capital	%	30
8	Ratio of Debt / Charter Capital	Times	0.55
9	Budget Payable	VND Billion	308
	- Corporate income tax	VND Billion	217
	- Taxes and other payables	VND Billion	91

Capital Investment Forecast

No.	Target	Unit	Plan 2016
1	Total Required Investment	VND Billion	2,011.6
a	Basic Construction Investment	VND Billion	1,913.9
b	Equipment Procurement	VND Billion	97.7
c	Financial Investment	VND Billion	
2	Capital Investment Source	VND Billion	2,011.6
a	Owner's Equity	VND Billion	1,364.7
b	Loans and Others	VND Billion	647.0



12

Phu My Urea - Vietnamese High Quality Products (12th consecutive year)(28/1/2015).



TOP 5

Listed Companies with Best Investor Relations (5/2/2015).

TOP 10

Enterprises for Outstanding Communications (13/7/2015).

Forbes
TOP 50

Best Vietnamese Public Listed Companies (17/8/2015).



PHU MY UREA
TOP EXEMPLARY
AGRICULTURAL PRODUCT
(7/6/2015).

BEST ASEAN
ENTERPRISES
FOR CORPORATE
GOVERNANCE
(14/11/2015).

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BOD REPORT

The BOD was re-elected at the General Meeting of Shareholders for the term 2013 - 2018. The Board consists of five members - a Chairman, a Vice Chairwoman, a full-time member, a members cum CEO, a part-time member and non-executive. The BOD has no subcommittees.

The role of the BOD is to assign supervisors to specific areas and to examine every activity under the authority of BOD. In addition, BOD decides, directs, monitors and celebrates growth, the enterprise's operations in implementing BOD's resolutions and decisions as assigned.

ACTIVITIES OF THE BOD IN 2015

The BOD represents PVFCCo to the shareholders. The Board actively fulfills their role and responsibilities in compliance with good corporate governance standards. The Board conducts their duties, making corporate decisions that assure the financial viability. It also assigns duties to its members.

In 2015, the BOD held nine meetings, both periodic and ad hoc, in which they took 77 times to collate and carefully analyze documented opinions from their members. As the result, 108 resolutions and decisions on critical matters were approved as follows:

Strategic Plan:

- » The 2015 Operating Plan was approved, implemented and monitored. The 2016 rolling budget was appraised.
- » To Complete the medium term 2025 and long term 2035 Corporate Plan for approval at General Meeting of Shareholders 2016.

Organization - Human Resources:

- » The BOD continued to implement the strategy, aiming to achieve the objectives of the restructuring plan (2014 - 2015).

» PVFCCo's Branch - Project Management for Petro-fertilizer & Chemicals was set up.

» Compensation and benefits package and new salary policy based on KPI was approved.

» 2015 KPI scheme was launched for the corporation.

Corporate Governance, Risk Management and Internal Audit: The internal audit plan was implemented in accordance to procedures. The BOD approved the implementation and application of the ERP Stage 2. They also guided the deployment of effective cost-saving and pricing system.

Project investment and implementation: PVFCCo built an UFC85 Unit and triggered the EPC bid for the capacity upgrading of the existing NH₃ plant and for building the chemical-based NPK plant.

Policies and Amendments: These include regulations in fertilizer business management, remuneration, compensation and benefit policy and recruitment policy. In addition, the Operating Charter for the Scientific and Technological Development Fund and Corporate Charter were submitted to the General Meeting of Shareholders for review.

Restructuring: PVFCCo approved the plan to sell its shareholding in Dam Phu My Packaging Joint Stock Company (remaining 43.34%). The enterprise withdrew its equity in PetroVietnam Southern Building and Development JSC as well as approved and implemented its public offering in Ut Xi Seafood Processing Joint Stock Company.

Shareholder Relations and Dividend Payout: The 2015 AGM for Shareholders was successfully organized. Regular meetings with investors were held as required while periodic ones were held in October 2015. Two investor bulletins were issued in Q3 and Q4 and the Annual Report was released in Q2. The first dividend advance was paid with total payout ratio of 25% per par value.

Appointment: The BOD appointed new replacements as authorized representatives in the subsidiaries, associated companies and appointed the President and the CEO, who is a member of the BOD.

Selection of independent auditor: The BOD coordinated with the BOS to select an external audit firm for the financial statement audit as authorized by the General Meeting of Shareholders.

Apart from the periodic or extraordinary sessions, BOD often held weekly or monthly meetings to review and appraise BOD's performance and oversee BOM's compliance with BOD's resolutions and decisions.

The members of BOD performed their assigned duties of directing, monitoring and ensuring the performance of BOM, through the following activities:

- » The BOD attended and chaired the Executive Meetings to implement the resolutions and decisions and to prepare project proposals for submission to the BOD.
- » The BOD participated in periodic briefings and guided the BOM.
- » The BOD conducted meetings and discussed matters relating to pricing, sales, human resources, labor, business plan, for subsidiaries and associate companies, in reporting and reviewing of key missions, etc.
- » Through BOM's reports and documentations to BOD, the latter Board monitored and reviewed the business operations.
- » The BOD provided guidelines and suggestions to the BOM on key issues arising from the management or operations.

NON-EXECUTIVE AND INDEPENDENT MEMBERS OF THE BOARD'S ACTIVITIES

Mr. Dinh Quang Hoan, was a member of the BOD. He participated actively in all the official duties and assignments. He also monitored and provided guidance to BOM in discharging the operations, until his withdrawal on 27 August 2015.

BOARD KNOWLEDGE OF CORPORATE GOVERNANCE

All BOD members are trained and experienced in corporate governance at the time of election and appointment.

Members of BOD have taken ownership of their own learning and personal development to fulfill the responsibilities and requirements of their role.

BOS REPORT

BOS participated fully in the BOD and BOM meetings and briefings by Chief Accountants. The BOS held four quarterly meetings to collect views, opinions and suggestions on corporate governance prior to official announcement to BOD, BOM and General Meeting of Shareholders.

Since early 2015, BOS enhanced their monitoring on the corporation’s business operations based on improving efficiency. They have examined the cost saving methods, capital preservation and compliance to their corporate charter and resolutions adopted at the General Meeting of Shareholders.

Among the three members of BOS, two full-time members were remunerated based on internal compensation and benefit policy. The part time position was entitled to receive remuneration, as approved by General Meeting of Shareholders:

Unit: VND Million

No.	Full name	Salary compensation	Bonus welfare	Total income
1	Tran Thi Phuong Thao	616	326	943
2	Le Vinh Van	412	208	620
3	Nguyen Van Hoa	36	0	36
Total		1,064	534	1,598

The operating cost of BOS in 2015 was VND680 million.

BOS participated fully in the BOD and BOM meetings and briefings by Chief Accountants. The BOS held four quarterly meetings to collect views, opinions and suggestions, on corporate governance prior to official announcement to BOD, BOM and General Meeting of Shareholders.

SUPERVISORY ACTIVITIES

World oil price has fallen. The average price of natural gas decreased by 2.56 USD/MNBTU (38%) compared to 2014. Thus the cost price of Phu My Urea declined by 20.8%. This adversely affected PVFCCo’s business performance. As a result, profit before tax was VND1,880 billion, equal to 145% of annual plan.

The Corporation paid dividends of VND1,500 per share (equivalent 15% per par value) for the second period of 2014. This was in addition to the first advance dividend payment of 25%, valued VND2,500 per share, made in 2015.

The Corporation gave their best effort to sustain the healthy financial statements, secure equity for sustainable development and a good standing in the industry. Due to cost-savings, the subsidiaries had good business performance with profit.

Production and Business

Phu My Fertilizer Plant upgraded its technologies and streamlined its production. It strengthened efforts in equipment inspection to detect abnormal signals and suggested possible measures and plans to minimize the machinery down time. The Plant maintained stable, safe and effective operation with a total of 23 maintenance days, resulted in a production record of 851,000 tons of Urea.

With the increasing competition, the market price for Urea fell due to oversupply. The new taxation policy in which the input tax was withdrawn from deduction, for fertilizer industry. This move increased production cost and to maintain the sales, the corporation reinforced the distribution system and enhanced customer service.

Governance

In 2015, PVFCCo revised and issued policies and practices in accordance to government policy changes, such as: Compensation and Benefit Policy, Remuneration Policy amendments, KPI Scorecard and executive appointments (replacement of BOD member who resigned in August).

Restructuring

PVFCCo has continuously renewed and reviewed the organization, tools, capital structure, human resources and product portfolio. There were five subsidiaries formally listed on HNX. The Corporation sold its shareholding in Dam Phu My Packaging JSC, retaining only 43.33%. It withdrew its equity in PVFCCo-SBD, reaping a profit of VND4.73 billion.

Decision No. 685/QĐ-PBHC dated 07 July 2015 was issued by BOD to set up PVFCCo Branch (Project Management Office of Petro-fertilizer and Chemicals).

Implementation of Basic Construction Investment Projects

PVFCCo had an international tender, selected the contractor and signed an EPC agreement with the contractor on 06 June 2015. The contracted service was to revamp the existing NH₃ plant and construct a chemical-based NPK plant. The project of UFC85 Unit and Jumbo Bagging System (JBS) went through the phase of testing and commissioning, prior to start of operations. Total disbursement of investment and procurement reached VND979 billion.

Research and Development

PVFCCo has engaged in product diversification research to launch the new product lines. These are high quality products, environmentally friendly and based on Phu My NPK and Phu My Urea products.

PVFCCo seized investment opportunities and partnerships and capital contribution from overseas and domestic partners for projects in key business sectors.

Financial investment

As at 31 December 2015, the total capital in subsidiaries and associates was VND1,146.451 billion. This was lower than the previous year, due to divestment from two companies. The ratio of subsidiaries and associates together with other long-term investment is now 38.8%, valued VND445.046 billion and 61.2% valued VND701.405 billion, respectively.

Equity to Capital ratio in 5 subsidiaries ranged from 75% to 81%. PVFCCo had major control of subsidiaries in 2015. The Profit after tax (PAT) to Charter Capital ratio reached 19% to 28%, except SBD that was only 8.62%. All exceeded the planned business objectives.

Deloitte Vietnam conducted an audit of PVFCCo’s Financial Statements (FS) 2015. The BOS affirmed that the FS presents a true and fair view on financial position. The accounting information and data were recorded, classified and presented in compliance with current Vietnamese Accounting Standards and Regulations.

Supervisory activities of BOD, BOM and Managers

To make timely decisions, the BOD held both quarterly and ad hoc meetings to gather and record the opinions of members. They exercised their role of governance with responsibility and transparency. BOM implemented the BOD’s resolutions though their operations and General Meeting of Shareholders made crucial decisions to propel PVFCCo to achieve the business goals.



Finance and Accounting

In 2015, PVFCCo was inspected by authorities and government, including State Security Commission (according to Decision No. 988/QĐ-UBCK dated 17 November 2015), Ministry of Finance, Ministry of Natural resources and Environment and Basic Construction Investment Board of PetroVietnam.

The cooperation between BOS with BOD and BOM

At PVFCCo, BOD guides the BOS to fulfill and achieve their supervision duty on management and operations. The Board maintains a good working relationship with shareholders, to ensure the sustainable growth and compliance with the legal regulations as well as internal policies.

SALARIES, BONUSES, REMUNERATION AND BENEFITS OF BOD, BOM AND BOS

PVFCCo implemented an executive remuneration scheme in accordance with the law and PVFCCo's Compensation and Benefits Policy. This is aligned with its annual salary review and budget and the provision of fair reward for competence and performance of each member.

Part-time members of BOD or BOS are entitled to remuneration according to job role and responsibility.

DETAILS OF SALARIES, REMUNERATION AND BONUSES IN 2015

No.	Full Name	Position	Salary - compensation (VND million)	Bonus - welfare (VND million)	Total income (VND million)
I.	Board of Directors		2,898	1,805	4,703
1	Le Cu Tan	Chairman of the BOD	743	501	1,244
2	Cao Hoai Duong	Member of the BOD cum President & CEO	779	522	1,301
3	Nguyen Thi Hien	Vice Chairwoman of the BOD	660	415	1,075
4	Nguyen Hong Vinh	Member of the BOD	636	367	1,003
5	Dinh Quang Hoan	Member of the BOD, Part-Time	80	0	80
II.	Vice President and Chief Accountant		4,462	2,514	6,976
1	Le Van Quoc Viet	Vice President	636	367	1,003
2	Nguyen Van Tong	Vice President	636	367	1,003
3	Le Thi Thu Huong	Vice President	628	363	991
4	Duong Tri Hoi	Vice President	616	357	973
5	Hoang Viet Dung	Vice President	636	367	1,003
6	Tu Cuong	Vice President	693	367	1,060
7	Huynh Kim Nhan	Chief Accountant	616	326	943
III.	Board of Supervisors		1,064	534	1,598
1	Tran Thi Phuong Thao	Head of the BOS	616	326	943
2	Le Vinh Van	Member of the BOS	412	208	620
3	Nguyen Van Hoa	Member of the BOS, Part-Time	36	0	36
	TOTAL		8,424	4,854	13,278

EQUITY TRANSACTIONS OF INTERNAL SHAREHOLDERS AND STAKEHOLDERS

**26 March
2015**

Shareholder Deutschebank AG London, announced the purchase of 1,150,640 shares, raising its ownership to 5.02%.

**30 March
2015**

Shareholder, Deutschebank AG London, announced the sales of 234,370 shares and its ownership declined to 4.96%.

**22 April
2015**

Shareholder, Deutschebank AG London, announced the purchase of 182,210 shares, increasing its ownership to 5.01%.

**20 May
2015**

Shareholder, Deutschebank AG London, announced the sales of 140,140 shares, reducing its ownership to 4.97%.

**20 August
2015**

Shareholder, Deutschebank AG London, announced the purchase of 140,880 shares, upping its ownership to 5.02%.

**10 September
2015**

Shareholder, Norges Bank announced purchase of shares to reach their ownership of 5.00%.

**24 December
2015**

Shareholder, Deutschebank AG London, announced the sales of 1,044,590 shares, reducing ownership to 4.74%.

Others

No other shares traded.

CONTRACTS AND TRANSACTIONS WITH INTERNAL SHAREHOLDERS:

In 2015, there were no transactions between PVFCCo and the members of BOD, BOS, BOM and the managers.

IMPLEMENTATION OF CORPORATE GOVERNANCE REGULATIONS:

PVFCCo complied with all the legal governance regulations of a listed company.



PVFCCo ensures long-term success through securing shareholders' benefits while balancing its corporate social responsibility and profits. The enterprise has risk management tools to assess and develop controls to manage the risks. These measures work in tandem with the strategic goals and action plans for value optimization and sustainable development.

The Corporation defined the main risk classification and implemented an effective risk management system to achieve following critical goals:

- » Sustaining No.1 position of the fertilizer manufacturing and trading in the domestic market.
- » Improving operations of Phu My Fertilizer Plant, which faces the main risks of input price, consumption market and more demanding business environment.
- » Successful implementation of fertilizer and chemical projects to achieve PVFCCo's long term plan.



MARKET RISK

In the uncertain environment, all enterprises are facing with risks, which impact their development goals. Hence, appropriate risk management strategy is crucial in bring success to PVFCCo.

The risk management based on 2014 strategic goals and action plans had been assessed comprehensively. As the result, in 2015, PVFCCo continued with the material groups of risks, as follows:

Sustaining the top position in fertilizer production. In the domestic market, PVFCCo overcomes the risks by:

Oversupply risk

A yawning oversupply of Urea has put pressure on and raised competitiveness in the domestic Urea market. Prior to the challenges, PVFCCo had sought to develop the distribution network in depth for the sustainable connection between the Corporation and its member companies in the nation-wide dealership. The Corporation maintained its competitive advantage in the industry and has expanded overseas through Phu My Urea export to Malaysia, Myanmar and Thailand. This was driven by a demand of high-quality Urea at a competitive price and diversified packaging. This strategic plan could develop its stable and long-term sales network.

Despite the challenges, PVFCCo put in outstanding efforts to pursue the objectives in 2015 and achieved the following results:

- » Brand and quality positioning: PVFCCo received the Vietnamese High Quality Products Award (12th consecutive year) and Exemplary Agricultural Products Award 2014. The Phu My products (such as Phu My Urea, Phu My MOP, Phu My DAP) were recognized and certified by

Ministry of Agriculture, Forestry and Fisheries Japan. These important prerequisites could enhance PVFCCo's export position in the global market.

- » Product diversification: PVFCCo continues to diversify its fertilizer products and found a market base for the upcoming chemical-based NPK plant. Phu My products were launched and they received positive market feedback.

- » Blueprint in petro-chemicals production: The petrochemical blending workshop which started commercial operation has supplied the diverse chemicals since 2014. The uses are for explorations, utilities and process oils and gas. In December 2015, PVFCCo had completed the construction of UFC85 Unit with the capacity of 15,000 tons per year. The product was commercialized in early 2016, marking PVFCCo's significant step into the chemical industry.

- » In summary, the integration of business operation and corporate governance propelled PVFCCo to successfully achieve their goals of the year 2015.

Global competition

Global fertilizer price exerts considerable influence over domestic prices. PVFCCo had to balance risks while determining the best pricing strategy relevant to the market price. This is to maintain its dominant position in the market. In addition to the stiff competition with global and domestic import sources, (including official and non-official across the neighbouring borders), changes in global fertilizer price produced an immediate impact on national price.

Input material risk

In the past years, the oil price which is determined by supply and demand and market sentiment, has fluctuated widely. The volatility has affected the production cost of PVFCCo. The global oil price fluctuated unstably over past the two years, causing the Phu My product price to fall. Similarly, the unpredictable global oil price may negatively impact the corporation's financial plan. As the government determines and allocates resources towards general objectives of the economy, changes in oil supply and prices would impact the plans and activities.

