

**PETROVIETNAM FERTILIZER AND
CHEMICALS CORPORATION – JSC**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2011

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STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of PetroVietnam Fertilizer and Chemicals Corporation - JSC and its subsidiaries ("the Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31 December 2011.

THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS

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

Board of Management

Mr. Bui Minh Tien	Chairman (appointed on 5 January 2011)
Mr. Nguyen Xuan Thang	Chairman (resigned on 5 January 2011)
Ms. Nguyen Thi Hien	Vice Chairwoman (appointed on 8 February 2011)
Mr. Cao Hoai Duong	Member (appointed on 8 February 2011)
Mr. Pham Dang Nam	Member (resigned on 8 February 2011)
Mr. Bui Quang Hung	Member
Mr. Nguyen Duc Hoa	Member

Board of General Directors

Mr. Cao Hoai Duong	General Director
Mr. Tu Cuong	Deputy General Director
Mr. Hoang Viet Dung	Deputy General Director (appointed on 15 March 2011)
Mr. Nguyen Duc Thanh	Deputy General Director (resigned on 15 March 2011)
Mr. Le Van Quoc Viet	Deputy General Director
Mr. Nguyen Van Tong	Deputy General Director
Ms. Chu Thi Hien	Deputy General Director
Mr. Nguyen Hong Vinh	Deputy General Director

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY

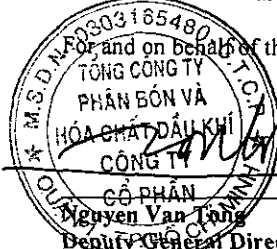
The Board of General Directors of the Corporation is responsible for preparing the consolidated financial statements of the year, which give a true and fair view of the financial position of the Corporation and of its results and cash flows for the year. In preparing these consolidated financial statements, the Board of General Directors is required to:

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

The Board of General Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Corporation and to ensure that the consolidated financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant regulations in Vietnam. The Board of General Directors is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of fraud 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,



Deputy General Director

5 March 2012

Hochiminh City, S. R. Vietnam

No. 974/2012/Deloitte-AUDHCM-RE

AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheet of PetroVietnam Fertilizer and Chemicals Corporation – JSC and its subsidiaries ("the Corporation") as at 31 December 2011, the related consolidated statements of income and cash flows for the year then ended, and the notes thereto (collectively referred to as "the consolidated financial statements"), as set out from page 3 to page 32. The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Respective Responsibilities of the Board of General Directors and Auditors

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

Basis of Opinion

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

Opinion

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



Phạm Văn Tan
Partner

CPA Certificate No. 0288/KTV

For and on behalf of

DELOITTE VIETNAM COMPANY LIMITED

5 March 2012

Ho Chi Minh City, S. R. Vietnam

Pham Van Tan
Auditor

CPA Certificate No. 0401/KTV

PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC

 43 Mac Dinh Chi, Da Kao Ward, District 1
 Ho Chi Minh City, S.R. Vietnam

Consolidated financial statements
 For the year ended 31 December 2011

CONSOLIDATED BALANCE SHEET

As at 31 December 2011

FORM B 01- DN/HN

Unit: VND

ASSETS	Codes	Notes	31/12/2011	31/12/2010
A. CURRENT ASSETS	100		6,041,065,689,804	4,825,585,314,646
I. Cash and cash equivalents	110	5	4,070,456,552,343	3,748,457,003,885
1. Cash	111		295,456,552,343	241,082,663,003
2. Cash equivalents	112		3,775,000,000,000	3,507,374,340,882
II. Short-term financial investments	120		202,000,000,000	58,500,000,000
1. Short-term investments	121	6	202,000,000,000	58,500,000,000
III. Short-term receivables	130		464,355,369,431	249,941,896,115
1. Trade accounts receivable	131		155,810,424,409	81,200,353,415
2. Advances to suppliers	132		151,559,520,332	105,082,543,350
3. Receivables from construction contracts under percentage of completion method	134		-	1,097,519,533
4. Other receivables	135	7	166,322,266,639	71,898,321,766
5. Provision of doubtful receivables	139		(9,336,841,949)	(9,336,841,949)
IV. Inventories	140	8	1,160,376,913,208	671,348,990,597
1. Inventories	141		1,170,599,773,156	674,774,862,030
2. Provision for devaluation in inventories	149		(10,222,859,948)	(3,425,871,433)
V. Other short-term assets	150		143,876,854,822	97,337,424,049
1. Short-term prepayments	151		13,029,055,831	11,434,197,470
2. Value added tax deductibles	152		119,527,971,996	69,575,598,716
3. Taxes and other receivables from State budget	154		304,805,911	*
4. Other short-term assets	158		11,015,021,084	16,327,627,863
B. NON-CURRENT ASSETS	200		3,254,096,938,186	2,592,991,072,194
I. Fixed assets	220		2,236,412,726,375	1,719,011,531,824
1. Tangible fixed assets	221	9	1,217,649,752,564	899,119,226,532
- Cost	222		6,791,323,544,439	6,304,085,138,466
- Accumulated depreciation	223		(5,573,673,791,875)	(5,404,965,911,934)
2. Intangible assets	227	10	714,774,274,574	96,067,612,181
- Cost	228		896,988,754,023	267,944,208,238
- Accumulated amortization	229		(182,214,479,449)	(171,876,596,057)
3. Construction in progress	230	11	303,988,699,237	723,824,693,111
II. Investment properties	240	12	221,618,684,934	174,124,237,914
- Cost	241		233,281,835,168	174,808,376,037
- Accumulated depreciation	242		(11,663,150,234)	(684,138,123)
III. Long-term financial investments	250		502,220,263,326	370,702,872,939
1. Investments in associates	252	14	458,628,905,405	27,111,515,018
2. Other long-term investments	258	15	43,591,357,921	343,591,357,921
IV. Other long-term assets	260		293,845,263,551	329,152,429,517
1. Long-term prepayments	261	16	279,019,910,904	312,947,856,747
2. Deferred tax assets	262		14,662,058,447	15,310,889,844
3. Other long-term assets	268		163,294,200	893,682,926
TOTAL ASSETS	270		9,295,162,627,990	7,418,576,386,840

The accompanying notes set out on page 8 to 31 are an integral part of these consolidated financial statements

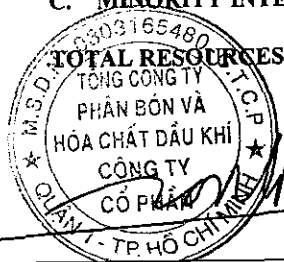
CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2011

FORM B 01-DN/HN

Unit: VND

RESOURCES	Code	Notes	31/12/2011	31/12/2010
A. LIABILITIES	300		883,206,119,407	1,188,354,989,107
I. Current liabilities	310		864,476,078,937	924,057,613,623
1. Short-term loans and liabilities	311	17	9,205,641,372	85,620,583,998
2. Trade accounts payable	312		323,540,578,949	416,918,064,870
3. Advances from customers	313		12,012,772,578	50,107,014,681
4. Taxes and amounts payable to State budget	314	18	106,975,226,211	82,058,550,255
5. Payables to employees	315		89,278,373,094	52,998,893,642
6. Accrued expenses	316	19	199,235,356,613	187,269,781,984
7. Short-term inter-company payables	317		-	6,897,966,116
8. Other current payables	319		33,865,995,534	15,465,930,518
9. Short-term provisions	320		56,022,000	-
10. Bonus and welfare funds	323		90,306,112,586	26,720,827,559
II. Long-term liabilities	330		18,730,040,470	264,297,375,484
1. Other long-term payables	333		4,653,070,992	1,754,838,195
2. Long-term loans and liabilities	334	20	-	246,087,577,105
3. Provision for severance allowance	336		9,123,440,123	10,289,578,433
4. Unearned revenue	338		4,868,527,582	6,045,381,751
5. Scientific and technological development fund	339		85,001,773	120,000,000
B. EQUITY	400		8,227,079,406,507	6,193,758,946,548
I. Shareholders' equity	410	21	8,227,079,406,507	6,193,758,946,548
1. Charter capital	411		3,800,000,000,000	3,800,000,000,000
2. Other owner's capital	413		977,787,044	257,121,998
3. Treasury shares	414		(83,961,341,647)	(83,277,130,627)
4. Foreign exchange reserve	416		(74,411,767,146)	(3,530,148,052)
5. Investment and development fund	417		1,420,380,501,371	849,893,623,484
6. Financial reserve fund	418		494,715,910,705	341,712,214,445
7. Other owner's funds	419		554,153,469	342,595,703
8. Retained earnings	420		2,668,824,162,711	1,288,360,669,597
C. MINORITY INTERESTS	439	22	184,877,102,076	36,462,451,185
TOTAL RESOURCES	440		9,295,162,627,990	7,418,576,386,840



