

DRILLING MUD CORPORATION
(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2015

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DRILLING MUD CORPORATION

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

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Drilling Mud Corporation (the "Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31 December 2015.

BOARDS OF MANAGEMENT AND DIRECTORS

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

Board of Management

Mr. Nguyen Ngoc Khanh	Chairman
Mr. Ton Anh Thi	Member
Mr. Do Xuan Vinh	Member
Mr. Ha Duy Tan	Member
Mr. Nguyen Ngoc Quynh	Member (assigned on 05 May 2015)
Ms. Le Thi Thu Huong	Member (resigned on 05 May 2015)

Board of Directors

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

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Corporation is responsible for preparing the consolidated financial statements for the year ended 31 December 2015, 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 Directors is required to:

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

STATEMENT OF THE BOARD OF DIRECTORS (Continued)

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY (Continued)

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Corporation and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of Directors is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of Directors, 



Ton Anh Thi
General Director

Hanoi, 14 March 2016



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Drilling Mud Corporation (the "Corporation"), prepared on 14 March 2016 as set out from page 04 to page 46, which comprise the consolidated balance sheet as at 31 December 2015, the consolidated statement of income, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

CHỨNG THỰC BẢN SAO ĐÚNG VỚI BẢN CHÍNH.

Số chứng thực: 598 Quyển số: SCT/BS

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



Phạm Thị Quỳnh
Deputy General Director
Audit Practising Registration Certificate
No. 0042-2013-001-1

Nguyễn Anh Tuấn
Auditor
PHÓ TRƯỞNG PHÒNG TƯ PHÁP
Audit Practising Registration Certificate
Số: 11/2013/001-1

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

14 March 2016
Hanoi, S.R. Vietnam

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CONSOLIDATED BALANCE SHEET

As at 31 December 2015

FORM B 01-DN/HN
Unit: VND

ASSETS	Codes	Notes	31/12/2015	31/12/2014
A. CURRENT ASSETS	100		1,706,138,850,980	2,120,667,732,950
I. Cash and cash equivalents	110	5	311,385,554,635	496,312,778,350
1. Cash	111		90,786,002,969	171,027,935,105
2. Cash equivalents	112		220,599,551,666	325,284,843,245
II. Short-term financial investments	120		2,302,069,649	-
1. Held-to-maturity investments	123		2,302,069,649	-
III. Short-term receivables	130		633,489,728,015	746,942,098,363
1. Short-term trade receivables	131	6	536,831,125,045	659,448,494,927
2. Short-term advances to suppliers	132		94,223,175,099	81,363,498,847
3. Other short-term receivables	136	7	23,311,134,449	26,056,571,375
4. Provision for short-term doubtful debts	137	8	(20,875,706,578)	(19,940,350,546)
5. Deficits in assets awaiting solution	139		-	13,883,760
IV. Inventories	140	9	712,229,974,506	846,628,596,306
1. Inventories	141		745,803,444,045	867,612,235,026
2. Provision for devaluation of inventories	149		(33,573,469,539)	(20,983,638,720)
V. Other short-term assets	150		46,731,524,175	30,784,259,931
1. Short-term prepayments	151		4,965,225,386	9,978,529,720
2. Value added tax deductibles	152	11	19,717,004,415	20,337,667,140
3. Taxes and other receivables from the State budget	153	11	22,049,294,374	468,063,071
B. NON-CURRENT ASSETS	200		286,154,745,479	312,498,670,298
I. Long-term receivables	210		492,891,775	382,839,121
1. Other long-term receivables	216	7	492,891,775	382,839,121
II. Fixed assets	220		239,550,120,596	250,322,046,344
1. Tangible fixed assets	221	10	215,919,240,907	225,656,615,251
- Cost	222		392,459,188,148	381,577,491,181
- Accumulated depreciation	223		(176,539,947,241)	(155,920,875,930)
2. Intangible assets	227		23,630,879,689	24,665,431,093
- Cost	228		27,121,942,841	27,121,942,841
- Accumulated amortisation	229		(3,491,063,152)	(2,456,511,748)
III. Long-term assets in progress	240	12	19,030,616,643	15,007,470,696
1. Construction in progress	242		19,030,616,643	15,007,470,696
IV. Long-term financial investments	250		11,656,877,590	13,107,786,597
1. Investments in joint-ventures	252	14	11,656,877,590	13,107,786,597
V. Other long-term assets	260		15,424,238,875	33,678,527,540
1. Long-term prepayments	261		4,870,379,664	13,904,014,137
2. Deferred tax assets	262		10,553,859,211	19,774,513,403
TOTAL ASSET (270=100 + 200)	270		1,992,293,596,459	2,433,166,403,248