PVFCCo's profit is subjected to input material cost. The Corporation managed the price risk of natural gas through short-term arbitrage and actions. Based on pricing scenarios, the Corporation proactively implemented flexible planning and budgeting. This provided the enterprise control over unforeseen changes as business conditions varied.



Liquidity risk of buyers

PVFCCo's credit control policy was systematically executed and monitored by the Corporation cascading down the member companies. DSO (days of sales outstanding) was specifically defined for each group of product. Credit limit was offered based on financial capacity, credit rating and partnership potential of each dealer. PVFCCo's financial indicators such as working capital, safe stock and credit were approved and strictly controlled. There was no dispute in bad debts in 2015.

New product development risk:

PVFCCo seeks to create multi-effect unique products of high quality while ensuring the environment is protected. The Corporation takes into consideration the diversified demand of farmers as it diligently improves its

R&D activities to create new and better products. This brings about stronger competition for differentiated high quality products that meets the needs of clients.

In 2015, the following effective and timely measures were carried out to handle the influence.

- » In order to support sales, PVFCCo focused on distribution management and developed communication and branding strategy. These efforts supported competitive advantage and maintained profitability and the positioning of Phu My fertilizer in the domestic market.
- » PVFCCo developed communication channels to member companies capturing reliable just-in-time information for manage changing markets affecting the industry.

- » Conference and seminars on the business, branding, market updates were held. These played a crucial role to the PVFCCo's public relations and partnership opportunities, in both domestic and global.
- » PVFCCo completed its brand portfolio on its products for Phu My by importing high quality fertilizers to supply to the needs of market.
- » The important policies were updated and revised in the light of new business developments: Regulation

on fertilizer business management, Regulation on chemicals business and coordination management, Regulation on PVFCCo's branding and label management. The policy changes seek to enhance corporate governance in PVFCCo as it faces new market challenges.

- » The divestment/restructuring project was well-implemented in upgrading competitive capability and adapting to sectoral changes. In 2015, PVFCCo completed phase 1 of restructuring. To date, the shares of subsidiaries including PVFCCo

North, PVFCCo Central, PVFCCo SE, PVFCCo SW have officially been trading on HNX. At the same time, PVFCCo also reduced its equity in Dam Phu My Packaging Company to 43.33%. In January 2016, the Corporation withdrew all its shares from PetroVietnam Southern Building and Development JSC.

- » PVFCCo continued to re-evaluate and restructure its capital structure, human resources, products, target market, etc.

Much importance has been placed on this restructuring. PVFCCo has capitalised on its strengths and utilized resources in the most efficient way, improving its competitive advantage for the days ahead.

Among several strategies developed by PVFCCo, there is a long-term marketing strategy:

- » To retain its No.1 position in production, fertilizer trade and chemical production with a primary focus on petrochemicals.
- » PVFCCo is at the forefront of Research & Development (R&D) such as: Investment in fertilizer production, selected choice of Ureas on the acceleration roller (pilot scale), diversification of product range of Phu My Urea, new NPK formula, new fertilizer products, enhanced application organisational model, improved agricultural business model, value chain alignment with the PVFCCo business standards.
- » Implementing policies to ensure and preserve the reputation and brand name of PVFCCo among investor community.
- » Strengthening management approaches through integration of advanced IT systems to: Achieving strategic objectives, promoting automation monitoring than manual monitoring, optimizing technology to effectively manage risks.



OPERATIONAL RISKS IN PVFCCo PRODUCTION

The large operation of Phu My Fertilizer Plant required stringent monitoring and control of risks on:



Following a successful start in 2014, the Phu My Fertilizer Plant has been optimized with a stable operation with a productive output in 2015.

After 12 years of operation and production, the plant has:

- Wear-and-tear
- Increased maintenance costs
- Increased accidents

This may cause Phu My Fertilizer Plant to shut down operations for major repairs and will prevent the achievement financial goals.

To protect the financial goals in 2015, PVFCCo has launched corrective measures, such as:

- » Commenced operation of UFC85 Unit to improve the hardness of Urea particles and in turn the product quality and upped customer relationships (Urea plants).
- » Continuing to monitor and update the technical and economical requirements of chemicals, materials and energy usage; petrol and oil usage; backup materials and maintenance of materials for cost optimization and reduce cost of goods sold.
- » Developing and issuing technical resolutions to handle unexpected incidents in production; conducting monthly inspection; operation evaluation for timely problem solving; measuring to lower overheads; decrease product cost and avoid incidents.
- » The 3rd Workshop on Maintenance Repair were conducted for oil and gas plant engineers under the Vietnam Oil & Gas Group, to implement approaches for maintenance and repair.
- » Software deployment and application such as:

CMMS - Computerized Maintenance Management System: Plant maintenance and repair was implemented via the CMMS which included task briefing, implementation plan, material release for maintenance, data saving and inventory control, namely:

- Managing the maintenance and repair of equipment; record keeping of all data and documents on equipment and machinery and its maintenance history.
- Inventory management, listing of materials to CMMS; Comparing the quantity of maintenance material as against the actual material
- Automated export of the material list and spare parts required by maintenance.
- Setting up equipment parts list; supplying standardized system for the plant with standardized software code using Shell Mesc standards; classification of the equipment according to priority.

- Implementing the MTA (Maintenance Task Analysis) and using the MTA functions for PMO analysis on CMMS.
- ERP: Continuing standardization of the material information and dealing with consistent code on CMMS and ERP, putting into operation of Production Management Branch at Phu My Fertilizer Plant.

- » Software deployment and application such as: AIMS - Asset Integrity Management System, SYSTEM 1 and RBI - Risk Base Inspection in machinery maintenance, evaluation of equipment and data collection for analysis.
- » PVFCCo signed a contract to supply Fire and Gas system for increased field probe points and

PLC monitoring points. In addition, the plant has effectively handled circumstances by mapping matrix to weld monitoring, followed by daily checking of the hand gas detectors.

- » Evaluating and analyzing market demands and product pricing to determine the right operational activities for profit optimization at each stage.

Following the successful production output in 2014, PVFCCo has launched their investment strategy to leverage the optimal cost of production and operation.

- » Effectively applied safety and environment standards such as ISO 14001:2004 and OHSAS 18001:2007.



- » Training staff to meet the production standards. Improving the quality of internal training programs. Developing and implemented training programs for the projects.
- » Continuing to upgrade and streamline production. Performing backup maintenance of machines and plant to prevent sudden downtime.
- » Implementing the Maintenance Strategy at Phu My Fertilizer Plant. Maintaining periodic maintenance (mid-term, short-

term and long-term) to ensure a safe, stable and efficient operation at Phu My Fertilizer Plant.

- » Updating the inspection process of equipment to detect abnormal signals as an approach to minimize machinery down time.
- » Reviewing and updating risk mitigation and operational sustainability.
- » Completed the process improvement of Phu My Fertilizer Plant.



UTILIZING ALL RESOURCES TO IMPLEMENT THE FERTILIZER AND CHEMICAL PROJECTS SUCCESSFULLY TO ACHIEVE THE LONG-TERM GOALS OF PVFCCo

In 2015, PVFCCo implemented key major projects such as, construction of NPK Phu My Petrochemical Plant; supervising the construction of project complex for leveraging production capacity of NH_3 of Phu My Fertilizer Plant; completing the construction, installation and operation; putting the UFC85 Formaldehyde Plant Project on trial.

Growing Strategy 2015 - 2020: PVFCCo invested into product diversification. In 2015, PVFCCo implemented key major projects such as, construction of NPK Phu My Petrochemical Plant; supervising the construction of project complex for leveraging production capacity of NH_3 of Phu My Fertilizer Plant; completing the construction, installation and operation; putting the

UFC85/Formaldehyde Plant Project on trial. In addition, PVFCCo analysed, evaluated and prepared the risk mitigation approaches for each risk. The factors that can lead to project success were optimized. It strictly adhered to the agreed work schedule, quality and investment cost, optimize the operational capacity, product quality and production cost.

Given the limited time and resources as well as the changes during project implementation, an accurate risk evaluation will be determined by measuring the difference between actual and forecast. Since then, it classifies key projects risks, such as:

- » Technical risk: inaccurate design and survey, insecure implementation method; delayed timeline.
- » Financial risk: Shortage of committed capital for the project.
- » Economic risks: Fluctuations of interest rate, exchange rate, inflation and price increase may affect the total investment. At the same time, the local and global economy can also impact the psyche of investors and developers.
- » Project management risk: Limited project management and knowledge, lack of the collaboration between developers, supervisors and contractors.



To mitigate the risks, PVFCCo strictly controls the risks and proposes the specific solutions for risks check and control:

- » PVFCCo established the Project Management Unit (Fertilizer and Chemical sector). The members of unit are carefully selected internally. The key members have managed the operations of Phu My Fertilizer Plant successfully for years. It also issued the regulations of implementing the project management as well as the collaboration process between the Project Management and Phu My Fertilizer Plant.
- » Selecting experienced local and international contractors to implement the project to ensure similar achievement results with other projects.
- » Applying Oracle's Primavera P6 Professional Project Management software.
- » Preparing the risk management plan by: (i) listing the related-party risks; (ii) Reason - Results chart; (iii) Seeking consultancy from experts and trainers.
- » Hiring the project management consultants and international senior experts; Setting up the Project Investment Supervision Unit with long-term experienced members in project management and corporate governance.
- » PVFCCo follows the project implementation schedule, sets up the capital flow disbursement plan and prepares the timeline of capital borrowing to ensure the best interest rate.



FINANCIAL RISK AND INVESTMENT RESTRUCTURE PLAN IN ASSOCIATES

To support the associates to improve their operations, PVFCCo has gradually increased its supervision of corporate governance by appointing representatives together with other supporting activities.

PVFCCo has long-term investments in associates such as PVTEX, PVC Mekong which are facing difficulties in production and trading. In 2015, PVFCCo depreciated the investment at PVTEX. This increased the investment cost. Its objectives are to divest these enterprises, yet it is

difficult to restructure the long-term investment in these associates. To support the associates to improve their operations, PVFCCo has gradually increased its supervision of corporate governance by appointing representatives together with other supporting activities.





ENVIRONMENTAL AND LEGAL RISK

Vietnam tax law for fertilizer industry is being supplemented and revised. Hence, the risks of applying tax policy and changes in tax rate for fertilizers have significantly impacted the operation of PVFCCo.

Vietnam will open the fertilizer market and foreign companies will invest in producing and trading fertilizers. The experienced foreign companies have better corporate governance and will compete in Vietnam market.

Fake fertilizers are flooding into the market, hence destroying the market of reputable producers, such as PVFCCo.

Vietnam tax law for fertilizer industry is being supplemented and revised.

Hence, the risks of applying tax policy and changes in tax rate for fertilizers have significantly impacted the operation of PVFCCo. Accordingly, the fertilizer initially was applied 5% tax, now this incentive has been withdrawn. This has increased the input cost for fertilizers. To minimize the influence from tax changes, PVFCCo holds monthly training sessions to update the changes in tax policy and other related law documents.

Risks are managed with a strategy. Corporate Governance is applied with advanced practice. PVFCCo is building and applying the system solutions to promote its role and improve its capacity in internal audit. This activity controls risks and lays the foundation for the “Defense barrier,” which is promoted through its role as advisor for the Board of Directors and Board of Supervisors. In 2015, Internal Audit has continued its auditing activities:

» The periodic audit joined by the internal auditors/ staff in various departments to check the operations at branches and subsidiaries within the auditing program by the PVFCCo risk group.

» The audit activities are classed into 2 major risk groups: (i) Logistics and market activities; (ii) Purchasing and service leasing at Offices Divisions of the Corporation and subsidiaries of PVFCCo.

» In addition, the internal audit collaborated with training department to implement and improve the report system at PVFCCo. In 2016, the internal audit will continue its plan set in 2015 by cooperating with international

advisor to improve the internal audit system and corporate governance framework. As the first sight, it reviews the risk portfolio, builds the matrix of compliance and optimizes the implementation process.

» During annual internal audit, the Internal Audit Board supplemented, reviewed and updated the supervision results to maintain the internal audit standard. In addition, the internal audit results are put into the periodical meetings of the Board of Directors.

» Consulted and advised the BOD in risk limitation and prevention. The BOM shall provide risk reporting to the Board of Directors.

PVFCCo focuses on the corporate governance with clear objectives on continuous improvement.

» Implementing the integrated risk management in the business operations, especially on forecast and business planning. The total resource optimization is improved using the ERP. In 2015, PVFCCo implemented the Phase 2. The system specifications included Hyperion Planning Management Software, Oracle Processing Manufacturing Software. Phase 3 is planned to include Business Intelligence. As a result, it can optimize resource mobilization with a strong planning and control feature.

» Project Salary Structure was completed with success. This led to a breakthrough in salary structure to increase productivity and effectiveness. It changed the payroll system, built the capacity for management roles, supported the leaders in KPI evaluation.



The organizational dimension of PVFCCo is “Sustainable, effective and human development.” There is an emphasis on corporate governance. The senior management of PVFCCo is determined to improve the operations by using Enterprise Risk Management. This serves to enhance corporate governance and maintain the position and reputation among the investor community.

INVESTOR RELATIONS

CONNECTING TO THE INVESTMENT COMMUNITY

Besides the Annual General Meetings, PVFCCo management and IR team communicate regularly with the investors through several different communication platforms (such as, meetings, email and phone). The Corporation also participates in events such as investor forums, attends domestic and international conferences to widen its investment opportunities.

PVFCCo has achieved several awards, including:

TRANSPARENCY AND DISCLOSURE

Besides regular contacts with shareholders and investors, the IR team works with newspapers and magazines relating to the financial investment to publish PVFCCo information in a timely, complete and accurate manner while adhering to the State regulations on the publication of information in the securities market. The IR Team closely monitors reports on DPM stock and make timely adjustments against information concerning PVFCCo.

PROFESSIONAL AND CREATIVE MEDIA PUBLICATIONS

PVFCCo IR Team collaborates with the professional consulting firms to conduct surveys on shareholders and investors feedback on Investors Bulletin, so that the content and presentation can be improved to meet the expectations of readers.



TOP 3 PUBLICLY LISTED COMPANY FROM ASEAN COUNTRIES WITH BEST CORPORATE GOVERNANCE
by ASEAN Capital Markets Forum (ACMF)

TOP 50 LISTED ENTERPRISES
by Forbes Vietnam

TOP 5 IR ENTERPRISES IN 2015
by www.vietstock.vn

BEST PRIVATIZED ENTERPRISE BY INVESTMENT NEWSPAPERS

TOP 50 BEST PERFORMANCE COMPANIES IN VIETNAM
by Investment Review Magazine

TOP 30 ANNUAL REPORTS
by HOSE, Investment Newspaper and Dragon Capital Fund.

SUSTAINABLE DEVELOPMENT REPORT

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OVERVIEW ON SUSTAINABLE DEVELOPMENT

Sustainable development is described as meeting present needs without compromising the ability of future generations to meet their own needs.

(As defined by the Brundtland Commission of the United Nations on March 20, 1987)

Sustainable development is a combination of three aspects:



Over the past two decades, there has been an increasing global interest in sustainable development, a requirement for globalization. Sustainable development is a humanity goal and it is in line with the guidelines of the Vietnam's Party and the Government as well as the people's interest to see it implemented.

PVFCCo's core business activities are fertilizer and chemicals production and distribution. It is linked to the Vietnamese agriculture, farmers and rural livelihoods and affects 70% of the population. Through its economic strategy, PVFCCo adopts the sustainable development principle and its core values. In 13 years of

PVFCCo's growth, it has embraced "entrepreneur development to be accompanied by environmental protection and social responsibility". The corporation ensures that the balanced and optimal implementation of the following targets: (1) Effective economic development; (2) Promoting social harmony, raising living standards and residential strata's awareness, especially focusing on agriculture and farmers; (3) Improving the environment to guarantee long-term development for today's generation and generations to come.

With the above mentioned objectives, PVFCCo has taken steps to achieve its sustainable development targets.



EMPLOYEES

PVFCCo culture was initiated since inception.

Accordingly, all employees play key roles in creating a professional working environment that harmonizes collaborative spirit with transparency in all activities.

PVFCCo has built a culture of "Professionalism - Efficiency; Dynamics - Creativity; Aspiration - Outreach; and Responsibility - Sharing", done through a positive and professional work environment, fair employee policy and a friendly workplace. In particular, the achievements of PVFCCo are as follows:

- » PVFCCo has invested in a manufacturing plant system and an office building, which are well-designed, properly ventilated, well-lit and air-conditioned. The Corporation has achieved energy efficiency and provided good working conditions for its workers.
- » In 2015, PVFCCo introduced key performance indicators (KPI) and improved their reward system. The Corporation also set up a framework to ensure a fair and professional working environment. At the same time, PVFCCo improved its human resource policies to ensure its employees have the amicable working conditions and career advancement opportunities.
- » In 2015, PVFCCo achieved its annual training and development plan. In total, there were 6,404 training times for employees in over 381 courses at a cost of VND15.8 billion.

OVERVIEW ON SUSTAINABLE DEVELOPMENT (cont.)



CUSTOMERS

Ensuring high quality products is a top priority.

The Corporation provided customers with high-quality products, effective solutions and services as mentioned below:

- » Ensuring high quality products is a top priority. All Phu My fertilizer products, other fertilizers and chemicals are complied with registered standards.
- » To help farmers optimize the ratio of fertilizer usage and crop yield, PVFCCo partners with local authorities and scientists to organize cultivation technique workshops at experimental gardens and sample fields to train farmers.
- » PVFCCo maintains its warehouse and logistics management systems well nationwide, so that their products are delivered to farmers on time at reasonable prices.