Nguyen Van Tong
Deputy General Director
5 March 2012

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Huynh Kim Nhan
Chief Accountant

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

FORM B 02- DN/HN

Unit VND

ITEMS	Codes	Notes	2011	2010
1. Gross sales	01		9,278,861,379,142	6,648,640,613,834
2. Less deductions	02		52,327,770,303	29,856,615,416
3. Net sales	10	24	9,226,533,608,839	6,618,783,998,418
4. Cost of goods sold	11	24	5,191,254,632,483	4,236,094,827,903
5. Gross profit from sales	20		4,035,278,976,356	2,382,689,170,515
6. Financial income	21	26	526,679,442,074	343,091,652,535
7. Financial expenses	22	27	74,038,067,805	81,034,462,821
<i>In which: Interest expense</i>	23		27,900,441,399	8,349,710,449
8. Selling expenses	24		492,836,265,735	331,845,387,469
9. General and administration expenses	25		502,603,306,568	409,858,160,584
10. Operating profit	30		3,492,480,778,322	1,903,042,812,176
11. Other income	31		9,447,874,142	36,976,544,576
12. Other expenses	32		2,192,187,845	23,189,419,751
13. Profit from other activities	40		7,255,686,297	13,787,124,825
14. Profit from associates	45		10,503,381,175	4,811,771,816
15. Accounting profit before tax	50		3,510,239,845,794	1,921,641,708,817
16. Current corporate income tax expense	51	28	369,042,805,384	227,514,762,210
17. Deferred tax income/ (expense)	52		584,880,162	(12,742,158,051)
18. Net profit after corporate income tax	60		3,140,612,160,248	1,706,869,104,658
19. Attributable to minority interests	61		36,318,726,268	3,693,114,240
20. Attributable to owners of the parent company	62		3,104,293,433,980	1,703,175,990,418
21. Basic earnings per share	70	29	8,288	4,499



Nguyễn Văn Tong
Deputy General Director
5 March 2012

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Huynh Kim Nhan
Chief Accountant

CONSOLIDATED CASHFLOW STATEMENT

For the year ended 31 December 2011

FORM B 03-DN/HN

Unit: VND

ITEMS	Codes	2011	2010
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	3,510,239,845,794	1,921,641,708,817
2. Adjustments for:			
Depreciation and amortisation	02	190,196,427,163	687,289,914,263
Provisions	03	6,796,988,515	12,640,667,018
Foreign exchange loss	04	-	10,065,177,076
Gain from investing activities	05	(529,728,699,362)	(336,133,158,164)
Interest expense	06	27,900,441,399	8,349,710,449
3. Operating profit before movements in working capital	08	3,205,405,003,509	2,303,854,019,459
(Increase)/ decrease in receivables	09	(134,819,285,194)	682,311,075,305
Increase in inventories	10	(495,824,911,126)	(103,524,001,292)
(Decrease)/ increase in accounts payable	11	(27,994,337,978)	422,034,550,219
Decrease/ (increase) in prepaid expenses	12	32,333,087,482	(11,134,545,308)
Interest paid	13	(27,900,441,399)	(741,113,951)
Corporate income tax paid	14	(359,489,042,056)	(263,335,917,897)
Other cash inflows	15	128,451,200,000	-
Other cash outflows	16	(195,495,058,471)	(88,261,697,835)
Net cash from operating activities	20	2,124,666,214,767	2,941,202,368,700
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(781,684,768,892)	(992,475,769,486)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	205,570,669	12,295,946,922
3. Cash outflow for lending, buying debt instruments of other entities	23	(143,500,000,000)	-
4. Cash recovered from lending, selling debt instruments of other entities	24	30,000,000,000	-
5. Investments in other entities	25	(309,000,000,000)	(616,059,797,280)
6. Interest earned, dividends and profits received	27	492,205,217,530	330,800,873,221
Net cash used in investing activities	30	(711,773,980,693)	(1,265,438,746,623)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Capital withdrawals, buying treasury shares	32	(14,180,236,055)	(39,981,041,328)
2. Proceeds from borrowings	33	166,650,500,511	126,129,516,996
3. Repayment of borrowings	34	(489,153,020,242)	(49,507,553,519)
4. Dividends and profits paid	36	(753,064,360,000)	(870,072,707,300)
Net cash used in financing activities	40	(1,089,747,115,786)	(833,431,785,151)
Net increase in cash	50	323,145,118,288	842,331,836,926
Cash and cash equivalents at the beginning of the year	60	3,748,457,003,885	2,906,125,166,959
Effect of changes in foreign exchange rates	61	(1,145,569,830)	-
Cash and cash equivalents at the end of the year	70	4,070,456,552,343	3,748,457,003,885

Supplemental non-cash disclosures:

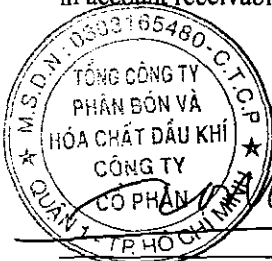
Cash outflows for purchases of fixed assets during the year exclude an amount of VND 72,927,159,793, representing an addition in fixed assets during the year that has not yet been paid, and include an amount of VND 44,141,948,337, representing fixed assets purchased in last period but settled in this period, and an amount of VND 63,156,046,391, representing an advance to suppliers in this period for purchase of fixed assets in the next year. Consequently, changes in account payables and account receivables have been adjusted by the same amount.

CONSOLIDATED CASHFLOW STATEMENT (Continued)

For the year ended 31 December 2011

Cash outflows for investments in other entities include an amount of VND 80,000,000,000, representing charter capital advance to PetroVietnam Urban Development Joint Stock Company (PVC-Mekong) in order to construct the Bac Lieu Tower in accordance with the Announcement No. 8606/TB-DKVN dated 22 September 2011 of Vietnam Oil & Gas Group. This capital advance is presented in "Other receivable" item in the consolidated balance sheet. Accordingly, changes in account receivables have been adjusted by the same amount.

Cash outflows for buying issued shares include an amount of VND 13,496,025,035, representing the advance to Petrovietnam Securities Incorporated – Ho Chi Minh City Branch for buying the Corporation's treasury shares. This advance is presented in "Advance to suppliers" item in the consolidated balance sheet. Accordingly, changes in account receivables have been adjusted by the same amount



Nguyễn Văn Tong
Deputy General Director
5 March 2012

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Huỳnh Kim Nhan
Chief Accountant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FORM B 09-DN/HN***These notes are an integral part of and should be read in conjunction with the financial statements***1. GENERAL INFORMATION****Structure of ownership**

PetroVietnam Fertilizer and Chemicals Corporation - JSC ("the Corporation"), formerly PetroVietnam Fertilizer and Chemicals Joint Stock Company, was established under the Business Registration Certificate No.4103007696 dated 31 August 2007 and as amended on 15 May 2008, issued by Ho Chi Minh City Department of Planning and Investment. On 1 September 2008, the Corporation transformed its operation into parent-subsidiary model in pursuant to Resolution No.01/ND-DHDCD of Shareholders' General Meeting. Accordingly, Holding Company - PetroVietnam Fertilizer and Chemicals Corporation - JSC was established from functional departments of PetroVietnam Fertilizer and Chemicals Joint Stock Company, Projects' Management Committee and Phu My Fertilizer Plant. The Corporation's shares are listed on Ho Chi Minh Stock Exchange from 5 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.

The total number of employees of the Corporation and its subsidiaries are 1,826 as at 31 December 2011 (2010: 1,744).

Principal activities

The principal activities of the Corporation and its subsidiaries are to produce and do business in fertilizer, liquid ammonia, industrial gas, other chemicals; technical services relating to production and trading of fertilizer and other related chemicals (excluding heavily toxic chemicals); producing and trading of electricity; real estate, trading of agriculture and forestry products, goods transport services by inbound waterway and car, processing of oil and gas-related products and minerals and service of vocational training.

2. ACCOUNTING CONVENTION AND FISCAL YEAR**Accounting convention**

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

Fiscal year

The Corporation's fiscal year begins on 1 January and ends on 31 December.