The notes set out on pages 9 to 46 are an integral part of these consolidated financial statements

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
C. LIABILITIES	300		793,169,244,065	1,247,831,889,107
I. Current liabilities	310		735,998,545,658	1,160,996,334,799
1. Short-term trade payables	311	15	239,458,072,558	507,497,160,542
2. Short-term advances from customers	312		71,648,736,861	4,748,113,749
3. Taxes and amounts payable to the State budget	313	11	5,721,449,956	77,769,461,820
4. Payables to employees	314		12,578,784,318	25,707,239,336
5. Short-term accrued expenses	315		46,099,943,458	55,729,233,538
6. Short-term unearned revenue	318		1,025,678,373	-
7. Other current payables	319	16	9,820,422,679	19,695,584,643
8. Short-term loans and obligations under finance leases	320	17	330,134,443,475	449,823,662,130
9. Short-term provisions	321		1,208,167,279	-
10. Bonus and welfare funds	322		18,302,846,701	20,025,879,041
II. Long-term liabilities	330		57,170,698,407	86,835,554,308
1. Long-term loans and obligations under finance leases	338	18	41,539,900,982	72,269,053,976
2. Scientific and technological development fund	343		15,630,797,425	14,566,500,332
D. EQUITY	400		1,199,124,352,394	1,185,334,514,141
I. Owners' equity	410		1,197,403,459,365	1,183,141,831,112
1. Owners' contributed capital	411	19	500,000,000,000	500,000,000,000
- Ordinary shares carrying voting rights	411a		500,000,000,000	500,000,000,000
2. Share premium	412	19	18,965,245,000	18,965,245,000
3. Foreign exchange reserve	417	19	2,648,777,396	2,949,256,345
4. Investment and development fund	418	19	103,558,957,528	96,518,418,222
5. Retained earnings	421	19	357,850,340,189	351,889,423,040
- Retained earnings accumulated to the prior year end	421a		252,308,190,459	141,018,515,543
- Retained earnings of the current year	421b		105,542,149,730	210,870,907,497
6. Non-controlling interests	429		214,380,139,252	212,819,488,505
II. Other resources and funds	430		1,720,893,029	2,192,683,029
1. Subsidised funds	431		1,720,893,029	2,192,683,029
TOTAL RESOURCES (440=300+400)	440		1,992,293,596,459	2,433,166,403,248

Ta Dinh Khang

Ta Dinh Khang
Preparer

14 March 2016

Bui Tuan Ngoc

Bui Tuan Ngoc
Chief Accountant



Ton Anh Thi

Ton Anh Thi
General Director

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

FORM B 02-DN/HN
Unit: VND

ITEMS	Codes	Notes	2015	2014
1. Gross sales	01	22	3,606,337,266,331	4,600,734,383,070
2. Deductions	02	22	2,048,322,570	288,859,211,042
3. Net sales (10=01-02)	10		3,604,288,943,761	4,311,875,172,028
4. Cost of sales	11		3,089,356,149,553	3,471,162,818,103
5. Gross profit from sales (20=10-11)	20		514,932,794,208	840,712,353,925
6. Financial income	21	24	19,871,232,766	30,790,635,724
7. Financial expenses	22	25	41,437,312,158	50,051,700,206
- In which: Interest expense	23		18,180,642,361	26,415,268,836
8. (Loss) from joint ventures and associates	24		(1,693,276,604)	-
9. Selling expenses	25	26	75,850,808,455	68,961,604,110
10. General and administration expenses	26	26	204,047,905,701	302,348,166,881
11. Operating profit (30=20+(21-22)+24-(25+26))	30		211,774,724,056	450,141,518,452
12. Other income	31		52,971,836,140	11,057,318,154
13. Other expenses	32		12,302,086,348	29,007,222,530
14. Profit/(loss) from other activities (40=31-32)	40		40,669,749,792	(17,949,904,376)
15. Accounting profit before tax (50=30+40)	50		252,444,473,848	432,191,614,076
16. Current corporate income tax expense	51		43,880,578,810	101,837,248,851
17. Deferred corporate tax expense	52		9,220,654,192	980,373,559
18. Net profit after corporate income tax (60=50-51-52)	60		199,343,240,846	329,373,991,666
18.1. Equity holders of the Holding Company	61		105,542,149,730	210,870,907,497
18.2. Non-controlling interests	62		93,801,091,116	118,503,084,169
19. Basic earnings per share	70	27	1,788	4,217