SHAREHOLDERS

In 2015, apart from meeting with shareholders and investors under State regulations, the IR Team held 70 other meetings. PVFCCo is ranked among Top 5 Listed Companies with Best Investor Relations (IR) in 2015 by Vietstock.

ACTION PLAN TO SAVE COST,
PREVENT WASTING, PECULATION
AND CORRUPTION

68
VND BILLION

In order to create products and services to maximize shareholder value, PVFCCo has carried out the following activities:

- » BOD and BOM of PVFCCo provided guidance to its employees to accomplish its goals. PVFCCo's profit for 2015 reached VND1,875 billion, 3 months earlier and 45% higher than forecasted.
- » To ensure optimal use and control of its resources, PVFCCo has invested in IT such as business support software, document management software and other innovative approaches. The Corporation also invested and built its own resources planning application software such as ERP, STOP, 5S, APC, System 1, RBI, KPI, etc.
- » The Board of Directors of PVFCCo provided guidance in streamlining the project initiatives. In 2015, 104 innovation initiatives benefited the corporation in value amounting to VND21.01 billion plus other qualitative benefits.
- » From the sci-tech initiatives, there were 13 R&D topics and 3 sci-tech project initiatives conducted in 2015 valued at VND24 billion. The initiatives helped to optimize the business operations and improved product quality, hence laid the foundation for investment development and product diversification.
- » PVFCCo's business practices included prudent spending and anti-corruption policies. In 2015, PVFCCo saved VND68 billion, equivalent to 216% of forecasted figures.



GOVERNMENT

PVFCCo has ensured that its business activities complied with the laws. PVFCCo has achieved the following results:

- » Total payments to the State in 2015 was: VND436 billion - achieved 138% of annual plan 2015.

TOTAL PAYMENTS
TO THE STATE IN 2015
436
VND BILLION



BUSINESS PARTNERS

Besides supporting Phu My Fertilizer Plant, PVFCCo also provided experts and skilled workers to support other national projects such as Ca Mau Fertilizer Plant, Ninh Binh Fertilizer Plant, Dung Quat Oil Refinery and Dinh Vu Polyester Manufacturing Plant, ensuring their operations run smoothly and efficiently.





COMMUNITY AND SOCIETY



The Corporation is committed to fulfilling its responsibilities toward community and society.

Besides effective development and environmental protection, the Corporation was served both the employees and society. In 2015, the disbursement for social responsibility activities amounted to about VND100 billion.

TOTAL VALUE OF
SOCIAL ACTIVITIES IN 2015
100
VND BILLION



ENVIRONMENTAL AND GLOBAL ISSUES



Sustainable development is most effective when embedded in the organizational policies and guidelines, corporate strategy and business decision making.

PVFCCo is committed to environmental protection and globalization, such as reduction in greenhouse gas emissions, climate change, sea level rise, etc. In particular, PVFCCo has implemented and achieved the following results:

- » PVFCCo used cutting-edge technology in production, thereby utilizing input materials effectively, especially natural gas and minimized CO₂ emissions.
- » PVFCCo complied with statutes, regulations and processes in production and business in accordance with the ISO 9001:2008, OHSAS 18001:2007, ISO 14001:2004 and ISO 50001:2011 standards.
- » In 2015, PVFCCo implemented the energy audit program for efficient and safe usage of energy.

PVFCCo is confident that sustainable development is most effective when embedded in the organizational policies and guidelines, corporate strategy and business decision making. The Corporation believes that it can overcome challenges to develop a sustainable and long-lasting enterprise, preserve the environment and carry out its corporate social responsibility.



SINCE ITS ESTABLISHMENT, PVFCCo HAS BEEN THE LEADING CORPORATION IN HEALTH, SAFETY AND ENVIRONMENT (HSE). IT TAKES PRIDE IN MAINTAINING BUSINESS AND PRODUCTION, DESIGNING PRODUCTS IN COMPLIANCE WITH HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION REGULATIONS.

In order to meet the objectives of sustainable development, HSE is a priority for PVFCCo, especially for inflammable fertilizer and chemicals.



HEALTH, SAFETY AND ENVIRONMENT MANAGEMENT ORGANIZATION (HSE)



Realising the importance of HSE and its requirements, the management has strengthened its management system for the parent company, subsidiaries, senior leadership and staff.



MAINTAINING AND UPGRADING QUALITY - SAFETY, HEALTH - ENVIRONMENT AND ENERGY MANAGEMENT SYSTEM

In 2015, all subsidiaries of PVFCCo applied ISO 9001 to improve on its product and service quality.

In 2015, PVFCCo maintained an effective integrated system of Quality - Safety, Health - Environment in accordance with ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004 standards for business and production process of the Corporation and Phu My Fertilizer Plant.

The evaluation reported on system maintenance of DNV had highly appreciated the BOM's strong commitments in maintaining and improving the management system. This was also in line with setting up and the review of target accomplishment at all levels, especially the project implementation on product quality improvement and legal documents. This had also conveyed the message of continuous quality improvement on the products and services, care for the employee's safety, health, social responsibility for the environmental protection and energy efficiency.

In 2015, all subsidiaries of PVFCCo applied ISO 9001 to improve on its product and service quality.



ENSURING SAFETY, FIRE PREVENTION AND CONTROL AND EMERGENCY RESCUE

PVFCCo is aware of the importance of safety. In the past 13 years, the Corporation has upgraded the work environment of its headquarters, subsidiaries, branches and factories. In 2015, PVFCCo has taken several measures in safety, fire prevention and control:

- » The Emergency Readiness and Response (ERR) Level 2 rehearsal was conducted at Phu My Fertilizer Plant with participation of Fire Prevention and Control Team of the industrial zone and local Fire Prevention and Control police. The rehearsal and the fire prevention and control seminar were conducted in factories, office buildings and sites, depots.
- » The ERR rehearsal was held “unexpectedly” to assess the emergency response of the various units.
- » In 2015, PVFCCo built modern emergency exits at 27 Dinh Bo Linh and Phu My Fertilizer Plant to ensure the safety and emergency evacuation for employees working in high storey buildings.
- » Personal safety protection equipment is provided to employees at Phu My Fertilizer Plant, warehouses, ports and construction sites.
- » Regular checks and review of the rescue, emergency equipment was conducted to meet the adequacy and availability.
- » In 2015, the Emergency Steering Committee closely monitored the weather conditions to contribute to timely preventions, ensuring safety of people and limiting property damage.
- » In 2015, in-house training of Labor Safety and Sanitary - Fire Prevention and Control was conducted for four groups of trainees. This is in accordance with Law and to provide adequate knowledge on labor safety for employees.
- In near term, the chemicals sector will be expanded. The Corporation will enhance training to provide knowledge of chemical safety for employees, in compliance with the law.
- There is a well-engineered STOP program in accident prevention at Phu My Fertilizer Plant and some warehouses to detect the risks and prevent the accidents.
- In 2015, there were no fatal accidents. The accident statistics, while the reporting and investigating, were fully carried out by law.



HEALTH CARE FOR EMPLOYEES AND OCCUPATIONAL DISEASES PREVENTION

Health care for employees is deemed corporate responsibility. This is also the solution to ensure human resources quality to fulfill the business targets and meet labor safety.

Health and staff well-being are embedded into the business operations to ensure long-term success. The Corporation has taken several steps to comply with health and safety standards, aligned to OHSAS 18001:2007:

- » Equipped the medical rooms with first aid cabinets at every department.
- » Organized periodic health check by PVI Care at hospitals for PVFCCo staff as regulated: once a year for male staff and twice a year for female staff.
- » Organized health checks on occupational diseases and health checks for technical workers in high-risk environment. Conducted medical examination and provided social insurance for staff stricken with occupational diseases.
- » Expanded the vaccination program for Hepatitis B, Influenza, Chickenpox, Parotitis, Measles and Rubella to staff.
- » Monitored the conditions and protection, to ensure laborers' health and prevent occupational diseases.
- » Ensured safe delivery of a nutritious food supply from reliable food suppliers.
- » Provided medical and hospitalization cover for staff and their relatives so that it gives a sense of ease when working.





ENVIRONMENTAL PROTECTION
AND WASTE CONTROL



To monitor changes that may negatively impact the environment, all waste from production is controlled as regulated in the Report of Environment Impact Report/ Environment Protection Commitment as approved by the government.

Statistical data and assessment on waste management at PVFCCo’s subsidiaries in 2015, as follows:

No.	Type of waste	Unit	Quantity	Amount of treatment	Level of treatment (Good/ Average/Not good)
1	Production wastewater	m³/year	124,150	124,150	Good
2	Domestic wastewater	m³/year	201,421	201,421	Normal (*)
3	Cooling water	m³/year	9,707,952	9,707,952	Normal (*)
4	Air emission	Nm³/h	5,950,355,320	5,950,355,320	Good
5	Domestic solid waste	Kg/year	413,120	413,120	Good
6	Industrial solid waste	Kg/year	673,470	673,470	Good
7	Hazardous waste	Kg/year	169,883	169,883	Good

The highlights in environmental management and cost saving of waste treatment at Phu My Fertilizer Plant in 2015 are detailed below:

No.	Thrift activities from managing emission	Cost saving (Unit: VND)	
		2014	2015
1	Reduce the hazardous waste at Phu My Fertilizer Plant	259,575,400	258,159,440
1.1	Recall the post-disposed value of recycle hazardous waste	116,243,200	184,729,440
1.2	Analyze the hazardous substances of 21 tons of catalyst after the Shut Down period of Phu My Fertilizer Plant to handle as common industrial waste	62,700,000	73,430,000
1.3	Build the mud drying ground to cut the cost of disposing mud waste	-	Under progress
2	Environmental Impact Assessment Summary Report of the Project of Installing Jumbo Packaging System at Phu My Fertilizer Plant was approved by the Ministry of Natural Resource and Environment	-	100,000,000

Environmental protection is of high priority and has achieved some encouraging results:

- » There were no legal violations during the year.
- » Improved the legal process of environmental protection at warehouses, spots and other works in alignment with new law.
- » Applied new cost saving approaches to environmental protection.



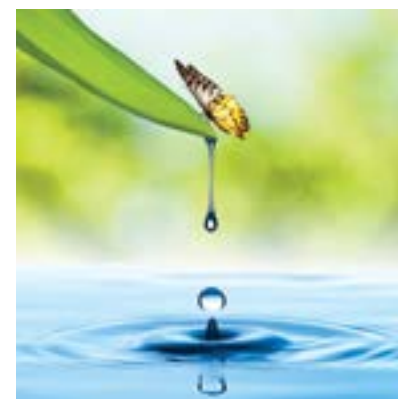
BUILDING A HEALTH, SAFETY AND
ENVIRONMENTAL (HSE) CULTURE

Advanced technology and production facilities with low emission were applied in line with ISO 14001:2004, STOP program and 5S program. In addition, the Corporation has communicated to raise awareness for the staff on environmental protection:

- » Periodic communication on HSE issues, International Environment Day, Earth Hours, Fire Prevention and Protection Day.
- » The contest on HSE Employees was held. Similarly there was participation in the HSE Contest by the Oil & Gas Union, thereby contributed to raise awareness of HSE.
- » Collaborated with the Youth Union to communicate energy saving, with a “Turn Off after Use” initiative in offices.
- » Application of Quarterly HSE Reward to encourage employees’ participation in HSE activities.



EFFICIENT USE OF WATER RESOURCES
AND ENERGY SAVING



- » PVFCCo regularly checked the total usage of water by source (surface water, tap water, recycled water) to ensure the efficient water usage.
- » In 2015, PVFCCo continued to maintain the energy saving in production.
- » Searching for energy saving opportunities in the existing production lines.
- » Application of advanced technologies and energy efficiency approaches as selection criteria in projects bids and tenders.
- » Improved employees’ awareness of energy efficiency through communication.
- » Apply ISO 50001:2011.
- » Provided energy efficiency training for all managers on ISO 50001:2011 standards.

THE MOST RECENT OUTSTANDING HSE ACHIEVEMENT OF PVFCCo AS THE ZERO INCIDENT AT PHU MY FERTILIZER PLANT. THIS WAS ACHIEVED THROUGH HSE AWARENESS ON THE REQUIRED STANDARDS AMONG MANAGERS AND STAFF AS WELL AS THEIR CONTINUOUS EFFORTS. THE IMAGE OF PVFCCo NOW INCLUDES: AN ENTERPRISE WITH AN EYE ON SAFETY AND SUSTAINABLE DEVELOPMENT.



IN 2015, PVFCCo SPENT OVER VND 100 BILLION FOR CSR PROGRAMS

Given encouraging financial performance in 2015, PVFCCo spent VND100 billion in social programs that brings an impact to the communities.

Social security projects have focused on four major areas: Healthcare, Education and Culture, Human Relief and Outer Islands. These annual and long-term programs of community assistance are targeted to the needs of each province, region. They are closely collaborated with central and local authorities and the Vietnam Fatherland Front.

FINANCED TO
CAM VAN COMMUNE MEDICAL
STATION CONSTRUCTION

2.6
VND BILLION



HEALTH CARE

In 2015, PVFCCo continued to finance the construction projects such as health care centers, medical clinics, particularly in the remote, resource-poor areas. The typical projects include clinics at Cam Van Commune, Cam Thuy, Thanh Hoa, all valued at VND2.6 billion.



OUTER ISLANDS

To continue the program of “Outer Islands,” in 2015 PVFCCo spent VND1.7 billion to equip two transport trucks for the High Command of Navy to increase combat-readiness.

Phu My Fertilizer Scholarship continued to support deserving children of the personnel of the Navy, Coast Guard, Lighthouse and fishermen.

Up until now, PVFCCo has contributed VND35 billion for activities toward outer islands.

CONTRIBUTED FOR ACTIVITIES
TOWARD OUTER ISLANDS

35
VND BILLION



EDUCATION AND CULTURE



TOTAL SPONSORSHIPS IN CULTURE
AND EDUCATION IN 2015

70
VND BILLION

In 2015, the total sponsorships for the key areas amounted to VND70 billion. Many schools were built in the remote and access-challenged communities. The typical projects included Lo Ku Primary School (Lo Ku, K'Bang, Gia Lai), Primary School No.1 (Cat Tai, Phu Cat, Binh Dinh), Hai Yen Kindergarten (Cao Loc, Lang Son) and Khoi Ky Secondary School (Dai Tu, Thai Nguyen) etc. These two schools were built in the remote areas to help teacher training and student learning.

There is a Phu My Fertilizer Scholarship that started in 2008. It is recognized as a coveted and valuable scholarship in Vietnam. In 2015,

the total scholarship was valued at VND2 billion, given to 350 hard-working students, including those who achieved high awards at international contests and children of personnel in the navy force, fishery, coast guard and agricultural workers.

In 2015, PVFCCo has supported the provinces to build storm shelters and safety bunkers to meet the needs for disaster prevention and response. The typical shelters are the Public House at Ha Thai Commune, Ha Trung, Thanh Hoa, Public Training Center at Bui Xa Commune, Duc Tho, Ha Tinh, Public Training and Disaster Prevention Center at Chau Hoa Commune, Giong Trom, Ben Tre etc.



SUPPORTING THE COMMUNITIES

PVFCCo under the banner of “Responsibility - Sharing” will continue to commit to be a leading enterprise that fulfills social responsibility to community.



IN 2015, PVFCCo JOINED IN SERIES OF CHARITY ACTIVITIES, SUCH AS, SUPPORTING FAMILIES-VICTIMS OF NATURAL DISASTERS, QUANG BINH POOR PATIENT SPONSOR ASSOCIATION AND OFFERING MEALS TO THOSE PATIENTS DURING TET, SUPPORTED YOUTH VOLUNTEERS AND NEWBORNS VIETNAM FOUNDATION TO TRAIN CAREGIVERS FOR NEWBORNS AND PROVIDED HEALTHCARE EQUIPMENT TO REDUCE INFANT MORTALITY.

During the Lunar New Year, PVFCCo organized a program of “Enjoying Tet with Phu My”. The gifts valued at nearly VND5 billion were granted directly to more than 10,000 difficult families in 40 provinces nationwide.

Despite the economic uncertainty, PVFCCo under the banner of “Responsibility-Sharing” will continue to commit to be a leading enterprise that fulfills social responsibility to community.

There was a deep drought and salinization in South Central and South West as end 2015. The PVFCCo support program supported the farmers in need. The program was valued up to VND7 billion with 12,000 gifts and comprised of water and food for the farming families, building water wells, or bonds to provide the long-term water supply and ensure the sanitary, petrol vouchers to provide material for agricultural machines, well digging machines, drought/salinization-prevention pumps. Nearly 450 tons of Phu My fertilizer was sponsored as a form of agricultural technical support.

SUPPORTED THE FARMERS IMPACTED BY DROUGHT AND SALINIZATION

7 VND BILLION

PROGRAM OF “ENJOYING TET WITH PHU MY”

5 VND BILLION

CONSOLIDATED FINANCIAL STATEMENTS

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STATEMENT
OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of PetroVietnam Fertilizer and Chemicals Corporation - JSC (the “Corporation”) presents this report together with the Corporation’s consolidated financial statements for the year ended 31 December 2015.

THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS

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

Board of Management

Mr. Le Cu Tan	Chairman
Ms. Nguyen Thi Hien	Vice Chairwoman
Mr. Doan Van Nhuom	Member (appointed on 01 January 2016)
Mr. Cao Hoai Duong	Member (resigned on 01 January 2016)
Mr. Nguyen Hong Vinh	Member
Mr. Dinh Quang Hoan	Member (resigned on 27 August 2015)

Board of General Directors

Mr. Doan Van Nhuom	General Director (appointed on 01 January 2016)
Mr. Cao Hoai Duong	General Director (resigned on 01 January 2016)
Mr. Tu Cuong	Deputy General Director
Mr. Hoang Viet Dung	Deputy General Director
Mr. Le Van Quoc Viet	Deputy General Director
Mr. Nguyen Van Tong	Deputy General Director
Mr. Duong Tri Hoi	Deputy General Director
Ms. Le Thi Thu Huong	Deputy General Director
Mr. Huynh Kim Nhan	Chief Accountant

BOARD OF GENERAL DIRECTORS’ STATEMENT OF RESPONSIBILITY

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

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

The Board of General Directors of the Corporation 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 General Directors is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of General Directors,



Nguyen Van Tong
Deputy General Director

21 March 2016
Ho Chi Minh City, S. R. Vietnam

To: The Shareholders
The Boards of Management and General Directors
PetroVietnam Fertilizer and Chemicals Corporation - JSC

We have audited the accompanying consolidated financial statements of PetroVietnam Fertilizer and Chemicals Corporation - JSC (the "Corporation") prepared on 21 March 2016 as set out from page 91 to page 135, which comprise the consolidated balance sheet as at 31 December 2015, the consolidated statement of income, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of General Directors' Responsibility for the Consolidated Financial Statements

The Board of General Directors 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 the Board of General Directors 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 the Board of General Directors, 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Dang Chi Dung
Deputy General Director
Audit Practising Registration Certificate
No. 0030-2013-001-1
For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

21 March 2016
Hanoi, S.R. Vietnam

Vu Manh Hung
Auditor
Audit Practising Registration Certificate
No. 2737-2013-001-1

ASSETS	Codes	Notes	31/12/2015	31/12/2014 (Restated)
A. CURRENT ASSETS	100		8,082,320,730,170	7,200,752,688,114
I. Cash and cash equivalents	110	5	5,690,048,266,789	5,078,299,954,021
1. Cash	111		251,548,266,789	151,773,287,354
2. Cash equivalents	112		5,438,500,000,000	4,926,526,666,667
II. Short-term financial investments	120	6	80,950,000,000	77,119,148,009
1. Held-to-maturity investments	123		80,950,000,000	77,119,148,009
III. Short-term receivables	130		821,016,395,013	406,076,671,375
1. Short-term trade receivables	131	7	110,593,516,567	174,789,878,438
2. Short-term advances to suppliers	132	8	599,720,730,490	88,841,597,580
3. Other short-term receivables	136	9	331,619,897,623	264,036,902,646
4. Provision for short-term doubtful debts	137	10	(220,917,749,667)	(121,591,707,289)
IV. Inventories	140	11	1,365,359,901,358	1,491,901,174,015
1. Inventories	141		1,369,360,058,916	1,492,182,549,952
2. Provision for devaluation of inventories	149		(4,000,157,558)	(281,375,937)
V. Other short-term assets	150		124,946,167,010	147,355,740,694
1. Short-term prepayments	151	12	16,806,463,175	16,540,850,938
2. Value added tax deductibles	152		104,007,880,744	126,299,049,017
3. Taxes and other receivables from the State budget	153	20	4,131,823,091	4,515,840,739
B. NON-CURRENT ASSETS	200		2,836,858,993,077	2,910,257,813,585
I. Long-term receivables	210		22,282,745,091	1,749,902,000
1. Other long-term receivables	216	9	22,282,745,091	1,749,902,000
II. Fixed assets	220		1,853,675,922,763	2,048,617,374,641
1. Tangible fixed assets	221	13	950,883,146,423	1,133,009,443,261
- Cost	222		7,325,699,359,354	7,325,619,743,462
- Accumulated depreciation	223		(6,374,816,212,931)	(6,192,610,300,201)
2. Intangible assets	227	14	902,792,776,340	915,607,931,380
- Cost	228		1,151,101,721,979	1,148,328,298,022
- Accumulated depreciation	229		(248,308,945,639)	(232,720,366,642)
III. Investment properties	230	15	213,918,863,401	274,190,461,027
- Cost	231		257,503,814,400	314,530,971,192
- Accumulated depreciation	232		(43,584,950,999)	(40,340,510,165)
IV. Long-term assets in progress	240		612,341,484,055	246,836,829,085
1. Long-term construction in progress	242	16	612,341,484,055	246,836,829,085
V. Long-term financial investments	250	6	47,372,063,536	230,017,094,841
1. Investments in joint-ventures, associates	252		27,205,933,822	209,850,965,127
2. Equity investments in other entities	253		20,502,000,000	20,502,000,000
3. Provision for impairment of long-term financial investments	254		(335,870,286)	(335,870,286)
VI. Other long-term assets	260		87,267,914,231	108,846,151,991
1. Long-term prepayments	261	12	23,061,447,048	43,566,513,172
2. Deferred tax assets	262	17	64,206,467,183	65,279,638,819
TOTAL ASSET (270 = 100 + 200)	270		10,919,179,723,247	10,111,010,501,699

**CONSOLIDATED
BALANCE SHEET (Continued)**

As at 31 December 2015

FORM B 01-DN/HN
Unit: VND

RESOURCES	Codes	Notes	31/12/2015	31/12/2014 (Restated)
C. LIABILITIES	300		2,371,674,452,992	1,106,070,665,154
I. Current liabilities	310		1,835,490,030,431	1,043,932,696,846
1. Short-term trade payables	311	18	361,321,100,293	364,668,057,846
2. Short-term advances from customers	312	19	63,651,015,476	39,360,737,225
3. Taxes and amounts payable to the State budget	313	20	83,091,150,528	52,084,947,515
4. Payables to employees	314		118,304,455,634	79,926,390,391
5. Short-term accrued expenses	315	21	57,056,342,544	64,130,128,196
6. Short-term unearned revenue	318		700,472,473	21,747,446
7. Other current payables	319	22	1,009,921,782,301	67,855,304,671
8. Short-term loans and obligations under finance leases	320	24	2,133,324,000	93,520,912,889
9. Short-term provisions	321	23	40,184,083,102	217,455,312,628
10. Bonus and welfare funds	322		99,126,304,080	64,909,158,039
II. Long-term liabilities	330		536,184,422,561	62,137,968,308
1. Long-term unearned revenue	336		2,182,443,406	2,853,964,450
2. Other long-term payables	337	22	6,826,964,074	6,177,584,074
3. Long-term loans and obligations under finance leases	338	24	230,138,981,667	1,125,866,779
4. Deferred tax liabilities	341	17	146,185,982,143	-
5. Long-term provisions	342	23	96,551,724,139	-
6. Scientific and technological development fund	343		54,298,327,132	51,980,553,005
D. EQUITY	400		8,547,505,270,255	9,004,939,836,545
I. Owner's equity	410	25	8,547,505,270,255	9,004,939,836,545
1. Owner's contributed capital	411		3,800,000,000,000	3,800,000,000,000
- Ordinary shares carrying voting rights	411a		3,800,000,000,000	3,800,000,000,000
2. Share premium	412		21,179,913,858	21,179,913,858
3. Other owner's capital	414		-	2,397,482,187
4. Treasury shares	415		(2,296,824,120)	(2,296,824,120)
5. Foreign exchange reserve	417		-	(719,794)
6. Investment and development fund	418		3,498,666,363,829	3,495,964,052,370
7. Other reserves	420		-	1,014,770,873
8. Retained earnings	421		1,038,014,367,026	1,469,879,831,035
- Retained earnings accumulated to the prior year end	421a		734,858,823,580	1,040,964,345,963
- Retained earnings of the current year	421b		303,155,543,446	428,915,485,072
9. Non-controlling interests	429		191,941,449,662	216,801,330,136
TOTAL RESOURCES (440=300+400)	440		10,919,179,723,247	10,111,010,501,699

Tran Xuan Thao
Preparer

21 March 2016

Huynh Kim Nhan
Chief Accountant

Nguyen Van Tong
Deputy General Director



**CONSOLIDATED
INCOME STATEMENT**

For the year ended 31 December 2015

FORM B 02-DN/HN
Unit: VND

ITEMS	Codes	Notes	2015	2014 (Restated)
1. Gross revenue from goods sold and services rendered	01		9,851,635,822,033	9,642,700,730,426
2. Deductions	02		86,688,977,560	93,850,877,835
3. Net revenue from goods sold and services rendered (10=01-02)	10	28	9,764,946,844,473	9,548,849,852,591
4. Cost of sales	11	28	6,612,423,997,803	7,121,096,149,422
5. Gross profit from goods sold and services rendered (20=10-11)	20		3,152,522,846,670	2,427,753,703,169
6. Financial income	21	30	256,561,206,512	406,506,623,868
7. Financial expenses	22	31	7,070,545,699	4,729,620,348
- In which: Interest expense	23		2,568,699,865	2,931,385,121
8. Share of net (loss) from associates, joint ventures	24	6	(198,273,817,160)	(279,826,945,025)
9. Selling expenses	25	32	750,985,639,837	701,604,959,417
10. General and administration expenses	26	32	597,075,933,211	570,530,577,008
11. Operating profit (30=20+(21-22)+24-(25+26))	30		1,855,678,117,275	1,277,568,225,239
12. Other income	31	33	25,682,368,809	16,648,055,652
13. Other expenses	32	33	1,087,635,279	9,545,806,055
14. Profit from other activities (40=31-32)	40		24,594,733,530	7,102,249,597
15. Accounting profit before tax (50=30+40)	50		1,880,272,850,805	1,284,670,474,836
16. Current corporate income tax expense	51	34	309,160,303,969	186,726,498,683
17. Deferred corporate tax (income)/expense	52	17	48,651,197,780	(36,514,419,748)
18. Net profit after corporate income tax (60=50-51-52)	60		1,522,461,349,056	1,134,458,395,901
18.1. Profit after tax attributable to the Holding Company	61		1,488,213,481,717	1,096,275,840,370
18.2. Profit after tax attributable to non-controlling interests	62		34,247,867,339	38,182,555,531
19. Basic earnings per share	70	35	3,295	2,506

Tran Xuan Thao
Preparer

21 March 2016

Huynh Kim Nhan
Chief Accountant

Nguyen Van Tong
Deputy General Director



**CONSOLIDATED
CASH FLOW STATEMENT**
For the year ended 31 December 2015

FORM B 03-DN/HN
Unit: VND

ITEMS	Codes	2015	2014 (Restated)
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	1,880,272,850,805	1,284,670,474,836
2. Adjustments for:			
Depreciation and amortisation of fixed assets and investment properties	02	264,527,522,125	268,667,500,841
Provisions	03	304,765,981,944	163,452,258,562
Foreign exchange loss arising from translating foreign currency items	04	33,095,831	104,776,992
(Loss)/gain from investing activities	05	(72,101,740,932)	(125,057,581,292)
Interest expense	06	2,568,699,865	2,931,385,121
Other adjustments	07	-	43,515,737,023
3. Operating profit before movements in working capital	08	2,380,066,409,638	1,638,284,552,083
(Increase) in receivables	09	(57,554,865,569)	(179,353,696,872)
Decrease/(Increase) in inventories	10	90,739,190,276	(138,784,857,872)
Decrease/(Increase) in payables (excluding accrued loan interest and corporate income tax payable)	11	(232,982,368,141)	(400,599,736,783)
Decrease in prepaid expenses	12	19,650,383,838	25,771,110,979
Interest paid	14	(2,568,699,865)	(3,041,817,704)
Corporate income tax paid	15	(279,826,182,950)	(122,523,463,954)
Other cash inflows	16	106,450,370,984	-
Other cash outflows	17	(384,390,450,891)	(212,149,839,874)
Net cash generated by operating activities	20	1,639,583,787,320	607,602,250,004
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(960,351,770,011)	(203,886,105,949)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	71,035,909,091	214,216,539
3. Cash outflow for lending, buying debt instruments of other entities	23	(10,950,000,000)	(5,873,765,094)
4. Cash recovered from lending, selling debt instruments of other entities	24	7,119,148,009	1,663,615,831,634
5. Equity investments in other entities	25	-	(29,363,000,000)
6. Cash recovered from investments in other entities	26	2,238,561,705	135,900,173,400
7. Interest earned, dividends and profits received	27	248,991,636,282	367,559,611,576
Net cash (used in)/generated by investing activities	30	(641,916,514,924)	1,928,166,962,106

ITEMS	Codes	2015	2014 (Restated)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	360,868,957,857	260,870,891,673
2. Repayment of borrowings	34	(176,850,686,644)	(234,682,947,069)
3. Dividends and profits paid	36	(569,893,611,925)	(1,516,104,854,000)
Net cash used in financing activities	40	(385,875,340,712)	(1,489,916,909,396)
Net increase/(decrease) in cash (50=20+30+40)	50	611,791,931,684	1,045,852,302,714
Cash and cash equivalents at the beginning of the year	60	5,078,299,954,021	4,032,386,358,314
Effect of changes in foreign exchange rates	61	(43,618,916)	61,292,993
Cash and cash equivalents at the end of the year (70=50+60+61)	70	5,690,048,266,789	5,078,299,954,021

Tran Xuan Thao
Preparer

21 March 2016

Huynh Kim Nhan
Chief Accountant



Nguyen Van Tong
Deputy General Director

NOTES

TO THE CONSONLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

FORM B 09-DN/HN

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

1. GENERAL INFORMATION

Structure of ownership

PetroVietnam Fertilizer and Chemicals Corporation - JSC (hereinafter referred to as the “Corporation”), formerly known as PetroVietnam Fertilizer and Chemicals Joint Stock Company, was established under Business Registration Certificate No. 4103007696 dated 31 August 2007 and the 13th amendment on 10 March 2016, issued by the Department of Planning and Investment of Ho Chi Minh City. On 01 September 2008, the Corporation officially transformed its operation into parent-subsidiary model in accordance with Resolution No. 01/ND-DHDCD passed at the Shareholders’ General Meeting. Accordingly, the Holding Company - PetroVietnam Fertilizer and Chemicals Corporation - JSC was established from functional departments of PetroVietnam Fertilizer and Chemicals Joint Stock Company, project management units and Phu My Fertilizer Plant. The Corporation’s shares are listed on Ho Chi Minh City Stock Exchange from 05 November 2007 with stock symbol “DPM”.

The parent company of the Corporation is Vietnam Oil and Gas Group which holds 61.37% of its charter capital as at 31 December 2015.

Operating industries and principal activities

The operating industries of the Corporation include:

- » Production and trading of fertilizer, liquid ammonia, industrial gas, other chemicals.
- » Provision of technical services relating to production and trading of fertilizer and other related chemicals (excluding heavily toxic chemicals).
- » Relevant technical consultancy and architecture activities.
- » Production, transmission and distribution of electricity.
- » Trading of real estates, land use rights in all kinds.
- » Sales of agriculture and forestry products (excluding wood, bamboo) and living animals.
- » Goods transport services by inbound waterway and trucks, processing of oil and gas-related products and minerals.
- » Services of vocational training.
- » Services directly supporting waterway transportation; loading and unloading goods; maritime and shipping agency and goods storage.

The principal activities of the Corporation are production and trading of fertilizer used in agriculture.

Normal production and business cycle

The Corporation’s normal production and business cycle is carried out for a time period of 12 months or less.

The Corporation’s structure

As at 31 December 2015, the Corporation had 05 subsidiaries, 03 associates, 01 branch, 01 plant, 01 Project Management Unit and 01 representative office as follows:

- Phu My Fertilizer Plant
- Ho Chi Minh Branch
- Fertilizer and Chemicals Project Management Unit
- Representative office in Myanmar

1. GENERAL INFORMATION (Continued)

The Corporation’s structure (Continued)

The general information about subsidiaries and associates of the Corporation are as follows:

	Place of incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activity	Relationship
Central PetroVietnam Fertilizer and Chemicals JSC	Binh Dinh Province	75	75	Trading of fertilizer and chemicals	Subsidiary
SouthWest PetroVietnam Fertilizer and Chemicals JSC	Can Tho City	75	75	Trading of fertilizer and chemicals	Subsidiary
SouthEast PetroVietnam Fertilizer and Chemicals JSC	Ho Chi Minh City	75	75	Trading of fertilizer and chemicals	Subsidiary
Northern PetroVietnam Fertilizer and Chemicals JSC	Hanoi City	75	75	Trading of fertilizer and chemicals	Subsidiary
PetroVietnam Southern Building and Development JSC (*)	Ho Chi Minh City	81.38	81.38	Construction and installation of civil and industrial works and services provision	Subsidiary
Phu My Fertilizer Packaging JSC	Ba Ria - Vung Tau Province	43.34	43.34	Production of packages	Associate
PetroVietnam Urban Development JSC	Ca Mau City	35.63	35.63	Construction and installation of civil and industrial works and services provision	Associate
PetroVietnam Petrochemical and Textile Fiber JSC	Hai Phong City	25.99	25.99	Production and sale of polyester fibers	Associate

(*) In accordance with Resolution No.15/NQ-PBHC, on 13 January 2016, the Board of Management approved the quotation result to transfer the entire 81.38% of its share capital at PetroVietnam Southern Building and Development Joint Stock Company (“PVFCCo-SBD”). After the transferring process, the Corporation will officially no longer own shares of PVFCCo-SBD.

Disclosure of information comparability in the consolidated financial statements

As stated in Note 3 of the Notes to the consolidated financial statements, since 01 January 2015, the Corporation has adopted Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014 (“Circular 200”) guiding the accounting regime for enterprises and Circular No. 202/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014 (“Circular 202”) guiding the preparation and presentation of consolidated financial statements. Circular 200 supersedes 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 supersedes 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”. Accordingly, certain figures of the consolidated balance sheet as at 31 December 2014, of the consolidated income statement and the consolidated cash flow statement for the year then ended have been restated in accordance with the guidance of Circular 200 and Circular 202 in the preparation and presentation of the consolidated financial statements to enhance their comparability with the current year’s figures.