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

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

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:

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 financial statements***Accounting Estimates**

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and enterprises controlled by the Corporation (its subsidiaries). 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.

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

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

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 recognized.

Where a member company 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 and cash equivalents, short-term deposits, trade and other receivables, and listed and unlisted financial instruments.

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 financial statements****Financial liabilities***

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

Re-measurement after initial recognition

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

Cash and cash equivalents

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

Provision for doubtful debts

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

Inventories

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

The provision for inventory obsolescence is made for obsolete, damaged, or sub-standard inventories and for those which have book value higher than net realizable value as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

Tangible fixed assets are depreciated using the straight-line method over the following estimated useful lives in conformity with the Circular No. 203/2009/TT-BTC dated 20 October 2009 (replaced the Decision No. 206/2003/QĐ-BTC dated 12 December 2003) issued by the Ministry of Finance with effect from 1 January 2010 as follows:

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 financial statements

	<u>Years</u>
Building and structures	5 - 25
Machinery, equipment	3 - 6
Motor vehicles	6
Office equipment	3 - 5

With respect to repairing expenses of fixed assets at Phu My Fertilizer Plant which is on a cyclical basis, the Company 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.

Intangible assets and amortization

Intangible assets represent patent rights, land use right, computer software and other intangible assets which are stated at cost less accumulated amortization. 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. The Corporation amortizes its land use right that has definite term using the straight-line method over the duration of the right to use the land and does not amortize its land use right that has indefinite term.

Leasing

Operating lease includes office and land rentals. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

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 property

Investment properties, which are composed of land use rights and building and structure of Cuu Long Supermarket-Office Building in Ca Mau Province; and Sao Phuong Bac Hotel in Sapa Town, Lao Cai Province held by the Corporation to earn rentals, are stated at cost less accumulated depreciation. The cost of purchased investment properties comprises its purchase price and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs. Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Land use right	50
Building and structure	25

The Corporation does not depreciate investment properties which are land use rights of Sao Phuong Bac Hotel in Sapa Town, Lao Cai Province because they have indefinite term.

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 financial statements***Other long-term investments**

Other long term investments are the investments into other entities which the Corporation holds below 20% of the owners' equity (below 20% voting rights) with no significant influence and over 1 year of capital withdrawing period. Other long term investment are carried at cost.

Provision for devaluation of other long term investments is losses for devaluation of long-term investment or losses in contributed capital from the Corporation.

Long-term prepayments

Long-term prepayments include land rental, business privilege fee, spare parts, training fee for Fertilizer Plant, and other long-term prepayments.

Land rental includes payables for the rental of 634,595.35 m2 in Phu My 1 Industrial Zone, which was prepaid to Infrastructure Exploitation and Investment Company in Dong Xuyen and Phu My 1 Industrial Zones for 17 years from 3 September 2004. Prepaid land rentals are charged to income statement on the straight-line basis over the lease term.

Business privilege fee incurred in the valuation of the enterprise for equitization purpose amounting to VND 531,700,794,477 and has been allocated to income for 6 years from 1 January 2007. According to the Board of General Directors' judgments, allocating business privilege fee within 6 years is in accordance with financial regulations applicable to privatized State-owned enterprises and estimated useful lives of production line.

Spare parts which are put in use at Phu My Fertilizer Plant are charged to income statement on the straight-line basis over 6 years in accordance with the depreciation duration of production lines.

Training fee for Ca Mau Fertilizer Plant incurred in the year are recorded as actually incurred but has not been charged to income statement, and will be charged to income statement when the Company finalizes the pre-operating expenses of Ca Mau Fertilizer Plant.

Other types of long-term prepayments comprise of tools and equipments which are charged to income statement on the straight-line basis from 1.5 to 2 years, and other prepaid rentals which are amortized over the validity duration of the lease contracts.

Provisions

Provisions are recognized when the Corporation has a present obligation as a result of a past event, and it is probable that the Corporation will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date.

Revenue recognition

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

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

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

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 financial statements*

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

Revenue of investment property rental is recognized in income statement on the straight-line basis over the lease term.

Financial income includes interest from current and saving bank accounts, short-term and long-term investments. 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 Circular No.201/2009/TT-BTC dated 15 October 2009 issued by the Ministry of Finance. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. Foreign exchange differences arising from these transactions are recognised in the income statement.

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

- Foreign exchange differences arising from revaluation of monetary items, short-term receivables and payables denominated in foreign currencies at the balance sheet date are recorded in the balance sheet under the account "foreign exchange reserve" in the Owner's equity section.
- Foreign exchange differences arising from revaluation of long-term receivables and payables are recorded in the income statement for the reporting period.

The recognition of foreign exchange differences in accordance with Circular No.201/2009/TT-BTC differs from that as regulated in Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates". According to VAS 10, all foreign exchange differences arising from revaluation of balances denominated in foreign currencies at the balance sheet date are recognized in the income statement. The Board of General Directors has decided to recognise foreign exchange differences as guided in Circular No.201/2009/TT-BTC and believes that such application and disclosure of differences at the same time, in the case where the Corporation would apply VAS 10, may provide more information to users of the financial statements.

Accordingly, the adoption of Circular No.201/2009/TT-BTC in recording foreign exchange differences makes the Corporation's profit before tax for the year ended 31 December 2011 decrease by VND 2,694,803,722, and retained earning as at 31 December 2011 increase by VND 835,361,854 (31/12/2010: increase by VND 3,530,148,052) and the "Foreign exchange reserve" item under Owner's equity section in the balance sheet as at 31 December 2011 changes by the same amount in comparison with the VAS 10 adoption.

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 financial statements*

Loss on foreign exchange differences arising from the transactions which are in the pre-operating stage of Petrovietnam Petrochemical and Textile Fiber Joint Stock Company (PVTEX) – the Corporation's associates, is recognized in "foreign exchange differences" item pursuant to ownership ratio of the Corporation in the associate amounting to VND 73,576,422,816, and allocated to income statement in maximum of 5 years from official operating commencement of PVTEX.

Borrowing costs

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

All other borrowing costs are recognised in the consolidated income statement when incurred.

Taxation

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

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

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

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

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

The determination of corporate income tax due and deferred tax is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and its ultimate determination depends on the results of tax authorities' examination.

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

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*These notes are an integral part of and should be read in conjunction with the financial statements***5. CASH AND CASH EQUIVALENTS**

	31/12/2011	31/12/2010
	VND	VND
Cash on hand	2,501,956,305	1,806,005,513
Cash in bank	292,954,596,038	239,276,657,490
Cash equivalents	3,775,000,000,000	3,507,374,340,882
	<u>4,070,456,552,343</u>	<u>3,748,457,003,885</u>

Cash equivalents represent the time deposits with terms of 1 week to 3 months at commercial banks at the interest rate of 6% to 14% per annum.

6. SHORT-TERM INVESTMENTS

	31/12/2011	31/12/2010
	VND	VND
Time deposits at commercial banks	25,000,000,000	58,500,000,000
Time deposits at Petrovietnam Trade Union Finance Investment Corporation (PVFI)	177,000,000,000	-
	<u>202,000,000,000</u>	<u>58,500,000,000</u>

Short-term investments as at 31 December 2011 represent time deposits at commercial banks with terms from 6 to 12 months at the interest rate of 14% per annum, and time deposits at PVFI which has the maturity date at 31 December 2012 with interest rate of 2.4% per annum.

7. OTHER RECEIVABLES

	31/12/2011	31/12/2010
	VND	VND
Charter capital advance to PetroVietnam Urban Development Joint Stock Company (PVC-Mekong)	80,000,000,000	-
Accrued interest income from term deposits	57,249,279,741	25,664,322,224
Others	29,072,986,898	46,233,999,542
	<u>166,322,266,639</u>	<u>71,898,321,766</u>

According to the Announcement No. 8606/TB-DKVN dated 22 September 2011 of Vietnam Oil & Gas Group, the Corporation advanced charter capital to PetroVietnam Urban Development Joint Stock Company (PVC-Mekong) in order to construct the Bac Lieu Tower. As at 31 December 2011, PVC-Mekong has not yet completed register of increase in charter capital, therefore, this charter capital advance is presented in "Other receivables" item in the consolidated balance sheet.

8. INVENTORIES

	31/12/2011	31/12/2010
	VND	VND
Goods in transit	69,823,891,556	78,505,265,382
Raw materials	323,011,367,715	242,068,830,163
Tools and supplies	4,937,805,436	2,189,351,418
Work in process	54,089,522,986	14,199,580,754
Finished goods	132,282,869,306	91,042,176,910
Merchandise	586,454,316,157	246,769,657,403
	<u>1,170,599,773,156</u>	<u>674,774,862,030</u>
Provision for devaluation of inventories	(10,222,859,948)	(3,425,871,433)
Net realizable value	<u>1,160,376,913,208</u>	<u>671,348,990,597</u>

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9. TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
COST					
As at 1/1/2011	889,532,145,286	5,294,786,454,225	75,637,513,160	44,129,025,795	6,304,085,138,466
Purchases	15,058,913,718	19,045,109,224	9,312,364,514	27,579,969,770	70,996,357,226
Transfer from construction in progress	407,829,548,965	688,698,142	47,130,242	8,085,525,643	416,650,902,992
Other increase	-	-	30,000,000	-	30,000,000
Disposals	(187,971,034)	-	-	(150,140,000)	(338,111,034)
Other decrease	-	(41,167,500)	-	(59,575,711)	(100,743,211)
As at 31/12/2011	<u>1,312,232,636,935</u>	<u>5,314,479,094,091</u>	<u>85,027,007,916</u>	<u>79,584,805,497</u>	<u>6,791,323,544,439</u>
ACCUMULATED DEPRECIATION					
As at 1/1/2011	552,473,150,962	4,783,028,045,289	53,144,504,999	16,320,210,684	5,404,965,911,934
Charge for the year	51,720,422,723	95,732,934,535	5,555,361,481	17,131,358,793	170,140,077,532
Other increase	-	-	-	3,501,822	3,501,822
Disposals	(15,664,254)	-	-	(129,435,906)	(145,100,160)
Other decrease	(1,289,879,872)	-	(719,381)	-	(1,290,599,253)
As at 31/12/2011	<u>602,888,029,559</u>	<u>4,878,760,979,824</u>	<u>58,699,147,099</u>	<u>33,325,635,393</u>	<u>5,573,673,791,875</u>
NET BOOK VALUE					
As at 31/12/2011	<u>709,344,607,376</u>	<u>435,718,114,267</u>	<u>26,327,860,817</u>	<u>46,259,170,104</u>	<u>1,217,649,752,564</u>
As at 31/12/2010	<u>337,058,994,324</u>	<u>511,758,408,936</u>	<u>22,493,008,161</u>	<u>27,808,815,111</u>	<u>899,119,226,532</u>

The cost of the Corporation's tangible fixed assets at 31 December 2011 includes an amount of VND 5,335,434,384,183 (31/12/2010: VND 5,455,516,599,005) in respect of fully depreciated items which are still in use.

Pursuant to the short term contract with the Vietcombank- Vung Tau Branch, all of the buildings and structures, machinery and equipment of Phu My Fertilizer packaging JSC amounting to VND 43.076.880.833 are pledged to the Vietcombank- Vung Tau Branch to secure for the short-term loans.

10. INTANGIBLE ASSETS

	Land use rights VND	Patent VND	Software VND	Others VND	Total VND
COST					
As at 1/1/2011	80,885,746,363	159,117,493,074	18,402,650,769	9,538,318,032	267,944,208,238
Purchases	10,962,577,000	-	4,864,972,118	396,878,364	16,224,427,482
Transfer from construction in progress	579,236,316,984	12,323,643,983	21,295,167,336	-	612,855,128,303
Disposals	-	-	(11,250,000)	-	(11,250,000)
Other decrease	-	-	(23,760,000)	-	(23,760,000)
As at 31/12/2011	<u>671,084,640,347</u>	<u>171,441,137,057</u>	<u>44,527,780,223</u>	<u>9,935,196,396</u>	<u>896,988,754,023</u>
ACCUMULATED AMORTIZATION					
As at 1/1/2011	-	159,117,493,074	3,220,784,951	9,538,318,032	171,876,596,057
Charge for the year	202,192,133	2,464,728,796	7,686,794,888	13,501,575	10,367,217,392
Disposals	-	-	(11,250,000)	-	(11,250,000)
Other decrease	-	-	(18,084,000)	-	(18,084,000)
As at 31/12/2011	<u>202,192,133</u>	<u>161,582,221,870</u>	<u>10,878,245,839</u>	<u>9,551,819,607</u>	<u>182,214,479,449</u>
NET BOOK VALUE					
As at 31/12/2011	<u>670,882,448,214</u>	<u>9,858,915,187</u>	<u>33,649,534,384</u>	<u>383,376,789</u>	<u>714,774,274,574</u>
As at 31/12/2010	<u>80,885,746,363</u>	<u>-</u>	<u>15,181,865,818</u>	<u>-</u>	<u>96,067,612,181</u>

The cost of the Corporation's intangible assets at 31 December 2011 includes an amount of VND 168,842,111,106 (31/12/2010: VND 168,710,811,106) in respect of fully depreciated items which are still in use.

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11. CONSTRUCTION IN PROGRESS

	31/12/2011	31/12/2010
	<u>VND</u>	<u>VND</u>
Cai Cui - Can Tho warehouse	122,575,593,205	96,023,047,507
An Giang warehouse	39,233,289,888	-
Nam Phat - Tien Giang warehouse	34,854,969,899	-
Gia Lai warehouse	25,242,660,028	12,677,660,028
Amoniac project	24,397,090,908	-
Tay Ninh warehouse	15,126,000,000	4,510,000,000
Office building at 43 Mac Dinh Chi	5,732,174,223	432,199,782,107
Enterprise resource planning system	-	26,286,284,628
Vung Ang warehouse	-	25,011,558,283
Nghi Son warehouse	-	23,224,572,032
Others	36,826,921,086	103,891,788,526
	<u>303,988,699,237</u>	<u>723,824,693,111</u>

According to the Decision No. 751/QD-PBHC dated 27 July 2009, the Corporation's Board of Management approved on an investment project of Cai Cui port - Can Tho (the general dock warehouse 20,000 DWT) at Cai Rang District, Can Tho City (phase 1) with the total investment of VND 347,112,911,828. As of 31 December 2011, the total invested amount for the Project is VND 173,613,663,132. During the year, the Corporation put in use Cawaco warehouse with estimated amount of VND 51,038,069,927 in value.

12. INVESTMENT PROPERTIES

	Land use rights	Buildings and structures	Total
	<u>VND</u>	<u>VND</u>	<u>VND</u>
COST			
As at 1/1/2011	50,284,152,000	124,524,224,037	174,808,376,037
Purchases	24,500,000,000	33,973,459,131	58,473,459,131
As at 31/12/2011	<u>74,784,152,000</u>	<u>158,497,683,168</u>	<u>233,281,835,168</u>
ACCUMULATED DEPRECIATION			
As at 1/1/2011	684,138,123	-	684,138,123
Charge for the year	962,302,573	8,726,829,666	9,689,132,239
Other increase	-	1,289,879,872	1,289,879,872
As at 31/12/2011	<u>1,646,440,696</u>	<u>10,016,709,538</u>	<u>11,663,150,234</u>
NET BOOK VALUE			
As at 31/12/2011	<u>73,137,711,304</u>	<u>148,480,973,630</u>	<u>221,618,684,934</u>
As at 31/12/2010	<u>49,600,013,877</u>	<u>124,524,224,037</u>	<u>174,124,237,914</u>

Investment properties represent land use rights and buildings and structures of Cuu Long Supermarket-Office Building in Ca Mau Province; and Sao Phuong Bac Hotel in Sapa Town, Lao Cai Province. As of 31 December 2011, the Corporation has not determined fair value of investment properties because the Corporation does not intend to sell or transfer in the foreseeable future.

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13. INVESTMENTS IN SUBSIDIARIES

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting power		Principal activity
		2010	2011	
Central PetroVietnam Fertilizer and Chemicals JSC	Binh Dinh Province	100	75	Trading of fertilizer and chemicals
SouthWest PetroVietnam Fertilizer and Chemicals JSC	Can Tho City	100	75	Trading of fertilizer and chemicals
SouthEast PetroVietnam Fertilizer and Chemicals JSC	Ho Chi Minh City	100	75	Trading of fertilizer and chemicals
North PetroVietnam Fertilizer and Chemicals JSC	Ha Noi City	100	75	Trading of fertilizer and chemicals
Phu My Fertilizer packaging joint stock Company	Ba Ria - Vung Tau Province	51	51	Production of packaging
Petro Vietnam Southern Building and Development JSC	Ho Chi Minh City	75	81	Investing and trading of real estates
Fertilizer and Chemicals Trading-Service Company Limited	Ho Chi Minh City	100	-	Trading of fertilizer and chemicals

According to Resolution No. 1929/NQ-DKVN dated 11 August 2010 from Vietnam Oil & Gas Group about comprehensive restructuring plan of PVFCCo - JSC, the Corporation transformed its subsidiaries into joint stock companies. Accordingly, as at 30 June 2011, the Corporation still owned by 75% (31 December 2010: 100%) at Central PetroVietnam Fertilizer and Chemicals Limited JSC, SouthWest PetroVietnam Fertilizer and Chemicals JSC, SouthEast PetroVietnam Fertilizer and Chemicals Company JSC and Northern PetroVietnam Fertilizer and Chemicals Company JSC.