NOTES

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

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

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. ADOPTION OF NEW ACCOUNTING GUIDANCE

New guidance on accounting regime for enterprises

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC ("Circular 200") guiding the 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 supersedes 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 General Directors has adopted Circular 200 in the preparation and presentation of the consolidated financial statements for the year ended 31 December 2015.

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:

Accounting 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 the Board of General Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Board of General Directors' best knowledge, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and enterprises controlled by the Corporation (its subsidiaries) for the year ended 31 December 2015. This control is achieved where the Corporation has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination (see below) and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

Financial instruments

Initial recognition

Financial assets

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

Financial liabilities

At the date of initial recognition, financial liabilities are recognized at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Corporation comprise borrowings, trade and other payables, accrued expenses, obligations under finance leases and payable provisions.

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.

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TO THE CONSONLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial investments

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Corporation has the positive intent or ability to hold to maturity, including term deposits in banks held to maturity to earn periodic interest.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the consolidated income statement on accrual basis.

Held-to-maturity investments are measured at cost less provision for doubtful debts (if any). Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

Equity investments in other entities

Equity investments in other entities represent the Corporation’s investments in ordinary shares of the entities over which the Corporation has no control, joint control or significant influence.

Equity investments in other entities are carried in the balance sheet at cost less provision for impairment of such investments (if any). Provisions for impairment of such investments are made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance on “Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises”, Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less 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. Issue cost is calculated using the weighted average method, except for issue cost of materials that is calculated using the 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 conditions 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).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible fixed assets and depreciation (Continued)

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:

	2015
	Years
Buildings, structures	5 - 25
Machinery, equipment	3 - 6
Motor vehicles	6 - 10
Office equipment	3 - 8
Others	3

With respect to repairing expenses of fixed assets at Phu My Fertilizer Plant which is on a cyclical basis, the Corporation shall be permitted to accrue such expenses to operating expenses in advance based on annual budget. If actual expenses of repairs are higher than the accrued expenses, then the difference shall be directly charged to operating expenses. If the actual expenses of repairs are lower than the accrued expenses, then the difference shall be accounted for as a reduction of operating expenses of 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 recognised in the consolidated income statement.

Intangible assets and amortization

Intangible assets represent land use rights, patent rights, computer software and other intangible assets which are stated at cost less accumulated amortization. Land use rights having a finite useful life are amortized using the straight-line method over the duration of the right to use the land, Indefinite-term land use rights are not amortized. The patent rights and other intangible assets are amortized using the straight-line method over 6 years. The computer software is amortized using the straight-line method over 3 years.

Operating leases

Operating leases include office and land rentals. Payments under operating leases are charged to profit or loss on a straight-line basis over the lease term.

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 investment 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.

Investment properties

Investment properties are composed of land use rights, buildings and structures held by the Corporation to earn rentals or for capital appreciation. Investment properties held to earn rentals are stated at cost less accumulated depreciation while investment properties held for capital appreciation are stated at cost less impairment loss. The costs of purchased investment properties comprise their purchase prices and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

Investment properties, which are composed of land use rights and buildings and structures of Cuu Long Supermarket-Office Building in Ca Mau Province and PVFCCo Building at 43 Mac Dinh Chi Street, Ho Chi Minh City held by the Corporation to earn rentals, are stated at cost less accumulated depreciation.

Investment properties held to earn rentals are depreciated using the straight-line method over their estimated useful lives as follows:

	2015
	Years
Land use rights	44 - 50
Buildings and structures	25

The Corporation does not depreciate investment properties which are indefinite-term land use rights.

Prepayments

Long-term prepayments include asset insurance premium, land rentals, spare parts and other types of long-term prepayments. Where:

Prepaid land rentals are charged to the income statement on the straight-line basis over the rental term.

Spare parts which are put in use at Phu My Fertilizer Plant are charged to the income statement on the straight-line basis over 6 years in accordance with the depreciation duration of production lines. As at 31 December 2015, the cost of spare parts of Phu My Fertilizer Plant was fully recognized in profit or loss.

Other types of long-term prepayments comprise of tools and supplies issued for consumption and some other expenses which are expected to provide future economic benefits to the Corporation. Such expenditures are charged to the income statement on the straight-line basis from 1.5 to 2 years.

Payable provisions

Payable 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 Board of General Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

Science and Technology Development Fund

Science and Technology Development Fund are appropriated in order to invest for science and technology activities of the Corporation. This Fund was formed on the basis of the Corporation's development demand and technology innovation and is recognized in the operation results of the year.

Revenue recognition

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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

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

Revenue from leasing investment property is recognized in profit or loss on the straight-line basis over the lease term.

Financial income mainly comprises interest on demand and term deposits, and foreign exchange gains. Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate. Dividend income from investments is recognised 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". 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 income statement. Unrealised exchange gains as at the balance sheet date are not treated as part of distributable profit to shareholders.

Under the guidance of Official Letter No. 4360/DKVN-TCKT dated 31 December 2015 and Official Letter No. 3124/DKVN-TCKT dated 13 May 2015 issued by Vietnam Oil and Gas Group, the Corporation applied the buying rate announced by the Joint Stock Commercial Bank for Foreign Trade of Vietnam to translate monetary items denominated in foreign currencies as at 31 December 2015. The above mentioned rate differs from that stated in Circular No. 200/2014/TT-BTC issued on 22 December 2014 by the Ministry of Finance guiding the accounting regime for enterprises. However, such difference has no material influence on the Corporation's consolidated financial statements for the year ended 31 December 2015.

Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard "Borrowing costs". Accordingly, 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. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

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TO THE CONSONLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

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

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

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

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

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

	31/12/2015	31/12/2014
	VND	VND
Cash on hand	1,519,452,312	1,451,261,470
Cash in bank	250,028,814,477	150,322,025,884
Cash equivalents (*)	5,438,500,000,000	4,926,526,666,667
	5,690,048,266,789	5,078,299,954,021

(*) Cash equivalents represent the time deposits for original terms from 1 to 3 months at commercial banks with the interest rates ranging from 0.8% to 5.3% per annum.

6. FINANCIAL INVESTMENTS

	31/12/2015		31/12/2014	
	Cost VND	Carrying amount VND	Cost VND	Carrying amount VND
Short-term held-to-maturity investments				
Term deposits	80,950,000,000	80,950,000,000	77,119,148,009	77,119,148,009

Short-term held-to-maturity investments as at 31 December 2015 represent time deposits with original terms of more than 3 months and remaining terms of less than 12 months from the reporting date at commercial banks with interest rates ranging from 4.5% to 5.1% per annum.

6. FINANCIAL INVESTMENTS (Continued)

	31/12/2015				31/12/2014			
	Cost VND	Cost under equity method VND	Fair value VND		Cost VND	Cost under equity method VND	Fair value VND	
Investments in associates	680,903,000,000	27,205,933,822	25,483,920,000		662,700,000,000	209,850,965,127	-	
PetroVietnam Urban Development JSC	100,000,000,000	-	-		100,000,000,000	11,461,412,775	-	
PetroVietnam Petrochemical and Textile Fiber JSC	562,700,000,000	-	-		562,700,000,000	198,389,552,352	-	
Phu My Fertilizer Packaging Joint Stock Company	18,203,000,000	27,205,933,822	25,483,920,000		-	-	-	
Investments in other entities	20,502,000,000	(335,870,286)	-		20,502,000,000	(335,870,286)	-	
Petroleum Information Technology Telecom and Automation JSC	3,600,000,000	(335,870,286)	-		3,600,000,000	(335,870,286)	-	
Ut Xi Aquatic Products Processing Corporation	16,902,000,000	-	-		16,902,000,000	-	-	

As stipulated in Circular No. 200/2014/TT-BTC dated 22 December 2014, the fair value of the investments in associates and other entities as at 31 December 2015 should be presented. The Corporation has determined the fair value of investments in Phu My Fertilizer Packaging JSC based on listed price of shares on the stock exchange and the number of shares currently held by the Corporation (as at 31 December 2014, its shares were not listed on a stock exchange; therefore the Corporation was unable to collect reliable information in order to determine the fair value of these investments).

For the remaining investments, these companies have not had their shares listed on a stock exchange yet and the Corporation was unable to collect reliable information in order to determine their fair value. Accordingly, the fair value of such investments as at 31 December 2015 has not been determined and presented in the Notes to the consolidated financial statements as per Circular No. 200/2014/TT-BTC.

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TO THE CONSONLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

6. FINANCIAL INVESTMENTS (Continued)

A summary of financial information of the Corporation's associates is as follows:

	31/12/2015			31/12/2014		
	Total assets	Total liabilities	Net assets of the Corporation	Total assets	Total liabilities	Net assets of the Corporation
	VND	VND	VND	VND	VND	VND
	6,923,094,964,214	7,378,785,674,715	(455,690,710,501)	7,800,828,506,176	6,948,750,206,622	852,078,299,554
PetroVietnam Urban Development JSC	330,360,207,714	330,105,596,040	254,611,674	337,765,450,027	334,323,055,159	3,442,394,868
PetroVietnam Petrochemical and Textile Fiber JSC	6,468,231,735,297	6,987,058,617,336	(518,826,882,039)	7,353,654,378,479	6,565,344,671,260	788,309,707,219
Phu My Fertilizer Packaging Joint Stock Company	124,503,021,203	61,621,461,339	62,881,559,864	109,408,677,670	49,082,480,203	60,326,197,467
	2015			2014		
	Net revenue	Net profit/(loss)	Profit/(loss) from associates	Net revenue	Net profit/(loss)	Profit/(loss) from associates
	VND	VND	VND	VND	VND	VND
	2,306,393,696,475	(1,299,200,777,978)	(198,273,817,160)	1,494,601,943,752	(1,107,155,444,918)	(279,826,945,025)
PetroVietnam Urban Development JSC	176,246,743,797	(3,187,783,194)	(1,217,034,592)	119,657,880,948	(28,161,107,257)	210,575,667
PetroVietnam Petrochemical and Textile Fiber JSC	1,835,314,470,723	(1,307,136,589,258)	(198,073,176,098)	1,146,489,282,320	(1,089,171,805,579)	(280,037,520,692)
Phu My Fertilizer Packaging Joint Stock Company	294,832,481,955	11,123,594,474	1,016,393,530	228,454,780,484	10,177,467,918	-

7. SHORT-TERM TRADE RECEIVABLES

	31/12/2015	31/12/2014
	VND	VND
Tuan Vu Fertilizer Commercial and Services Company	11,223,207,929	-
Hong Long Company	10,236,830,890	11,231,088,831
Lam Son Overall Management Company	7,438,580,996	5,994,257,232
Kim Hoang Private Enterprise	11,977,390,570	25,483,271,253
Related parties (as presented in Note 39)	14,856,636,589	5,501,885,160
Others	54,860,869,593	126,579,375,962
	110,593,516,567	174,789,878,438

8. SHORT-TERM ADVANCES TO SUPPLIERS

	31/12/2015	31/12/2014
	VND	VND
Technip Italy S.p.A	180,551,547,337	-
Thyssenkrupp Industrial Solution (India) Private Limited	93,223,527,025	-
TOYO Vietnam Corporation	-	59,325,000,000
Ngoc Lan Manufacturing and Commercial Limited Company	9,153,800,000	9,153,800,000
Related parties (as presented in Note 39)	303,892,974,389	7,165,677,758
Others	12,898,881,739	13,197,119,822
	599,720,730,490	88,841,597,580

9. OTHER RECEIVABLES

	31/12/2015	31/12/2014 (Restated)
	VND	VND
Other short-term receivables		
PetroVietnam Trade Union Finance Investment Corporation (PVFI)	110,143,267,289	110,143,267,289
PetroVietnam Petrochemical and Textile Fiber ISC (i)	101,620,682,378	-
Accrued interest income from term deposits	22,511,181,846	20,177,721,324
PetroVietnam Northern Gas JSC (ii)	12,792,091,037	12,792,091,037
Advances to employees	3,307,722,538	1,627,791,124
Short-term deposits	47,000,000	51,000,000
VAT refund to Phu My Fertilizer Plant	17,851,484,482	106,450,370,984
Discount receivables from suppliers	51,589,780,848	-
Others	11,756,687,205	12,794,660,888
	331,619,897,623	264,036,902,646
Other long-term receivables		
Long-term deposits	1,167,836,000	949,902,000
Capital contribution (iii)	21,114,909,091	800,000,000
	22,282,745,091	1,749,902,000

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

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

9. OTHER RECEIVABLES (Continued)

- (i) The balance receivable from PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX") as at 31 December 2015 represents a payment under the reciprocal guarantee commitment for short- and medium-term loans of PVTEX. Payment obligations arose from the fact that Corporation signed two reciprocal guarantee commitments with the Group relating to the guarantee obligations of the Group for short- and medium-term loans of PVTEX. In 2014, the Group guaranteed and paid a total amount of VND 389.4 billion, representing a part of the medium-term loan for the plan construction purpose and the short-term plan for the commissioning purpose with the same interest rate, on behalf of PVTEX. Accordingly, the Corporation returned an amount of VND 101.2 billion, corresponding to the Corporation's capital proportion in PVTEX, to the Group.

According to the Memorandum of Agreement between PVN, PVTEX and the Corporation, PVN shall be responsible for collecting the principal of and interest on the guarantees having paid by parties on behalf of PVTEX. Within 7 days from the day PVN receives debt payments from PVTEX (including both the principal and interest), PVN will return an amount which is calculated based on the Corporation's capital proportion in PVTEX to the Corporation. The interest rate is determined by the demand deposit interest rate announced by the Commercial Joint Stock Bank for Foreign Trade of Vietnam. The interest calculation period starts from the day the Corporation pays the reciprocal guarantee amount to PVN.

As at 31 December 2015, the Board of General Directors assessed the recoverability of this receivable at low level as the accumulated losses of PVTEX had exceeded its equity, and PVTEX was unable to meet its financial obligations as and when they fall due. Therefore, the Board of General Directors decided to make a full provision for this receivable.

- (ii) The balance receivable from PetroVietnam Northern Gas Joint Stock Company ("PVGN") as at 31 December 2015 represents a damage insurance amount with regard to Da Nang Warehouse construction. This amount was paid by the insurance company but has not been transferred to the Corporation by PVGN yet.
- (iii) Represent the amount of capital contribution in CO₂ commercial products project of PetroVietnam Southern Building and Development Joint Stock Company ("PVSBD") signed with F.A Joint Stock Company and Phu My Fertilizer Plant as per Business Cooperation Contract without establishing a legal entity No. BCC279/2014/PVFCCo/HC-SBD-FA dated 06 May 2014. Under the terms of the Contract, the total capital contribution of PVSBD is VND 64 billion. As at 31 December 2015, PVSBD contributed approximately VND 21.1 billion.

10. BAD DEBTS

	31/12/2015		31/12/2014	
	Cost VND	Recoverable amount VND	Cost VND	Recoverable amount VND
Doubtful debts	220,917,749,667	-	119,297,067,289	-
PetroVietnam Trade Union Finance Investment Corporation(i)	110,143,267,289	-	110,143,267,289	-
Ngoc Lan Private Enterprise (ii)	9,153,800,000	-	9,153,800,000	-
PetroVietnam Petrochemical and Textile Fiber ISC (iii)	101,620,682,378	-	-	-
Recoverable debts	-	-	2,294,640,000	2,294,640,000
Others	-	-	2,294,640,000	2,294,640,000

10. BAD DEBTS (Continued)

- (i) The Corporation made a full provision for the receivables amount from PetroVietnam Trade Union Finance Investment Corporation in the financial statements for the year ended 31 December 2012.
- (ii) The Corporation made a full provision for the receivables amount from Ngoc Lan Private Enterprise in the financial statements for the year ended 31 December 2011.
- (iii) The Corporation made a full provision for the receivable from PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX") with regard to reciprocal guarantee commitments for medium-term and long-term loans of PVTEX as stated in Note 9.

11. INVENTORIES

	31/12/2015		31/12/2014	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	87,407,094,183	-	288,454,892,852	-
Raw materials	335,681,802,319	-	499,192,205,959	-
Tools and supplies	9,633,946,053	-	4,852,076,337	-
Work in progress	28,769,617,579	-	46,750,905,139	-
Finished goods	192,347,388,684	-	344,320,570,248	-
Merchandise	715,520,210,098	(4,000,157,558)	308,611,899,417	(281,375,937)
Total	1,369,360,058,916	(4,000,157,558)	1,492,182,549,952	(281,375,937)

As at 31 December 2015, the Corporation made provisions for devaluation of inventories which are merchandise having costs higher than net realisable values with an amount of VND 4,000,157,558 (as at 31 December 2014: VND 281,375,937).