In accordance with Decision No. 335/NQ-PBHC, dated 5 October 2011 of the Board of Management, the Corporation contributed some motor vehicles with value of VND 17,248,000,000 into Petro Vietnam Southern Building and Development JSC; and purchased, in addition, some share in cash with amount of VND 298,000,000. Accordingly, the Corporation owned 5,879,680 shares, equivalent to 81% in Petro Vietnam Southern Building and Development JSC since 5 October 2011 (31 December 2010: 75%).

In pursuant to Decision No. 16/NQ-PBHC, dated 12 January 2011, the Corporation disposed Fertilizer and Chemicals Trading-Service Company Limited, a subsidiary owned 100% by the Corporation. Then, Fertilizer and Chemicals Trading-Service Company Limited was officially transformed into a branch of PetroVietnam Fertilizer and Chemicals Corporation - JSC according to the business registration certificate No. 0303165480-010, dated on 28 January 2011. The transfers of assets the Corporation and Fertilizer and Chemicals Trading-Service Company Limited was implemented under the Decision 265/QD-PBHC dated on 1 April 2011 with the handover being their book value as at 1 April 2011.

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For the year ended 31 December 2011**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN***These notes are an integral part of and should be read in conjunction with the financial statements***14. INVESTMENTS IN ASSOCIATES**

	31/12/2011	31/12/2010
	<u>VND</u>	<u>VND</u>
Investment in associates	519,000,000,000	20,000,000,000
Profit from paid dividends after the date of investment	8,582,677,298	7,111,515,018
Difference between acquisition price and the Corporation's share of associates' net assets at date of investment (*)	4,622,650,923	-
Changes in net assets which are not presented in the income statement (**)	(73,576,422,816)	-
	<u>458,628,905,405</u>	<u>27,111,515,018</u>

(*) The Corporation determined difference between acquisition price and interest of the Corporation in the net assets of associate, the Petrovietnam Petrochemical and Textile Fiber Joint Stock Company (PV TEX) at date of investment with amount of VND 23,113,254,617. The Board of Management decided to allocate the difference to the consolidated income statement of the Corporation in 5 years with VND 4.6 billions per annum.

(**) According to the unaudited accounting books of Petrovietnam Petrochemical and Textile Fiber Joint Stock Company (PVTEX), the Corporation's associate, foreign exchange differences arising from the date of investment (15 June 2011) to the date of 31 December 2011 is about VND 288 billions, as PVTEX is in the progress of construction, then the above foreign exchange differences is not recognized to the income statement of the year, but to the "foreign exchange differences" item in the consolidated balance sheet. In addition, the interest of the Corporation in the net assets of PVTEX is 25.48% at the balance sheet date, then the value of investment at PVTEX has been decreased and an amount of VND 73 billions is recognized to "foreign exchange difference" item in the Consolidated Balance Sheet as at 31 December 2011.

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

Name of associate	Place of incorporation and operation	Proportion of ownership interest and voting power (%)	31/12/2011 VND	Principal activity
Petrovietnam Urban Development JSC (PVC-Mekong)	Ca Mau City	20	26,412,636,214	Construction and installation of works
Petrovietnam Petrochemical and Textile Fiber JSC (PVTEX)	Hai Phong City	25	432,216,269,191	Manufacturing and trading polyester fiber
			<u>458,628,905,405</u>	

Summarised financial information in respect of the Corporation's associates is set out below:

	31/12/2011	31/12/2010
	<u>VND</u>	<u>VND</u>
Total assets	7,117,435,446,917	585,565,810,606
Total liabilities	5,216,180,694,037	457,056,075,375
Net assets	1,901,254,752,880	128,509,735,231
The Corporation's share of associates' net assets	<u>458,628,905,405</u>	<u>27,111,515,018</u>

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	2011	2010
	<u>VND</u>	<u>VND</u>
Net revenue	721,917,003,581	491,122,542,486
Net profit	30,545,641,810	24,184,898,586
The Corporation's share of associates' net profit	<u>6,424,087,304</u>	<u>4,836,979,717</u>
15. OTHER LONG-TERM INVESTMENTS		
	31/12/2011	31/12/2010
	<u>VND</u>	<u>VND</u>
Contributed capital in Petrovietnam Petrochemical and Textile Fiber JSC (PVTEX)	-	270,000,000,000
Others	43,591,357,921	73,591,357,921
	<u>43,591,357,921</u>	<u>343,591,357,921</u>
As at 31 December 2011, the Board of General Directors has evaluated other long-term investments and believes that there are no diminution in value thereof, thus no provision was made.		
16. LONG-TERM PREPAYMENTS		
	31/12/2011	31/12/2010
	<u>VND</u>	<u>VND</u>
Land rentals in Phu My 1 Industrial Zone	5,618,251,495	6,180,076,651
Business privileges	88,616,799,064	177,233,598,148
Spare parts	61,700,077,851	77,125,097,319
Training fee for Ca Mau Fertilizer Plant	69,469,257,424	32,107,384,773
Others	53,615,525,070	20,301,699,856
	<u>279,019,910,904</u>	<u>312,947,856,747</u>
17. SHORT-TERM LOANS AND LIABILITIES		
	31/12/2011	31/12/2010
	<u>VND</u>	<u>VND</u>
Vietcombank - Vung Tau Branch	9,205,641,372	3,591,391,630
Current portion of long-term loans	-	82,029,192,368
	<u>9,205,641,372</u>	<u>85,620,583,998</u>

According to the Appendix Credit Agreement No. 2009/DPM/PL02 dated 28 April 2010, loan from the Vietcombank. - Vung Tau Branch is a short term loan of VND 20,000,000,000. The purpose of this loan is to provide more capital for purchasing of packaging material in kinds. This loan is secured by buildings and structures, machinery and equipment of Phu My Fertilizer packaging JSC.

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	31/12/2011	31/12/2010
	<u>VND</u>	<u>VND</u>
Value added tax	12,780,283,409	2,529,249,447
Corporate income tax	87,299,170,055	77,564,627,561
Personal income tax	6,885,813,006	1,964,673,247
Other tax	9,959,741	-
	<u>106,975,226,211</u>	<u>82,058,550,255</u>

19. ACCRUED EXPENSES

	31/12/2011	31/12/2010
	<u>VND</u>	<u>VND</u>
Repair and maintenance expenses 2011	-	147,231,991,964
Repair and maintenance expenses 2013	72,380,000,004	-
Social donation expenses	38,283,665,997	11,092,663,603
Accrued construction expenses	20,150,988,108	-
Others	68,420,702,504	28,945,126,417
	<u>199,235,356,613</u>	<u>187,269,781,984</u>

During 2011, the Corporation accrued repair and maintenance expense of VND 72,380,000,000 pursuant to the Plant of repair and maintenance in Phu My Fertilizer Plant in 2013.

In accordance with Decision No. 1762/QD-DKVN dated 24 June 2011 of Vietnam Oil and Gas Group, the Corporation accrued social donation expenses with amount of VND 150 billion in order to perform the social donation program of the Group. As at 31 December 2011, social donation expenses which have not been paid to donation parties are VND 38,283,665,997.

20. LONG-TERM LOANS AND LIABILITIES

	31/12/2011	31/12/2010
	<u>VND</u>	<u>VND</u>
Asia Commercial Bank and PetroVietnam Finance Corporation - Vung Tau Branch	-	246,087,577,105
	<u>-</u>	<u>246,087,577,105</u>

The long-term loan pursue to Credit Agreement No. 60095579 dated 29 May 2009 from Petrovietnam Finance Corporation - Vung Tau Branch (PVFC - Vung Tau Branch) and Asia Commercial Bank (ACB) for a credit facility of USD 23,905,925, of which USD 7,200,000 is from ACB and USD 16,705,925 from PVFC - Vung Tau Branch. The loan purpose is for the payment of investment cost in the Primary Reformer CO2 recovery system to upgrade capacity of Phu My Fertilizer Plant from 740,000 tons to 800,000 tons of Ure per year. The term of the loan (include the grace period of 24 months) is 120 months from the first withdrawal date.

As at 31 December 2010, the loan balance of this agreement is USD 17,331,332 which is equivalent to VND 328,116,769,473. In which, USD 5,199,302 which is equivalent to VND 98,433,190,955 is from ACB and USD 12,132,029 which is equivalent to VND 229,683,578,518 is from PVFC - Vung Tau Branch. This loan was refunded before due date in 2011.

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21. OWNERS' EQUITY

Movement in owner's equity

	Charter capital VND	Other owner's capital VND	Treasury shares VND	Foreign exchange reserve VND	Investment and development fund VND	Financial reserve fund VND	Other owner's funds VND	Retained earnings VND	Total VND
Balance as at 1/1/2010	3,800,000,000,000	209,233,309	(43,296,089,299)	(1,915,614,125)	302,757,044,494	201,745,548,833	229,923,506	1,228,173,483,976	5,487,903,530,694
Profit for the year	-	-	(39,981,041,328)	-	-	-	-	1,703,175,990,418	1,703,175,990,418
Acquisition of treasury share for the year	-	-	-	-	-	-	-	-	(39,981,041,328)
Profit distribution	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-
Others	-	47,888,689	-	(1,614,533,927)	(276,987,689)	-	-	1,582,583,758	(85,433,064,067)
Balance as at 01/1/2011	3,800,000,000,000	257,121,998	(83,277,130,627)	(3,530,148,052)	849,893,623,484	341,712,214,445	342,595,703	1,288,360,669,597	6,193,758,946,548
Profit for the year	-	-	(684,211,020)	-	-	-	-	3,104,293,433,980	3,104,293,433,980
Acquisition of treasury share for the year (1)	-	-	-	-	-	-	-	-	(684,211,020)
Profit distribution (2)	-	-	-	-	-	-	-	(745,234,485,497)	-
Provision for bonus and welfare funds (2)	-	-	-	-	583,702,789,596	161,320,138,135	211,557,766	(242,896,587,736)	(242,896,587,736)
Reclassified	-	-	-	-	-	-	-	-	-
Dividends paid (2)	-	720,665,046	-	-	(13,356,597,669)	(8,356,620,585)	-	20,992,553,208	-
Foreign exchange reserve in net assets of associates	-	-	-	-	-	-	-	(755,291,940,000)	(755,291,940,000)
Others	-	-	-	(73,576,422,816)	-	-	-	-	(73,576,422,816)
Balance at 31/12/2011	3,800,000,000,000	977,787,044	(83,961,341,647)	(2,694,803,722)	140,685,960	494,715,910,705	554,153,469	2,668,824,162,711	8,227,079,406,507

(1): During the year, the Corporation has acquired 28,540 treasury shares with average buying price per share of VND 23,974 per share.

(2): Profit distribution to funds includes additional distributed to Investment and Development funds and Financial Reserve funds of the Corporation and its subsidiaries with respective amount of VND 583,707,480,341 and VND 161,339,813,467 out of the profit after tax for the year ended 31 December 2010 according to the Resolution of the annual shareholders' meeting of the Corporation and its subsidiaries. Provision for bonus and welfare funds in year includes VND 135,315,413,818 from the profit after tax for the year ended 31 December 2010, and VND 107,581,173,918 which was temporarily distributed from the profit after tax for the year ended 31 December 2011.

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According to the Resolution of the annual shareholders' meeting on 9 April 2011, the Corporation declared and paid dividends of VND 755,295,480,000 (VND 2,000 per share) for the fiscal year ended 31 December 2010. In which, the first dividend advance amounting to VND 377,647,740,000 (VND 1,000 per share) was paid in third quarter 2010. On 21 April 2011, the Corporation declared the second dividend payment for the year ended in 31 December 2010 after distributing to funds amounting to VND 377,647,740,000. On 25 August 2011, the Corporation declared the first dividend advance for the year ended in 31 December 2011 with amount of VND 1,000/share (10% face value). As a result, the Corporation temporarily paid VND 377,644,200,000.

(3): As presented in the Note 14, exchange difference arising from the acquisition date of the associate, Petrovietnam Petrochemical and Textile Fiber Joint Stock Company (PVTEX), to the balance sheet date is about VND (288) billions, as PVTEX is in the progress of construction, the above exchange difference is not recognized to the income statement of the year, but to the "foreign exchange differences" item in the Balance Sheet statement of PVTEX. In addition, the interest of the Corporation in the net assets of PVTEX is 25.48% at the balance sheet date, then the value of investment at PVTEX has been decreased and an amount of VND 73 billions is recorded to "foreign exchange difference" item in the Consolidated Balance Sheet as at 31 December 2011.

Charter capital is in detail as below:

Shareholders	Proportion (%)	31/12/2011 VND
Vietnam Oil & Gas Group	61.37	2,332,042,530,000
Others	38.63	1,467,957,470,000
	<u>100.00</u>	<u>3,800,000,000,000</u>

The number of shares registered and issued to public by the Corporation as at 31 December 2011 was 380,000,000, in which, the Corporation is holding 2,380,800 treasury shares (equivalent to 2,380,800 shares). The Corporation has only ordinary shares with par value of VND 10,000 per share. The shareholders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Corporation's shareholders meetings. All shares rank equally with regard to the Corporation's residual assets.

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22. MINORITY INTERESTS

Minority interests present interests of other shareholders in net assets value and results of operation of subsidiaries. Percentages of minority interests in subsidiaries are calculated as follows:

	Central PetroVietnam Fertilizer and Chemicals JSC	SouthWest PetroVietnam Fertilizer and Chemicals JSC	SouthEast PetroVietnam Fertilizer and Chemicals JSC	North PetroVietnam Fertilizer and Chemicals JSC	Phu My Fertilizer packaging JSC	Petro Vietnam Southern Building and Development JSC
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
Charter capital of subsidiaries	100,000,000,000	170,000,000,000	125,000,000,000	120,000,000,000	42,000,000,000	72,248,000,000
<i>In which:</i>						
Contributed capital of the Corporation	75,000,000,000	127,500,000,000	93,750,000,000	90,000,000,000	21,410,000,000	58,796,800,000
Contributed capital of minority shareholders	25,000,000,000	42,500,000,000	31,250,000,000	30,000,000,000	20,590,000,000	13,451,200,000
Percentages of minority interests	25.00%	25.00%	25.00%	25.00%	49.02%	18.62%

Minority interests in net assets as at 31 December 2011 are as follows:

	31/12/2011 <u>VND</u>	31/12/2010 <u>VND</u>
Total assets	268,403,750,593	47,856,087,163
Total liabilities	(83,526,648,517)	(11,393,635,978)
Net assets	184,877,102,076	36,462,451,185
<i>In which:</i>		
Charter capital	162,791,200,000	34,340,000,000
Other funds	8,051,285,497	2,026,387,779
Retained earnings	14,034,616,579	96,063,406

Minority interests in results of operations for the fiscal year ended 31 December 2011 are as follows:

	2011 <u>VND</u>	2010 <u>VND</u>
Profit for the period	143,047,592,636	8,717,615,438
Non-controlling interest	36,318,726,268	3,693,114,240

Movement in minority interest in year is as follows:

	Charter capital <u>VND</u>	Other owner's capital <u>VND</u>	Investment and <u>VND</u>	Financial reserve fund <u>VND</u>	Foreign exchange <u>VND</u>	Other owner's funds <u>VND</u>	Retained earnings <u>VND</u>	Total <u>VND</u>
As at 31/12/2010	34,340,000,000	247,255,971	1,292,134,225	157,440,087	107,532	329,449,964	96,063,406	36,462,451,185
Contributed capital	128,451,200,000	-	-	-	-	-	-	128,451,200,000
Profit for the year	-	-	-	-	-	-	36,318,726,268	36,318,726,268
Profit distribution	-	-	4,202,780,722	2,001,668,455	-	-	(11,664,343,628)	(5,459,894,451)
Dividends paid	-	-	-	-	-	-	(10,688,863,084)	(10,688,863,084)
Others	-	692,938,633	(968,260,015)	(107,526,658)	(101,690)	203,398,271	(26,966,383)	(206,517,842)
As at 31/12/2011	162,791,200,000	940,194,604	4,526,654,932	2,051,581,884	5,842	532,848,235	14,034,616,579	184,877,102,076

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23. BUSINESS AND GEOGRAPHICAL SEGMENTS

Principal activities of the Corporation and the subsidiaries are to produce and do business in fertilizer, liquid ammonia, industrial gas, other chemicals; other activities are not of material impact. Then, the Corporation does not reports its primary segment information.