12. PREPAYMENTS

	31/12/2015 VND	31/12/2014 VND
Short-term		
Asset insurance prepayment	10,124,705,794	9,518,700,811
Others	6,681,757,381	7,022,150,127
	16,806,463,175	16,540,850,938
Long-term		
Land and office rentals	11,819,525,887	9,573,023,571
Tools and supplies	4,248,106,956	15,734,967,845
Others	6,993,814,205	18,258,521,756
	23,061,447,048	43,566,513,172

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TO THE CONSONLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

13. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery, equipment	Motor vehicles	Office equipment	Others	Total
	VND	VND	VND	VND	VND	VND
COST						
As at 01/01/2015	1,637,402,590,773	5,432,191,851,881	126,207,669,681	122,457,969,152	7,359,661,975	7,325,619,743,462
New purchases	2,438,863,094	30,831,147,247	15,427,127,453	39,716,271,633	-	88,413,409,427
Transfer from construction in progress	-	3,782,000,000	-	-	1,460,533,730	5,242,533,730
Disposals	-	(328,214,510)	(2,481,907,208)	(3,645,235,006)	-	(6,455,356,724)
Other increase/(Decrease)	-	779,934,982	731,360,000	(651,806,982)	-	859,488,000
Decrease due to capital divestment from Phu My Fertilizer Packaging JSC	(30,565,858,231)	(55,884,393,303)	(1,400,728,931)	(129,478,076)	-	(87,980,458,541)
As at 31/12/2015	1,609,275,595,636	5,411,372,326,297	138,483,520,995	157,747,720,721	8,820,195,705	7,325,699,359,354
ACCUMULATED DEPRECIATION						
As at 01/01/2015	835,803,982,739	5,195,716,107,958	81,508,071,921	76,657,076,568	2,925,061,015	6,192,610,300,201
Charge for the year	89,705,450,736	112,849,920,060	10,771,007,991	22,440,380,216	2,500,456,829	238,267,215,832
Disposals	(432,420,467)	(329,367,879)	(1,647,553,841)	(3,574,959,329)	-	(5,984,301,516)
Decrease due to capital divestment from Phu My Fertilizer Packaging JSC	(10,327,494,865)	(38,565,867,434)	(1,049,120,115)	(134,519,172)	-	(50,077,001,586)
As at 31/12/2015	914,749,518,143	5,269,670,792,705	89,582,405,956	95,387,978,283	5,425,517,844	6,374,816,212,931
NET BOOK VALUE						
As at 31/12/2015	694,526,077,493	141,701,533,592	48,901,115,039	62,359,742,438	3,394,677,861	950,883,146,423
As at 31/12/2014	801,598,608,034	236,475,743,923	44,699,597,760	45,800,892,584	4,434,600,960	1,133,009,443,261

The cost of the Corporation's tangible fixed assets as at 31 December 2015 includes VND 5,379,131,033,588 (31 December 2014: VND 5,363,972,216,156) of tangible assets which have been fully depreciated but are still in use.

As at 31 December 2015, certain buildings and structures, machinery and equipment and motor vehicles with the residual values of approximately VND 10.43 billion have been pledged to secure bank loans (see Note 24).

14. DECREASES, INCREASES IN INTANGIBLE ASSETS

	Land uses rights	Patent copyright	Computer software	Others	Total
	VND	VND	VND	VND	VND
COST					
As at 01/01/2015	913,888,881,862	171,736,726,176	52,367,493,588	10,335,196,396	1,148,328,298,022
Addition in the year	-	1,977,793,869	1,313,573,361	-	3,291,367,230
Disposal	-	-	(85,064,909)	(43,636,364)	(128,701,273)
Decrease due to capital divestment from Phu My Fertilizer Packaging JSC	-	-	(36,000,000)	(353,242,000)	(389,242,000)
As at 31/12/2015	913,888,881,862	173,714,520,045	53,560,002,040	9,938,318,032	1,151,101,721,979
ACCUMULATED AMORTISATION					
As at 01/01/2015	16,379,378,701	169,035,688,047	37,091,149,725	10,214,150,169	232,720,366,642
Charge for the year	5,005,600,203	2,595,868,374	8,362,752,886	110,143,108	16,074,364,571
Disposal	-	-	(63,810,329)	(32,733,245)	(96,543,574)
Decrease due to capital divestment from Phu My Fertilizer Packaging JSC	-	-	(36,000,000)	(353,242,000)	(389,242,000)
As at 31/12/2015	21,384,978,904	171,631,556,421	45,354,092,282	9,938,318,032	248,308,945,639
NET BOOK VALUE					
As at 31/12/2015	892,503,902,958	2,082,963,624	8,205,909,758	-	902,792,776,340
As at 31/12/2014	897,509,503,161	2,701,038,129	15,276,343,863	121,046,227	915,607,931,380

The cost of the Corporation's intangible assets as at 31 December 2015 includes VND 178,416,446,555 (31 December 2014: VND 178,805,688,555) of intangible assets which have been fully amortized but are still in use.

15. INCREASES, DECREASES IN INVESTMENT PROPERTIES

	Land uses rights	Buildings and structures	Total
	VND	VND	VND
COST			
As at 01/01/2015	84,498,516,000	230,032,455,192	314,530,971,192
Transfer from construction in progress	1,825,000,000	-	1,825,000,000
Disposals	(24,500,000,000)	(34,352,156,792)	(58,852,156,792)
As at 31/12/2015	61,823,516,000	195,680,298,400	257,503,814,400
ACCUMULATED DEPRECIATION			
As at 01/01/2015	6,092,502,718	34,248,007,447	40,340,510,165
Charge for the year	1,330,844,702	8,855,097,020	10,185,941,722
Disposals	-	(6,941,500,888)	(6,941,500,888)
As at 31/12/2015	7,423,347,420	36,161,603,579	43,584,950,999
NET BOOK VALUE			
As at 31/12/2015	54,400,168,580	159,518,694,821	213,918,863,401
As at 31/12/2014	78,406,013,282	195,784,447,745	274,190,461,027

NOTES

TO THE CONSONLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

15. INCREASES, DECREASES IN INVESTMENT PROPERTIES (Continued)

Investment properties represent land use rights and buildings and structures of Cuu Long Supermarket-Office Building in Ca Mau Province and PVFCCo Building at 43 Mac Dinh Chi Street, Ho Chi Minh City which were held to earn rentals.

According to VAS No. 05 - Investment Properties, fair value of investment properties at the balance sheet date is required to be disclosed. However, the Corporation has not determined the fair value as at 31 December 2015; therefore, no information about the fair value is stated at the notes to the consolidated financial statements.

16. CONSTRUCTION IN PROGRESS

	31/12/2015 VND	31/12/2014 VND
Construction in progress	612,341,484,055	246,836,829,085
In which:		
UFC 85/Formaldehyde factory project (*)	348,243,750,831	75,732,962,614
NH ₃ and NPK project	108,329,487,319	23,451,226,161
Ammonia project	46,248,899,367	46,248,899,367
Apartment buildings for employees	36,342,070,618	36,342,070,618
Tay Ninh warehouse	24,001,000,364	23,573,596,728
Other projects	49,176,275,556	41,488,073,597
	612,341,484,055	246,836,829,085

(*) The UFC 85/Formaldehyde project with total value invested up to VND 500 billion has basically been accomplished and currently in the trial progress. The project is expected to be handed-over and start operating in the first quarter of 2016. As stated in Note 24, the Corporation has pledged the entire investment cost of the construction project on UFC85/Formaldehyde factory with the amount as at 31 December 2015 amounting to more than VND 348 billion to ensure long-term loans obtained from Vietnam Public Commercial Joint Stock Bank- Ho Chi Minh City Branch.

17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets

	Provision for short-term doubtful debts	Accrued expenses not yet invoiced	Unearned revenue	Others	Total
	VND	VND	VND	VND	VND
As at 01/01/2014	13,767,908,411	11,656,179,678	3,341,130,982	-	28,765,219,071
Charge for the year	(6,498,452,770)	30,179,691,223	5,681,380,012	7,151,801,283	36,514,419,748
As at 01/01/2015	7,269,455,641	41,835,870,901	9,022,510,994	7,151,801,283	65,279,638,819
Charge for the year	15,087,094,482	(12,688,721,196)	(4,140,575,309)	669,030,387	(1,073,171,636)
As at 31/12/2015	22,356,550,123	29,147,149,705	4,881,935,685	7,820,831,670	64,206,467,183

17. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Deferred tax liabilities

	2015 VND
As at 01 January	-
Effect of elimination of provisions made for devaluation of investment in associates before 2015	98,607,955,999
Charge for the year	47,578,026,144
As at 31/12/2015	146,185,982,143

18. SHORT-TERM TRADE PAYABLES

	31/12/2015		31/12/2014	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
TOYO Vietnam Corporation	-	-	29,662,500,000	29,662,500,000
Baker Hughes Asia Pacific Ltd.,	16,849,383,370	16,849,383,370	12,005,037,500	12,005,037,500
Related parties (see in Note 39)	200,604,081,795	200,604,081,795	234,170,436,834	234,170,436,834
Others	143,867,635,128	143,867,635,128	88,830,083,512	88,830,083,512
	361,321,100,293	361,321,100,293	364,668,057,846	364,668,057,846

19. SHORT-TERM ADVANCES FROM CUSTOMERS

	31/12/2015 VND	31/12/2014 VND
Huu Thanh Limited Company	7,859,050,000	44,389,500
Related parties (as presented in Note 39)	6,212,372,132	5,015,288,623
Others	49,579,593,344	34,301,059,102
	63,651,015,476	39,360,737,225

NOTES

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

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

20. TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

ITEMS	Movement during the year				31/12/2015 VND
	01/01/2015 VND	Amount payable VND	Amount paid VND	Decrease due to divesting capital VND	
a) Tax receivables					
Corporate income tax	3,152,818,774	-	-	-	3,152,818,774
Personal income tax	1,360,021,965	15,827,935,511	15,446,917,863	-	979,004,317
License tax	3,000,000	3,000,000	-	-	-
Total	4,515,840,739	15,830,935,511	15,446,917,863	-	4,131,823,091
b) Tax payables					
VAT on domestic goods	462,406,107	10,762,073,572	9,552,260,479	(51,041,589)	1,621,177,611
VAT on imports	-	25,290,085,789	25,290,085,789	-	-
Import-export duties	-	64,731,936,255	64,731,936,255	-	-
Corporate income tax	48,951,016,887	309,160,303,969	279,826,182,950	(653,071,846)	77,632,066,060
Personal income tax	2,615,904,322	26,205,509,127	24,965,035,793	(54,848,079)	3,801,529,577
Natural resource tax	30,299,840	345,331,840	346,190,400	-	29,441,280
Environmental protection tax	498,000	49,680,000	43,242,000	-	6,936,000
Business tax	-	30,000,000	30,000,000	-	-
Foreign contractor withholding tax	24,822,359	15,124,562,985	15,149,385,344	-	-
Other taxes	-	16,779,250	16,779,250	-	-
Total	52,084,947,515	451,716,262,787	419,951,098,260	(758,961,514)	83,091,150,528

21. SHORT-TERM ACCRUED EXPENSES

	31/12/2015 VND	31/12/2014 (Restated) VND
Short-term accrued expenses		
Social security expenses (*)	18,624,552,700	32,058,808,019
Others	38,431,789,844	32,071,320,177
	57,056,342,544	64,130,128,196

(*) Social security expenses for the year were accrued in accordance with Resolution No. 998/NQ-DKVN dated 04 May 2015 on "Acceptance for the solution of expenditure allocation of Vietnam Oil and Gas Group and companies in the Group to implement social security projects in 2015". Accordingly, expenditure allocated to the Corporation in 2015 was VND 95 billion. As at 31 December 2015, the balance of social security expenses payable to beneficiaries was VND 18,624,552,700.

22. OTHER PAYABLES

	31/12/2015 VND	31/12/2014 VND
Short-term payables		
Dividend payables	975,031,896,789	25,188,468,714
Discount payables	15,207,128,913	17,993,485,335
Other short-term payables	19,682,756,599	24,673,350,622
	1,009,921,782,301	67,855,304,671
Other long-term payables		
Long-term deposits	6,826,964,074	6,177,584,074
	6,826,964,074	6,177,584,074

23. PROVISION PAYABLES

	31/12/2015 VND	31/12/2014 VND
Short-term		
Accrued repair and maintenance costs for Phu My Fertilizer Plant in 2015	-	217,105,262,533
Accrued GAS TURBINE maintenance costs in 2016	39,680,210,528	-
Provision for warranty for construction works	503,872,574	350,050,095
	40,184,083,102	217,455,312,628
Long-term		
Accrued repair and maintenance costs for Phu My Fertilizer Plant in 2017	96,551,724,139	-
	96,551,724,139	-

24. LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Short-term loans and obligations under finance leases

ITEMS	31/12/2014		Movement in the year		31/12/2015	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Short-term loans	91,740,870,923	91,740,870,923	122,258,204,224	171,039,367,131	-	-
JSC Bank for Foreign Trade of Vietnam - Vung Tau Branch	21,455,796,223	21,455,796,223	106,036,629,899	96,292,632,206	-	-
Vietnam Prosperity Commercial Joint Stock Bank - Vung Tau Branch	5,308,574,700	5,308,574,700	4,461,660,225	9,770,234,925	-	-
Military Commercial Joint Stock Bank - Vung Tau Branch	-	-	11,759,914,100	-	-	-
JSC Bank for Investment and Development of Vietnam - Binh Dinh Branch	52,500,000,000	52,500,000,000	-	52,500,000,000	-	-
Military Commercial Joint Stock Bank - Vo Van Tan Transaction office	12,476,500,000	12,476,500,000	-	12,476,500,000	-	-
Current portion of long-term loans	1,780,041,966	1,780,041,966	3,419,655,166	3,066,373,132	2,133,324,000	2,133,324,000
Vietnam Public Joint Stock Commercial Bank	1,115,831,634	1,115,831,634	-	1,115,831,634	-	-
JSC Bank for Foreign Trade of Vietnam - Vung Tau Branch	664,210,332	664,210,332	1,286,331,166	1,950,541,498	-	-
Nam A Commercial Joint Stock Bank - An Dong Branch	-	-	1,999,992,000	-	1,999,992,000	1,999,992,000
Nam A Commercial Joint Stock Bank - Hoa Binh Transaction office	-	-	133,332,000	-	133,332,000	133,332,000
	93,520,912,889	93,520,912,889	125,677,859,390	174,105,740,263	2,133,324,000	2,133,324,000

24. LOANS AND OBLIGATIONS UNDER FINANCE LEASES (Continued)

Long-term loans and obligations under finance lease

ITEMS	31/12/2014		Movement in the year		31/12/2015	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Vietnam Public JSC Bank - Ho Chi Minh Branch (i)	-	-	226,950,078,667	-	226,950,078,667	226,950,078,667
Vietnam Public JSC Bank	1,245,382,915	1,245,382,915	-	1,245,382,915	-	-
JSC Bank for Foreign Trade of Vietnam - Vung Tau Branch	1,660,525,830	1,660,525,830	5,260,674,966	3,488,163,598	3,433,037,198	-
Nam A Commercial Joint Stock Bank - An Dong Branch (ii)	-	-	6,000,000,000	999,996,000	-	5,000,004,000
Nam A Commercial Joint Stock Bank - Hoa Binh Transaction Office (iii)	-	-	400,000,000	77,777,000	-	322,223,000
Total	2,905,908,745	2,905,908,745	238,610,753,633	5,811,319,513	232,272,305,667	232,272,305,667
In which:						
Amount due for settlement within 12 months	1,780,041,966					2,133,324,000
Amount due for settlement after 12 months	1,125,866,779					230,138,981,667

(i) Represents the long-term loan Credit Agreement No. 03/2015/HDDA-PVB-CNHCM,QLDT dated 26 January 2015 between the Corporation and Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh Branch with the credit limit of VND 347,574,411,133 to finance the construction project on UFC85/Formaldehyde factory of which the Corporation acts as the investment owner. The maximum loan term is 120 months from the first disbursement date. The loan interest rate is determined by reference interest plus margin interest (2.5% per annum). Interest will be payable once every 06 months based on the actual outstanding balance on the 26th every month.

The Corporation has mortgaged the entire value of Factory construction project at Phu My Industrial Zone in Ba Ria - Vung Tau Province to secure for the loan above.

NOTES**TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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

24. LOANS AND OBLIGATIONS UNDER FINANCE LEASES (Continued)

- (ii) Represents the loan under Installment Credit Contract No. 0103/2015/925 dated 26 June 2015 with Nam A Commercial Joint Stock Bank - An Dong Branch with the amount of VND 6,000,000,000. The loan term is 36 months from the contract date for the purpose of purchasing 03 Daewoo FX12 passenger buses. The interest rate is 11.2% p.a. and adjustable once every three (03) months. The loan interest is payable on the 29th every month. The loan is secured by three (03) 47-seat-Daewoo FX12 passenger buses. The loan balance as at 31 December 2015 was VND 5,000,004,000.
- (iii) Represents the loan under Installment Credit Contract No. 0089/2015/925 dated 28 May 2015 with Nam A Commercial Joint Stock Bank - Hoa Binh Branch with the amount of VND 400,000,000. The loan term is 36 months from the contract date for the purpose of purchasing vehicles. The loan interest rate is 11.2% p.a. and adjustable once every three (03) month. The interest is payable on the 29th every month. The loan is secured by the 5-seat Ford Ranger Pick-up 4x2 XLS AL. The loan balance as at 31 December 2015 was VND 322,223,000.