The Corporation is currently organised into the Representative Office of Holding Company located in Ho Chi Minh City, and some units in some provinces including 02 branches, 01 plant, 01 Board of Management of Building and Construction and 06 subsidiaries presented in Note 13. Products and services of the Corporation are distributed through the above agent systems, branches and 6 subsidiaries.

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

Consolidated balance sheets

	The Corporation VND	Central PetroVietnam Fertilizer and Chemicals JSC VND	SouthWest PetroVietnam Fertilizer and Chemicals JSC VND	SouthEast PetroVietnam Fertilizer and Chemicals JSC VND	North PetroVietnam Fertilizer and Chemicals JSC VND	Petro Vietnam Southern Building and Development JSC VND	Phu My Fertilizer packaging JSC VND	Consolidated adjustment VND	Total VND
Assets									
Segment assets	8,536,229,008,303	218,938,999,066	273,351,688,574	196,117,763,095	143,240,592,830	132,027,951,625	74,716,831,469	(738,089,112,377)	8,836,533,722,585
Interest in associates	519,000,000,000	-	-	-	-	-	-	(60,371,094,595)	458,628,905,405
Unallocated assets	-	-	-	-	-	-	-	-	-
Total assets	9,055,229,008,303	218,938,999,066	273,351,688,574	196,117,763,095	143,240,592,830	132,027,951,625	74,716,831,469	(798,460,206,972)	9,295,162,627,990
Liabilities									
Segment liabilities	817,255,753,520	102,106,142,415	79,323,791,696	56,379,837,271	16,029,112,654	49,599,095,466	22,559,816,500	(260,047,430,115)	883,206,119,407
Unallocated liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	817,255,753,520	102,106,142,415	79,323,791,696	56,379,837,271	16,029,112,654	49,599,095,466	22,559,816,500	(260,047,430,115)	883,206,119,407

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Consolidated income statement

	The Corporation	Central PetroVietnam Fertilizer and Chemicals JSC	SouthWest PetroVietnam Fertilizer and Chemicals JSC	SouthEast PetroVietnam Fertilizer and Chemicals JSC	North PetroVietnam Fertilizer and Chemicals JSC	Petro Vietnam Southern Building and Development JSC	Phu My Fertilizer packaging JSC	Fertilizer and Chemicals Trading-Service Company Limited	Consolidated adjustment	Total
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
Gross sales	7,655,679,058,679	2,211,987,455,710	2,660,856,972,664	2,462,188,168,100	1,512,518,879,804	135,773,145,861	115,411,006,310	89,623,916,129	(7,565,177,224,115)	9,278,861,379,142
Less deductions	53,659,186,136	14,867,163,230	13,581,028,906	21,902,948,660	1,976,629,507	-	-	-	(53,659,186,136)	52,327,770,303
Net sales	7,602,019,872,543	2,197,120,292,480	2,647,275,943,758	2,440,285,219,440	1,510,542,250,297	135,773,145,861	115,411,006,310	89,623,916,129	(7,511,518,037,979)	9,226,533,608,839
Sales from outside parties	397,974,177,479	2,162,739,966,623	2,628,811,422,911	2,396,310,057,839	1,495,758,971,471	18,126,941,434	73,152,884,946	-	-	9,172,874,422,703
Sales from inter-group parties	7,204,045,695,064	34,380,325,857	18,464,520,847	43,975,161,601	14,783,278,826	117,646,204,427	42,258,121,364	89,623,916,129	(7,511,518,037,979)	53,659,186,136
Net sales	7,602,019,872,543	2,197,120,292,480	2,647,275,943,758	2,440,285,219,440	1,510,542,250,297	135,773,145,861	115,411,006,310	89,623,916,129	(7,511,518,037,979)	9,226,533,608,839
Cost of good solds	3,798,294,922,197	2,126,497,796,242	2,583,480,566,728	2,370,481,116,377	1,444,494,393,105	113,007,308,346	89,179,424,676	82,610,881,076	(7,416,791,776,264)	5,191,254,632,483
Gross profit from sales	3,803,724,950,346	70,622,496,238	63,795,377,030	69,804,103,063	66,047,857,192	22,765,837,515	26,231,581,634	7,013,035,053	(94,726,261,715)	4,035,278,976,356
Financial income	598,035,818,598	5,777,893,743	18,837,406,161	15,092,817,697	9,554,122,867	3,460,248,017	981,719,079	11,960,488,507	(137,021,072,595)	526,679,442,074
Financial expense	68,794,763,342	2,076,506,360	-	51,420,015	-	15,428,600	934,522,083	2,454,297,099	(288,869,694)	74,038,067,805
Selling expense	461,540,749,528	14,305,262,006	10,168,044,702	18,565,951,984	30,088,587,698	456,924,891	3,808,541,823	2,245,724,134	(48,343,521,031)	492,836,265,735
General and administration expense	441,512,649,319	18,135,314,332	17,056,534,816	22,044,779,151	15,258,423,055	11,575,733,451	12,862,246,319	2,488,077,335	(38,330,451,210)	502,603,306,568
Operating profit	3,429,912,606,755	41,883,307,283	55,408,203,673	44,234,769,610	30,254,969,306	14,177,998,590	9,607,990,488	11,785,424,992	(144,784,492,375)	3,492,480,778,322
Profit from other activities	10,964,241,818	77,421,580	13,658,364	136,547,240	16,544,553	57,706,210	(327,369,925)	897,931,231	(4,580,772,574)	7,255,666,297
Profit from associates	-	-	-	-	-	-	-	-	-	-
Accounting profit before tax	3,440,876,848,573	41,960,728,863	55,421,840,037	44,371,116,850	30,271,513,659	14,235,704,800	9,280,620,563	12,683,356,223	(138,861,883,774)	3,510,239,845,794
Current corporate income tax expense	317,708,671,428	10,631,670,570	13,993,698,624	11,331,961,026	7,271,296,757	3,957,630,440	977,037,483	3,170,839,056	-	369,042,805,384
Deferred corporate tax (income)/expense	2,989,712,564	-	-	-	433,863,172	-	-	-	(2,838,695,574)	584,880,162
Net profit after corporate income tax	3,120,178,464,581	31,329,058,293	41,428,141,413	33,039,155,824	22,566,353,730	10,278,074,360	8,303,583,080	9,512,517,167	(136,023,188,200)	3,140,612,160,248

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24. NET SALES AND COST OF GOODS SOLD

	Locally-produced products VND	Imported goods VND	Total VND
From 1/1/2011 to 31/12/2011			
Net sales	6,768,159,614,159	2,458,373,994,680	9,226,533,608,839
Cost of goods sold	(2,760,887,985,242)	(2,430,366,647,241)	(5,191,254,632,483)
<i>In which: Provision for inventory devaluation</i>		(6,796,988,515)	(6,796,988,515)
Gross profit	4,007,271,628,917	28,007,347,439	4,035,278,976,356
From 1/1/2010 to 31/12/2010			
Net sales	5,091,424,261,250	1,527,359,737,168	6,618,783,998,418
Cost of goods sold	(2,712,101,346,028)	(1,523,993,481,875)	(4,236,094,827,903)
<i>In which: Provision for inventory devaluation</i>		(3,425,871,433)	(3,425,871,433)
Gross profit	2,379,322,915,222	3,366,255,293	2,382,689,170,515

Sales from locally-produced products is as follows:

	2011 VND	2010 VND
Sales of Ure	6,453,341,863,786	4,790,081,223,736
Sales of Amoniac	36,273,170,018	186,892,922,107
Sales of electricity	7,693,247,916	10,201,609,113
Others	323,159,407,509	134,105,121,710
	6,820,467,689,224	5,121,280,876,666
Sales discounts	52,308,075,065	26,999,472,560
Sales rebate	-	2,857,142,856
	6,768,159,614,159	5,091,424,261,250

25. PRODUCTION COST BY NATURE

	VND	VND
Raw materials and consumables	2,179,431,068,686	1,587,377,650,031
Labour	391,133,521,243	277,170,401,681
Depreciation and amortization	190,196,427,163	687,289,914,263
Out-sourced services	384,713,811,134	440,883,132,702
Other expenses	601,504,421,761	394,941,456,571
	3,746,979,249,988	3,387,662,555,248

26. FINANCIAL INCOME

	2011 VND	2010 VND
Interest income	514,219,760,206	338,756,648,665
Dividend	4,992,998,186	288,000,000
Others	7,466,683,682	4,047,003,870
	526,679,442,074	343,091,652,535

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	2011	2010
	VND	VND
Loan interest	27,900,441,399	8,349,710,449
Loss from exchange difference	39,067,463,965	62,423,713,405
Others	7,070,162,441	10,261,038,967
	74,038,067,805	81,034,462,821

28. CURRENT CORPORATE INCOME TAX EXPENSE

	2011	2010
	VND	VND
Current corporate income tax calculated on the current taxable incomes	369,042,805,384	226,887,699,805
Tax adjustments in previous years	-	627,062,405
Current corporate income tax expense	369,042,805,384	227,514,762,210

For fertilizer production at Phu My Fertilizer Plant, the Corporation is obliged to pay corporate income tax at the rate of 15% 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 2011 is the fourth year the Corporation enjoys 50% corporate income tax reduction as it is the Corporation's eighth profit-making year (since the Corporation's commencement of operation).

For other business activities, the Corporation's corporate income tax rate is applied at 25% of its taxable income.

29. BASIC EARNINGS PER SHARE

	2011	2010
	VND	VND
Earnings for the purpose of calculating basic earnings per share	3,104,293,433,980	1,703,175,990,418
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	374,542,632	378,560,156
Basic earnings per share	8,288	4,499

30. OPERATING LEASE COMMITMENTS

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

	31/12/2011	31/12/2010
	VND	VND
Within one year	11,652,728,108	14,346,601,261
In the second to fifth years inclusive	33,610,888,221	22,924,219,188
After five years	31,795,489,104	28,702,378,545
	77,059,105,432	65,973,198,994

On 3 September 2005, the Corporation was handed over with a land-subleasing contract No. 178/HD/TLĐ/UDEC.2001 dated 1 June 2001 signed between the PMU of Phu My Fertilizer Plant and Ba Ria-Vung Tau Urban Development and Construction Company for long-term rental of land and infrastructure in Phu My I Industrial Zone, Tan Thanh Commune, Ba Ria – Vung Tau Province. The contract is valid for 17 years from the date of 3 September 2004 with the rental fee and infrastructure use fee of USD 378,392 per annum.

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On 1 November 2010, the Corporation signed the office rental contract in Cambodia with rental period of 3 years and rental fee of USD 1,500 per month.

31. FINANCIAL INSTRUMENTS

Capital risk management

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

The capital structure of the Corporation consists of equity attributable to equity holders of the parent (comprising capital, reserves and retained earnings), and equity attributable to minority shareholders of subsidiaries.

Significant accounting policies

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

Categories of financial instruments

	Carrying amounts	
	31/12/2011	31/12/2010
	VND	VND
Financial assets		
Cash and cash equivalents	4,070,456,552,343	3,748,457,003,885
Trade & other receivables	232,795,849,099	142,184,416,577
Short-term investments	202,000,000,000	58,500,000,000
Long-term investments	43,591,357,921	343,591,357,921
Other financial assets	266,713,819	10,548,583,250
Total	4,549,110,473,182	4,303,281,361,633
Financial liabilities		
Borrowings	9,205,641,372	331,708,161,103
Trade & other payables	346,746,305,819	423,951,306,724
Accruals	199,235,356,613	187,269,781,984
Total	555,187,303,804	942,929,249,811

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

Financial risk management objectives

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

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Market risk

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

Foreign currency risk management

The Corporation undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Corporation does not hedge this risk due to the lack of any market to purchase such instruments.

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

	Liabilities		Assets	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
United States Dollar (USD)	4,260,029,420	597,806,637,247	147,465,726,357	1,755,187,612
Euro (EUR)	150,052,595	-	39,588,091	40,793,413
Singapore Dollar (SGD)	-	-	-	6,619,819

Price risk management

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

Commodity price risk management

The Corporation purchases materials, commodities from local and foreign suppliers for business purpose. Therefore, the Corporation is exposed to the risk of changes in selling prices of materials, commodities. The Corporation does not hedge this risk due to the lack of any market to purchase such instruments.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Corporation does not have any significant credit risk exposure to any counterparty.

Liquidity risk management

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

The following table details the Corporation's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay.

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	Less than 1 year VND	Over 1 year VND	Total VND
31/12/2011			
Borrowings	9,205,641,372	-	9,205,641,372
Trade & other payables	346,746,305,819	-	346,746,305,819
Accruals	199,235,356,613	-	199,235,356,613
Total	555,187,303,804	-	555,187,303,804
31/12/2010			
Borrowings	85,620,583,998	246,087,577,105	331,708,161,103
Trade & other payables	423,951,306,724	-	423,951,306,724
Accruals	187,269,781,984	-	187,269,781,984
Total	696,841,672,706	246,087,577,105	942,929,249,811

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

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

	Less than 1 year VND	Over 1 year VND	Total VND
31/12/2011			
Cash and cash equivalents	4,070,456,552,343	-	4,070,456,552,343
Trade & other receivables	232,795,849,099	-	232,795,849,099
Short-term investments	202,000,000,000	-	202,000,000,000
Long-term investments	-	43,591,357,921	43,591,357,921
Other financial assets	103,419,619	163,294,200	266,713,819
Total	4,505,355,821,061	43,754,652,121	4,549,110,473,182
31/12/2010			
Cash and cash equivalents	3,748,457,003,885	-	3,748,457,003,885
Trade & other receivables	142,184,416,577	-	142,184,416,577
Short-term investments	58,500,000,000	-	58,500,000,000
Long-term investments	-	343,591,357,921	343,591,357,921
Other financial assets	9,654,900,324	893,682,926	10,548,583,250
Total	3,958,796,320,786	344,485,040,847	4,303,281,361,633

32. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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	2011 VND	2010 VND
Vietnam Oil & Gas Group	499,313,154,111	561,095,083,834
- Dividend paid	466,408,506,000	536,369,781,900
- Management fee payables	32,904,648,111	24,725,301,934
Sale urea to Petrovietnam's subsidiaries	373,924,660,745	271,585,801,409
Receive Mac Dinh Chi Project from Petrovietnam Oil Corporation (PV Oil)	190,620,250,351	-
Receive Mac Dinh Chi Project from PVFC Land	36,942,483,601	210,000,000,000
Purchase construction service of Mac Dinh Chi Project from Petroleum Industrial and Civil Construction Joint Stock Company (PVC-IC)	161,917,824,793	59,931,721,934
Purchase gas from PetroVietnam Gas Corporation (PV Gas)	1,926,771,062,298	1,346,190,365,185

Remuneration of Boards of Management and General Directors	14,453,066,403	8,667,818,706
Related party balances at the balance sheet date were as follows:		

	31/12/2011 VND	31/12/2010 VND
Payable to Vietnam Oil & Gas Group	-	6,897,966,116
Payable to PetroVietnam Urban Development Joint Stock Company (PVC-Mekong)	7,033,309,000	269,472,389,374
Payable to PV Gas	-	-
Payable to South East Gas Transmission Company	195,468,590,693	-
Payable to PV Oil	18,285,400,000	-
Payable to PVC-IC	15,042,870,801	-
Payable to PVFC Land	11,043,000,000	-
Payable to Petrovietnam Trade Union Finance Investment Corporation (PVFI)	11,000,000,000	-
Payable to Petrovietnam Ca Mau Fertilizer Company Limited	8,112,540,000	-
Receive from Binh Son Refining and Petrochemical Company Limited	1,353,902,194	8,202,066,405
Advance to PVC-IC	3,012,188,600	-
Advance to PVC-Mekong	100,335,295,400	-
Advance to Petrovietnam Securities Incorporated - Ho Chi Minh Branch	13,496,025,035	-
Receive from PVFI	19,012,777,778	-
Time deposits at PVFI	177,000,000,000	250,000,000,000
Time deposits at PetroVietnam Finance Joint Stock Corporation	595,000,000,000	1,171,200,000,000



Nguyen Van Tong
 Deputy General Director
 5 March 2012

Huynh Kim Nhan
 Chief Accountant