Long-term loans are repayable as follows:

	31/12/2015 VND	31/12/2014 VND
Within one year	2,133,324,000	1,780,041,966
In the second year	2,133,324,000	793,761,613
In the third to fifth year inclusive	228,005,657,667	332,105,166
After five years	-	-
	232,272,305,667	2,905,908,745
Less: Amount due for settlement within 12 months (shown under current liabilities)	2,133,324,000	1,780,041,966
Amount due for settlement after 12 months	230,138,981,667	1,125,866,779

25. OWNER'S EQUITY

Movement in owner's equity:

	Owner's contributed capital		Other owner's capital	Share premium	Treasury Shares	Foreign exchange reserve	Investment and development fund	Financial reserve fund		Other reserves	Retained earnings	Non-controlling interests
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
Balance as at 01/01/2014	3,800,000,000,000	977,787,044	21,179,913,858	(2,296,824,120)	(264,120,169)	2,526,156,314,757	962,866,860,541	1,014,770,873	2,036,381,182,804			210,122,568,769
Profit for the year	-	-	-	-	-	-	-	-	-	1,096,275,840,370		38,182,555,531
Profit distribution	-	-	-	-	-	-	3,014,884,509	5,345,687,706	-	(8,360,572,215)		-
Allocation to bonus and welfare funds	-	-	-	-	-	-	-	-	-	(132,748,113,582)		(3,490,631,739)
Dividends declared	-	-	-	-	-	-	-	-	-	(1,519,737,040,000)		(28,042,035,007)
Other increases/(decreases)	-	1,419,695,143	-	-	263,400,375	(1,419,695,143)	-	-	-	(1,931,466,342)		28,872,582
Balance as at 31/12/2014	3,800,000,000,000	2,397,482,187	21,179,913,858	(2,296,824,120)	(719,794)	2,527,751,504,123	968,212,548,247	1,014,770,873	1,469,879,831,035			216,801,330,136
Reclassification under Circular No. 200	-	-	-	-	-	-	968,212,548,247	(968,212,548,247)	-	-		-
Balance as at 01/01/2015	3,800,000,000,000	2,397,482,187	21,179,913,858	(2,296,824,120)	(719,794)	3,495,964,052,370	-	1,014,770,873	1,469,879,831,035			216,801,330,136
Profit for the year	-	-	-	-	-	-	-	-	1,488,213,481,717			34,247,867,339
Profit distribution (1)	-	-	-	-	-	-	4,386,836,518	-	(4,386,836,518)			-
Appropriation to bonus and welfare funds (1)	-	-	-	-	-	-	-	-	(291,337,417,673)			(5,728,298,310)
Dividends declared (2)	-	-	-	-	-	-	-	-	(1,519,737,040,000)			(23,865,144,656)
Funds transfer	-	-	-	-	-	-	1,014,770,873	-	(1,014,770,873)			-
Increase/(decrease) due to capital divestment from Phu My Fertilizer Packaging JSC	-	(2,038,211,449)	-	-	-	-	(2,294,797,393)	-	4,333,008,842			(34,237,899,815)
(Decrease) due to changes in opening balances of associates	-	-	-	-	-	-	-	-	(10,560,754,437)			-
Adjustment under Circular 202 (3)	-	-	-	-	-	-	-	-	(98,607,955,999)			-
Other adjustments	-	(359,270,738)	-	-	-	719,794	(404,498,539)	-	218,050,059			4,723,594,968
Balance as at 31/12/2015	3,800,000,000,000	-	21,179,913,858	(2,296,824,120)	-	-	3,498,666,363,829	-	1,038,014,367,026			191,941,449,662

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

25. OWNER'S EQUITY (Continued)

Movement in owner's equity: (Continued)

(1) Profit distribution includes appropriations to Bonus and welfare funds, and Investment and Development fund of the Corporation and its member units under the Resolution passed at the General Shareholders' Meeting of the Corporation and its member units.

(2) In 2015, the Corporation declared to pay the remaining dividend from the 2014 after-tax profit amounting to VND 569,901,390,000 (equivalent to VND 1,500 per share) under Resolution No. 23/NQ-DHDCD dated 22 April 2015, and the Corporation also made the first interim dividend advance from the 2015 after-tax profit amounting to VND 949,835,650,000 (equivalent to VND 2,500 per share) in accordance with Decision No.1064/NQ-HDQT dated 11 December 2015 of the Chairman.

(3) Under Circular No.202/2014/TT-BTC, the Corporation wrote down the retained earnings and also wrote up the deferred tax liabilities arising on the elimination of the made provision for impairment of the investments in the two associates, including PetroVietnam Petrochemical and Textile Fiber JSC ("PVTEX") and PetroVietnam Urban Development JSC ("PVC-Mekong"), for the period before 2015 (see more in Note 17).

Shares	31/12/2015	31/12/2014
Number of shares issued to public		
+ Common shares	380,000,000	380,000,000
+ Preferred shares	-	-
Number of treasury shares		
+ Common shares	65,740	65,740
+ Preferred shares	-	-
Number of outstanding shares in circulation		
+ Common shares	379,934,260	379,934,260
+ Preferred shares	-	-

A common share has par value of VND 10,000

Charter capital

According to Business Registration Certificate No. 4103007696 dated 31 August 2007 and the 13th amendment dated 10 March 2016 issued by the Department of Planning and Investment of Ho Chi Minh City, the Corporation's charter capital is VND 3,914,000,000,000. The charter capital was fully contributed by the shareholders as at 31 December 2015 as follows:

Shareholders	According to the Corporation's Business Registration Certificate		Contributed capital 31/12/2015	Contributed capital 31/12/2014
	VND	%	VND	VND
Vietnam Oil and Gas Group	2,332,042,530,000	59.58	2,332,042,530,000	2,332,042,530,000
Others	1,581,957,470,000	40.42	1,467,957,470,000	1,467,957,470,000
	3,914,000,000,000	100%	3,800,000,000,000	3,800,000,000,000

25. OWNER'S EQUITY (Continued)

Movements of non-controlling interests during the year are as follows:

	Owner's contributed capital	Other owner's capital	Investment and development fund	Financial reserve fund	Other reserves	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND
Balance as at 31/12/2014	162,791,200,000	2,305,307,509	9,586,028,093	7,436,761,863	975,756,536	33,706,276,135	216,801,330,136
Reclassification under Circular No. 200	-	-	7,436,761,863	(7,436,761,863)	-	-	-
Balance as at 01/01/2015	162,791,200,000	2,305,307,509	17,022,789,956	-	975,756,536	33,706,276,135	216,801,330,136
Profit for the year	-	-	-	-	-	34,247,867,339	34,247,867,339
Profit distribution	-	-	-	-	-	-	-
Appropriation to bonus and welfare funds	-	-	-	-	-	(5,742,736,029)	(5,742,736,029)
Dividends declared	-	-	-	-	-	(23,865,144,656)	(23,865,144,656)
Funds transfer	-	-	975,756,536	-	(975,756,536)	-	-
Increase/(decrease) due to capital divestment from Phu My Fertilizer Packaging JSC	(20,590,000,000)	(2,305,307,509)	(2,595,517,588)	-	-	(4,554,504,031)	(30,045,329,128)
Other increase/(decrease)	-	-	-	-	-	545,462,000	545,462,000
Balance as at 31/12/2015	142,201,200,000	-	15,403,028,904	-	-	34,337,220,758	191,941,449,662

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TO THE CONSONLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

26. OFF-CONSOLIDATED-BALANCE-SHEET ITEMS

	31/12/2015	31/12/2014
Foreign currencies		
- USD	2,141,450	1,808,468
- EUR	32,574	33,658

27. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments:

The Corporation is organized into business segments which operate in relatively separate business industries and activities. The business segments of the Corporation and its subsidiaries include:

- Production and trading of fertilizer and chemicals: The Holding Company, Northern PetroVietnam Fertilizer and Chemicals JSC, Central PetroVietnam Fertilizer and Chemicals JSC, Southwest PetroVietnam Fertilizer and Chemicals JSC, and Southeast PetroVietnam Fertilizer and Chemicals JSC.

- Package production: Phu My Fertilizer Packaging JSC (As at 01 October 2015, the Corporation divested from Phu My Fertilizer Packaging JSC).

- Construction of civil works and rendering of other services: PetroVietnam Southern Building and Development JSC.

Segment information about the Corporation's operations is presented below:

Consolidated balance sheet as at 31 December 2015

	Production and trading of fertilizer and chemicals	Construction of civil works and rendering of other services	Consolidated adjustments	Total
	VND	VND	VND	VND
Assets				
Segment assets	12,106,978,782,751	117,282,000,696	(1,332,286,994,022)	10,891,973,789,425
Investments in associates	580,903,000,000	100,000,000,000	(653,697,066,178)	27,205,933,822
Total assets	12,687,881,782,751	217,282,000,696	(1,985,984,060,200)	10,919,179,723,247
Liabilities				
Segment liabilities	3,634,493,437,689	34,136,718,822	(1,296,955,703,519)	2,371,674,452,992
Total liabilities	3,634,493,437,689	34,136,718,822	(1,296,955,703,519)	2,371,674,452,992

27. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Consolidated income statement for the year ended 31 December 2015:

	Trading of fertilizer and chemicals	Package production	Construction of civil works and rendering of other services	Consolidated adjustments	Total
	VND	VND	VND	VND	VND
Gross revenue from goods sold and services rendered	22,742,872,324,003	228,249,060,738	187,532,521,921	(13,307,018,084,629)	9,851,635,822,033
Deductions	199,506,966,364	-	-	(112,817,988,804)	86,688,977,560
Net revenue from goods sold and services rendered	22,543,365,357,639	228,249,060,738	187,532,521,921	(13,194,200,095,825)	9,764,946,844,473
Cost of goods sold and services rendered	19,435,932,744,181	197,396,366,045	160,637,049,282	(13,181,542,161,705)	6,612,423,997,803
Selling expenses	759,597,248,907	5,559,833,015	1,314,276,957	(15,485,719,042)	750,985,639,837
General and administration expenses	583,903,457,793	14,198,903,057	17,434,068,806	(18,460,496,445)	597,075,933,211
Results of operations	1,763,931,906,758	11,093,958,621	8,147,126,876	21,288,281,367	1,804,461,273,622
(Loss) on investments in associates					(198,273,817,160)
Financial income					256,561,206,512
Financial expenses					7,070,545,699
Profit from other activities					24,594,733,532
Accounting profit before tax					1,880,272,850,807
Current corporate income tax expense					309,160,303,969
Deferred corporate income tax expense					48,651,197,780
Net profit after corporate income tax					1,522,461,349,058

Geographical segments:

The Corporation distributes fertilizer, chemicals, packages, and services nationwide via its subsidiaries in each region, including the North, Central Region - Central Highlands, Southeast, Southwest and Ho Chi Minh City. During the year, the Corporation exported products with the revenue of approximately VND 165.7 billion- accounting for negligible proportion of gross revenue from goods sold and services rendered of the Corporation. Thus, almost the entire production and business activities of the Corporation during the year were carried out inside the territory of Vietnam.

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TO THE CONSONLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

28. NET REVENUE AND COST OF SALES

	Locally-produced products	Imported goods	Total
	VND	VND	VND
2015			
Net revenue	6,792,276,265,117	2,972,670,579,356	9,764,946,844,473
Cost of sales	(3,764,056,533,500)	(2,848,367,464,303)	(6,612,423,997,803)
Gross profit	3,028,219,731,617	124,303,115,053	3,152,522,846,670
2014			
Net revenue	7,071,728,592,529	2,477,121,260,062	9,548,849,852,591
Cost of sales	(4,731,082,695,058)	(2,390,013,454,364)	(7,121,096,149,422)
<i>In which: Provision reversed</i>	2,539,676,996	9,893,267,163	12,432,944,159
Gross profit	2,340,645,897,471	87,107,805,698	2,427,753,703,169

Details of revenue from trading locally-produced products are as follows:

	2015 VND	2014 VND
Sales of Phu My Urea	6,170,852,658,627	6,313,603,683,900
Sales of Ca Mau Urea	146,403,645,000	398,611,030,574
Sales of Ammonia	271,418,980,873	181,463,231,525
Sales of electricity	1,608,040,595	1,422,244,336
Others	269,574,239,723	256,984,586,198
	6,859,857,564,818	7,152,084,776,533
Sales discounts	67,581,299,701	80,356,184,004
	6,792,276,265,117	7,071,728,592,529
Revenue generated during the year with related parties (as presented in Note 39)	324,142,902,346	150,217,876,915

Details of cost of sales with regard to trading locally-produced products are as follows:

	2015 VND	2014 VND
Cost of sold Phu My Urea	3,278,948,003,205	4,079,664,859,782
Cost of sold Ca Mau Urea	143,568,669,246	389,241,642,156
Cost of sold Ammonia	144,565,582,519	88,671,273,818
Cost of sold electricity	2,568,917,635	3,169,077,631
Others	194,405,360,895	170,335,841,671
	3,764,056,533,500	4,731,082,695,058

29. PRODUCTION COST BY NATURE

	2015 VND	2014 VND
Raw materials and consumables	2,464,741,340,488	3,736,969,200,487
Labour cost	503,297,670,246	480,836,113,801
Depreciation and amortisation	255,009,195,382	268,667,500,841
Out-sourced services	854,032,124,616	859,123,476,692
Other monetary expenses	579,379,555,970	187,615,021,863
	4,656,459,886,702	5,533,211,313,684

30. FINANCIAL INCOME

	2015 VND	2014 VND
Interest income	251,325,096,804	321,129,781,714
Dividends and profits received	-	5,605,442,400
Foreign exchange gain	3,202,121,876	748,735,235
Gain arising on the transfer of shares of Drilling Mud Joint Stock Corporation	-	78,527,105,479
Gain arising on the transfer of share of Phu My Fertilizer Packaging Joint Stock Company	428,421,008	-
Others	1,605,566,824	495,559,040
	256,561,206,512	406,506,623,868

31. FINANCIAL EXPENSES

	2015 VND	2014 VND
Interest expenses	2,568,699,865	2,931,385,121
(Reversal of)/Provision for impairment of long-term investments	-	(93,433,321)
Foreign exchange loss	4,456,247,668	1,679,680,768
Others	45,598,166	211,987,780
	7,070,545,699	4,729,620,348

32. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	2015 VND	2014 VND
Selling expenses for the year		
Transportation, loading/uploading and storages expenses	321,192,309,897	365,309,546,096
Social security expenses	84,566,175,997	93,567,806,900
Advertising and media expenses	121,833,095,089	94,226,951,310
Others	223,394,058,854	148,500,655,111
	750,985,639,837	701,604,959,417
General and administration expenses for the year		
Management personnel costs	173,419,865,839	161,127,993,271
Administration fee paid to the Group	32,535,684,686	37,320,959,603
Depreciation and amortisation	91,890,326,106	93,397,979,136
Others	299,230,056,580	278,683,644,998
	597,075,933,211	570,530,577,008

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

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33. OTHER INCOME AND OTHER EXPENSES

	2015 VND	2014 VND
Other income		
Proceeds from disposals of investment property	19,293,095,488	-
Proceeds from customers due to their breaches of contracts	253,210,835	1,029,475,330
Others	6,136,062,486	15,618,580,322
	25,682,368,809	16,648,055,652
Other expense		
Expenses for disposals of fixed assets	-	175,336,802
Others	1,087,635,279	9,370,469,253
	1,087,635,279	9,545,806,055

34. CURRENT CORPORATE INCOME TAX EXPENSE

	2015 VND	2014 VND
Corporate income tax based on taxable income in the current period	308,326,549,478	170,117,932,415
Adjustments for corporate income tax expenses in previous years to the current year	833,754,491	17,942,670,148
Tax reduction/exemption	-	(1,334,103,879)
Total current corporate income tax expenses	309,160,303,969	186,726,498,683

For fertilizer production and trading of fertilizer, the Corporation is obliged to pay corporate income tax at the rate of 15% of its assessable income. The Corporation is entitled to corporate income tax exemption for four years from the first profit-making year (2004) and a 50% reduction in tax payable for the seven years thereafter (from 2008). The year ended 31 December 2015 is the first year the Corporation enjoys 15% corporate income tax rate for profit from trading fertilizers.

For other business activities, the Corporation is obliged to pay corporate income tax at the rate of 22% of its taxable income.

35. BASIC EARNINGS PER SHARE

	2015 VND	2014 (Restated) VND
Profit after corporate income tax	1,488,213,481,717	1,096,275,840,370
- Distribution to Bonus and Welfare funds	(236,206,155,225)	(144,229,313,780)
Earnings for the purpose of calculating basic earnings per share	1,252,007,326,492	952,046,526,590
Weighted average number of ordinary shares in circulation during the year	379,934,260	379,934,260
Basic earnings per share	3,295	2,506

36. COMMITMENTS

Operating lease commitments

At the balance sheet date, the payment schedule of the Corporation's operating lease commitments was as follows:

	2015 VND	2014 (Restated) VND
Within one year	21,279,554,938	21,766,418,938
In the second to fifth years inclusive	63,604,701,454	67,749,383,254
After five years	416,839,441,591	431,860,682,729
	501,723,697,983	521,376,484,921

Operating lease payments represent the total amounts that should be paid by the Corporation and its member units to lease land for construction of workshops and warehouses. The following contracts are included:

- On 03 September 2005, the holding company was handed over with a Land-subleasing Contract No. 178/HD/TLD/UDEC.2001 dated 01 June 2001 signed between the Project Management Unit ("PMU") of Phu My Fertilizer Plant and Ba Ria-Vung Tau Urban Development and Construction Company for the long-term lease of land and infrastructure in Phu My I Industrial Zone, Tan Thanh District, Ba Ria - Vung Tau Province. The contract is valid for 17 years from 03 September 2004. According to the Appendix No. 135/PLHD/IZICO signed on 07 November 2013, from 2014 onwards, the Corporation has to pay the annual rental fee of USD 666,524 in VND on 15 February each year.
- On 14 May 2014, Northern PetroVietnam Fertilizer and Chemicals Joint Stock Company, the Corporation's subsidiary, signed Appendix No. 2 to Contract No. 1521/2011/HD-VDKVN/PVFCCo North on office lease at VPI Tower for 3 years from 01 July 2014. The total lease area is 655 m² for office area and 55 m² for supporting area with the monthly lease charge of VND 274,300,000.
- On 07 March 2013, Southeast PetroVietnam Fertilizer and Chemicals Joint Stock Company entered into a contract on lease of chemicals mixing workshop of Tay Nam Industry Company Limited with the total lease charge of VND 167,360,000 per month (VAT exclusive). Such contract has a term of 5 years and will end on 07 March 2018.

Capital commitment

Under Decision No. 115/QD-PHBC dated 08 April 2014, the Corporation's Board of Management approved the project on investment and construction to enhance productivity of NH₃ workshop of Phu My Fertilizer Plant and construction of NPK Fertilizer Production Plant by applying chemical technology, supplying and meeting domestic demand for NH₃ and NPK fertilizer consumption with total investment cost of VND 4,987,200,000,000. The project is expected to be completed in Quarter 2 of 2017. By 31 December 2015, the cost of the project was VND 108,329,487,319.

Other commitment

Under the Appendix No. 04 to Gas Sales and Purchase Agreement No. 82/2010/PVGas-KTTT/TM-PVFCCo/B1 dated 07 May 2010, from 01 January 2016 to 31 December 2016 gas purchasing price is calculated using the formula to calculate gas price traded at a gas delivery place as follows: VAT exclusive gas price USD/MMBTU = 46% * average oil price MFOC + Cuu Long charges applied to Phu My Fertilizer Plant, charge fee applied for 2016 is 0.94 USD/MMBTU.

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37. CONTINGENT LIABILITIES

As at 31 December 2015, the Corporate had reciprocal guarantee commitments with Vietnam Oil and Gas Group (“PVN”) relating to the guarantee obligations of PVN for short and medium-term loans of PetroVietnam Petrochemical and Textile Fiber Joint Stock Company (“PVTEX”) – the Corporation’s associate. Accordingly, the Corporate was committed to return to PVN the principals, interest, other relating expenses and incurring financial losses which PVN had paid to the Banks corresponding to the Corporation’s capital proportion in PVTEX. The repayment will be implemented within 45 days starting from the date when PVN sends the official letter requiring the Corporation to return the mentioned payment. On 23 January 2015, Vietnam Oil and Gas Group issued Official Letter No.527/DKVN-TCKT requesting the Corporation to implement its commitments. Particularly, the Group guaranteed and paid a total amount of VND 388.5 billion, representing a part of the medium-term loan for the plant construction purpose and the short-term loan for the commissioning purpose, on behalf of PVTEX. Accordingly, the Corporation returned to PVN an amount of VND 101,620,682,378 billion in 2015.

According to Official Letter No.9792/CV-KHDN dated 31 December 2014 issued by Joint Stock Commercial Bank for Investment and Development of Vietnam on restructuring the loans for the construction of Polyester Dinh Vu textile fiber manufacturing plant, the coming date for principal payment is 21 June 2017. Therefore, as at 31 December 2015, the Corporation has no obligation of returning to PVN any amount relating to reciprocal guarantee commitments as mentioned above. The Corporation will continue fulfilling its commitments for the subsequent years.

38. 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 the shareholders through the optimisation of the debt and equity balance.

The capital structure of the Corporation consists of net debt (including loans and obligations under finance leases as disclosed in Note 24, offset by cash and cash equivalents) and equity attributable to the shareholders of the holding company (comprising capital, reserves and retained earnings), and equity attributable to non-controlling shareholders of subsidiaries.

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

	31/12/2015	31/12/2014
	VND	VND
Loans and obligations under finance leases	232,272,305,667	94,646,779,668
Less: Cash and cash equivalents	5,690,048,266,789	5,078,229,954,021
Net debt	-	-
Equity	8,547,505,270,255	9,004,939,836,545
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 and financial liability are disclosed in Note 4.

38. FINANCIAL INSTRUMENTS (Continued)

Categories of financial instruments

	Carrying amounts	
	31/12/2015	31/12/2014 (Restated)
	VND	VND
Financial assets		
Cash and cash equivalents	5,690,048,266,789	5,078,299,954,021
Short-term investments	80,950,000,000	77,119,148,009
Trade and other receivables	239,055,851,076	316,356,282,671
Total	6,010,054,117,865	5,471,775,384,701
Financial liabilities		
Loans and obligations under finance leases	232,272,305,667	94,646,779,668
Trade and other payables	1,377,368,345,085	437,208,578,587
Accruals	57,056,342,544	64,130,128,196
Payable provisions	136,735,807,241	217,455,312,628
Total	1,803,432,800,537	813,440,799,079

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.

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 risk and price risk), credit risk and liquidity risk.

Market risk

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

	Liabilities		Assets	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	VND	VND	VND	VND
United States Dollar (USD)	18,413,685,665	-	460,841,784,970	49,165,136,455
Euro (EUR)	-	-	980,005,931	859,697,601

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38. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

Foreign currency sensitivity analysis

The Corporation is mainly exposed to United States Dollar and Euro

The following table details the Corporation's sensitivity to a 2% increase and decrease in Vietnam Dong against the relevant foreign currencies. 2% 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 2% change in foreign currency rates. For a 2% increase/decrease in the following foreign currencies against Vietnam Dong, the profit before tax in the year would increase/decrease by the following amount:

	2015 VND	2014 VND
United States Dollar (USD)	8,848,561,986	983,302,729
Euro (EUR)	19,600,119	17,193,952

Share price risk management

Shares held by the Corporation are affected by market risks arising from the uncertainty about future prices of such shares. The Corporation manages this risk exposure by setting up investment limits. The Corporation's Board of Management also assesses and approves decisions on share investments such as operating industry and investees.

Investments in equity instruments are held for long-term strategic investments rather than trading purposes. The Corporation does not have intention to trade these investments. As at 31 December 2015, the Board of General Directors assessed investments in shares and noted that except for the impairment of the investment in Petroleum Information Technology Telecom and Automation Joint Stock Company (PAIC), there was no impairment of other investments. Therefore, the Corporation only made provision for these investments with an amount of about VND 336 million.

Interest rate risk management

The Corporation has significant interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Corporation by maintaining an appropriate level of borrowings and 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 value of the construction project on UFC85/Formaldehyde factory which the Corporation is the investment owner (as Note 24) as at 31 December 2015 would increase/decrease by VND 4,539,001,573.

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 2015, the Corporation had some receivables that had been outstanding for a long time and unlikely to be recoverable. The recoverability of these amounts is uncertain based on the Board of General Directors' assessment. Therefore, the Board of General Directors decided to make provision for these receivables with an amount of VND 220,917,749,667 accumulated to 31 December 2015 (31/12/2014: VND 121,591,707,289).

38. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any year is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that year. The Corporation's policy is to regularly monitor current and expected liquidity requirements to ensure that the Corporation maintains sufficient reserves of cash, borrowings and adequate committed funding from its shareholders 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 undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Corporation's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 year	From 1 - 5 years	More than 5 years	Total
31/12/2015	VND	VND	VND	VND
Cash and cash equivalents	5,690,048,266,789	-	-	5,690,048,266,789
Short-term investments	80,950,000,000	-	-	80,950,000,000
Trade and other receivables	217,940,941,985	21,114,909,091	-	239,055,851,076
Total	5,988,939,208,774	21,114,909,091	-	6,010,054,117,865
31/12/2015	Less than 1 year	From 1 - 5 years	More than 5 years	Total
Loans and obligations under finance leases	2,133,324,000	230,138,981,667	-	232,272,305,667
Trade and other payables	1,370,541,381,011	6,826,964,074	-	1,377,368,345,085
Accruals	57,056,342,544	-	-	57,056,342,544
Payable provisions	40,184,083,102	96,551,724,139	-	136,735,807,241
Total	1,469,915,130,657	333,517,669,880	-	1,803,432,800,537
Net liquidity gap	4,519,024,078,117	(312,402,760,789)	-	4,206,621,317,328
31/12/2014 (Restated)	Less than 1 year	From 1 - 5 years	More than 5 years	Total
Cash and cash equivalents	5,078,299,954,021	-	-	5,078,299,954,021
Short-term investments	77,119,148,009	-	-	77,119,148,009
Trade and other receivables	315,556,282,671	800,000,000	-	316,356,282,671
Total	5,470,975,384,701	800,000,000	-	5,471,775,384,701
31/12/2014 (Restated)	Less than 1 year	From 1 - 5 years	More than 5 years	Total
Loans and obligations under finance leases	93,520,912,889	1,125,866,779	-	94,646,779,668
Trade and other payables	431,030,994,513	6,177,584,074	-	437,208,578,587
Accruals	64,130,128,196	-	-	64,130,128,196
Payable provisions	217,455,312,628	-	-	217,455,312,628
Total	806,137,348,226	7,303,450,853	-	813,440,799,079
Net liquidity gap	4,664,838,036,475	(6,503,450,853)	-	4,658,334,585,622

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

NOTES

TO THE CONSONLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

39. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

Holding Company - Vietnam Oil and Gas Group (PetroVietnam)

Associates

Fellow subsidiaries

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

	2015 VND	2014 VND
Vietnam Oil and Gas Group (PetroVietnam)		
Dividends	932,655,634,657	932,655,634,657
Management fee	30,727,444,023	35,062,450,431
Fees of using PetroVietnam's brand-name	1,808,240,663	2,258,509,172
	965,191,319,343	969,976,594,260
Sales		
Drilling Mud Joint Stock Corporation (DMC)	51,062,967,200	58,222,097,606
PetroVietnam Gas Joint Stock Corporation (PV Gas)	34,989,851,105	53,571,853,658
Binh Son Refining and Petrochemical Company Limited (BSR)	14,923,027,120	4,930,623,863
PetroVietnam Oil Corporation (PV Oil)	3,591,708,300	8,950,009,524
Bien Dong Petroleum Operating Company (BIEN DONG POC)	18,125,201,663	19,652,376,961
PetroVietnam Transportation Corporation (PVTrans)	9,655,075,525	110,738,572
PetroVietnam Petrochemical and Textile Fiber JSC (PVTEX)	191,586,820,000	534,800,000
PetroVietnam Ca Mau Fertilizer Company Limited (PVCFC)	208,251,433	4,245,376,731
	324,142,902,346	150,217,876,915
Purchases		
Petro Vietnam Gas Joint Stock Corporation (PV Gas)	1,849,430,622,610	3,002,896,859,715
PetroVietnam Security Service Joint Stock Company (PVSecurity)	5,971,976,988	5,569,558,940
PetroVietnam Ca Mau Fertilizer Company Limited (PVCFC)	69,540,000,000	307,760,541,483
PetroVietnam Energy Technology Joint Stock Company (PVEIC)	33,919,499,821	29,064,546,643
Vietnam Petroleum Institute (VPI)	4,821,665,719	13,163,032,566
PetroVietnam Oil Corporation (PV Oil)	1,999,477,828	4,256,136,075
PetroVietnam Construction Joint Stock Corporation (PVC)	8,030,369,090	45,059,393,790
PVI Holdings	64,847,199,706	76,595,931,867
PetroVietnam General Services Joint Stock Corporation (Petrosetco)	10,689,507,965	12,265,617,541
PetroVietnam Technical Services Corporation (PTSC)	105,786,102,309	52,688,745,829
PetroVietnam Transportation Corporation (PVTrans)	16,126,908,437	10,710,672,552
	2,171,163,330,473	3,560,031,037,001

39. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

	31/12/2015 VND	31/12/2014 VND
Trade receivables		
Binh Son Refining and Petrochemical Company Limited (BSR)	3,261,323,890	44,000,000
Bien Dong Petroleum Operating Company (BIEN DONG POC)	5,744,374,020	4,665,206,304
PetroVietnam Power Corporation (PVPower)	4,885,205,312	-
PetroVietnam Gas Joint Stock Corporation (PV Gas)	590,785,644	54,759,939
PetroVietnam Petrochemical and Textile Fiber JSC (PVTEX)	195,253,105	588,280,000
PetroVietnam Transportation Corporation (PVTrans)	88,216,138	71,529,662
PetroVietnam Technical Services Corporation (PTSC)	91,478,480	56,591,385
PetroVietnam Ca Mau Fertilizer Company Limited (PVCFC)	-	21,517,870
	14,856,636,589	5,501,885,160
Advances to suppliers		
PetroVietnam Urban Development Joint Stock Company (PVC Mekong)	5,684,164,656	5,022,403,817
PetroVietnam Ca Mau Fertilizer Company Limited (PVCFC)	3,045,961,760	21,517,870
PetroVietnam Technical Services Corporation (PTSC)	295,162,847,973	-
PetroVietnam Energy Technology Joint Stock Company (PVEIC)	-	1,466,990,727
PetroVietnam Securities Incorporated - Ho Chi Minh City Branch	-	339,312,227
Vietnam Petroleum Institute (VPI)	-	143,534,819
	303,892,974,389	7,165,677,758
Other short-term receivables		
PetroVietnam Trade Union Finance Investment Corporation (PVFI)	110,143,267,289	110,143,267,289
PetroVietnam Petrochemical and Textile Fiber JSC (PVTEX)	101,207,873,164	-
PetroVietnam Northern Gas Joint Stock Company	12,792,091,037	12,792,091,037
	224,143,231,490	122,935,358,326
Trade payables		
PetroVietnam Gas Joint Stock Corporation (PV Gas)	132,617,055,994	200,708,559,394
PTSC Port Joint Stock Company	55,564,201,824	13,246,125,090
PetroVietnam Construction Joint Stock Corporation (PVC)	8,394,696,761	11,979,477,462
PetroVietnam Energy Technology Joint Stock Corporation (PVEIC)	1,796,605,459	4,613,264,616
Vietnam Petroleum Institute (VPI)	1,760,649,790	150,028,000
PVI Holdings	301,616,099	1,645,686,651
PetroVietnam General Services Joint Stock Corporation (Petrosetco)	8,575,868	1,827,295,621
PetroVietnam Oil Corporation (PV Oil)	160,680,000	-
	200,604,081,795	234,170,436,834

NOTES

TO THE CONSONLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

39. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

	31/12/2015	31/12/2014
	VND	VND
Advances from customers		
PetroVietnam Petrochemical and Textile Fiber JSC (PVTEX)	6,037,305,000	-
PetroVietnam Power Corporation (PVPower)	-	4,391,188,146
PetroVietnam Gas Joint Stock Corporation (PV Gas)	54,602,532	305,981,977
Drilling Mud Joint Stock Corporation (DMC)	120,464,600	318,118,500
	6,212,372,132	5,015,288,623
Loans and obligations under finance leases		
Vietnam Public Joint Stock Commercial Bank- Ho Chi Minh Branch	226,950,078,667	1,245,382,915
	226,950,078,667	1,245,382,915
Other short-term payables		
Vietnam Oil and Gas Group (PetroVietnam) - Dividend payables	582,914,138,405	-
	582,914,138,405	-

40. SUBSEQUENT EVENTS

- In accordance with Resolution No.15/NQ-PBHC, on 13 January 2016, the Board of Management approved the quotation result to transfer the entire 81.38% of its share capital at PetroVietnam Southern Building and Development Joint Stock Company (“PVFCCo-SBD”). After the transferring process, the Corporation will officially no longer own shares of PVFCCo-SBD.
- On 29 January 2016, the Board of Management issued Resolution No.23/NQ-KVN approving the share issue under employee stock ownership plan (“ESOP”). Accordingly, total of shares issued under this plan were up to 11,400,000 common shares with par value of VND 10,000 per each share. The Corporation’s charted capital after the shares issue, increased by VND 114 billion, from VND 3,800 billion to VND 3,914 billion.
- On 13 January 2016, PetroVietnam Oil and Gas Group (“PVN”) issued Resolution No.248/NQ-DKVN which approved to cancel the research project and terminate the investment cooperation agreement on the construction of the ammonium nitrate and anomia production complex between PVN and GAET Corporation. At the issue date of the consolidated financial statements for the year ended 31 December 2015, the involved parties are still in the process of negotiation of allocating the incurred expenditures for the project (accumulated to 31 December 2015: VND 46,248,899,367).

41. COMPARATIVE FIGURES

Certain figures in the consolidated balance sheet as at 31 December 2014, the consolidated income statement and the consolidated cash flow statement for the year then ended were restated in accordance with the guidance of Circular 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014 (“Circular 200”) guiding the accounting regime for enterprises, and Circular 202/2014/TT-BTC guiding the preparation and presentation of the consolidated financial statements to enhance their comparability with the current year’s figures.

41. COMPARATIVE FIGURES (Continued)

Decision No. 15/2006/QĐ-BTC		Circular 200/2014/TT-BTC		Change
Items	Amount (VND)	Codes	Items	Amount (VND)
BALANCE SHEET			BALANCE SHEET	
I. Assets			I. Assets	
1. Short-term investments	76,245,382,915	121	1. Held-to-maturity investments	77,119,148,009
2. Other long-term investment	22,175,765,094	258	2. Equity investments in other entities	20,502,000,000
3. Other receivables	262,358,111,522	135	3. Other short-term receivables	264,036,902,646
4. Other short-term assets	1,675,791,124	158	4. Other short-term assets	-
5. Other long-term receivables	-	218	5. Other long-term receivables	1,749,902,000
6. Other long-term assets	952,902,000	268	6. Other long-term assets	-
II. Resources			II. Resources	
1. Unearned revenue	2,875,711,896	338	1. Short-term unearned revenue	21,747,446
2. Accrued expenses	281,235,390,729	316	2. Short-term accrued expenses	64,130,128,196
3. Short-term provisions	350,050,095	320	3. Short-term provisions	217,455,312,628
4. Long-term unearned revenue	-		4. Long-term unearned revenue	2,853,964,450
5. Investment and development fund	2,527,751,504,123	417	5. Investment and development fund	3,495,964,052,370
6. Financial reserve fund	968,212,548,247	418	No corresponding item	-
INCOME STATEMENT			INCOME STATEMENT	
1. Basic earnings per share	2,885	70	1. Basic earnings per share	2,506
CASH FLOW STATEMENT			CASH FLOW STATEMENT	
- Provisions	(10,231,737,480)	03	- Provisions	163,452,258,562
No corresponding item	-		- Other adjustments	43,515,737,023
(Decrease)/Increase in payables (excluding accrued loan interest and corporate income tax payable)	(183,400,003,718)	11	(Decrease)/Increase in payables (excluding accrued loan interest and corporate income tax payable)	(400,599,736,783)



Handwritten signature of Huynh Kim Nhan

Huynh Kim Nhan
Chief Accountant

Handwritten signature of Tran Xuan Thao

Tran Xuan Thao
Preparer
21 March 2016

Nguyen Van Tong
Deputy General Director

FINANCIAL REPORT BY THE CORPORATION
to be found at the website: www.dpm.vn



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