Ta Dinh Khang
Preparer


Bui Tuan Ngoc
Chief Accountant


Ton Anh Thi
General Director



14 March 2016

The notes set out on pages 9 to 46 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2015

FORM B 03-DN/HN

Unit: VND

ITEMS	Codes	2015	2014
I. CASH FLOWS FROM OPERATING ACTIVITIES			
<i>1. Profit before tax</i>	01	252,444,473,848	432,191,614,076
<i>2. Adjustments for:</i>			
Depreciation and amortisation of fixed assets	02	31,858,006,963	28,311,580,679
Provisions	03	14,733,354,130	28,678,354,976
Foreign exchange loss arising from translating foreign currency items	04	1,021,466,007	1,105,939,075
(Gain) from investing activities	05	(9,477,558,578)	(13,423,463,805)
Interest expense	06	18,180,642,361	26,415,268,836
Other adjustments	07	3,900,000,000	10,740,393,757
<i>3. Operating profit before movements in working capital</i>	08	312,660,384,731	514,019,687,594
Change in receivables	09	95,517,306,237	(89,475,455,298)
Change in inventories	10	121,646,084,398	(112,760,264,715)
Change in payables (excluding accrued loan interest and corporate income tax payable)	11	(356,937,104,282)	(106,738,106,168)
Change in prepaid expenses	12	13,500,107,133	11,331,555,828
Interest paid	14	(19,461,923,615)	(26,589,175,185)
Corporate income tax paid	15	(80,395,144,606)	(90,822,180,088)
Other cash inflows	16	1,928,000,000	1,226,830,000
Other cash outflows	17	(36,501,932,677)	(20,103,014,497)
<i>Net cash generated by operating activities</i>	20	51,955,777,319	80,089,877,471
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(33,871,305,807)	(70,075,303,721)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	159,272,729	285,376,780
3. Cash outflow for lending, buying debt instruments of other entities	23	(5,013,517,649)	-
4. Cash recovered from lending, selling debt instruments of other entities	24	2,711,448,000	-
5. Cash recovered from investments in other entities	26	1,344,501,548	-
6. Interest earned, dividends and profits received	27	13,298,880,847	13,172,543,084
<i>Net cash (used in) investing activities</i>	30	(21,370,720,332)	(56,617,383,857)

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2015

FORM B 03-DN/HN

Unit: VND

ITEMS	Codes	2015	2014
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	1,341,982,146,029	1,664,381,444,160
2. Repayment of borrowings	34	(1,497,509,726,391)	(1,580,448,748,096)
3. Dividends and profits paid	36	(59,984,700,340)	(60,082,263,620)
<i>Net cash (used in)/generated by financing activities</i>	<i>40</i>	<i>(215,512,280,702)</i>	<i>23,850,432,444</i>
<i>Net (decrease)/increase in cash (50=20+30+40)</i>	<i>50</i>	<i>(184,927,223,715)</i>	<i>47,322,926,058</i>
Cash and cash equivalents at the beginning of the year	60	496,312,778,350	448,989,852,292
Cash and cash equivalents at the end of the year (70=50+60)	70	311,385,554,635	496,312,778,350



Ta Dinh Khang
Preparer

14 March 2016



Bui Tuan Ngoc
Chief Accountant



Ton Anh Thi
General Director

DRILLING MUD CORPORATION

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

Consolidated financial statements
For the year ended 31 December 2015

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

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

1. GENERAL INFORMATION**Structure of ownership**

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

The Corporation's Parent company is Vietnam Oil and Gas Group.

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

The Corporation was granted the 18th Amendment dated 27 January 2015 issued by Hanoi Authority for Planning and Investment in respect of Business Registration Certificate for Joint Stock Company No. 0103009579 dated 18 October 2005, under which the Corporation's charter capital is VND 500,000,000,000, equivalent to 50,000,000 shares.

Operating industry and principal activities

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

Normal production and business cycle

The Corporation's normal production and business cycle is takes 12 months or less.

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***1. GENERAL INFORMATION (Continued)****The Corporation's structure**

<u>Name of companies/branches</u>	<u>Relationship</u>
DMC - Northern Petroleum Chemicals Joint Stock Company	Subsidiary
DMC - Southern Petroleum Chemicals Joint Stock Company	Subsidiary
DMC - Middle Land Petroleum Chemicals Joint Stock Company	Subsidiary
Drilling Fluids and Well Services One Member Company Limited	Subsidiary
M-I Vietnam Drilling Fluids Company Limited	Subsidiary
DMC-VTS Joint Venture Company Limited	Joint venture
Drilling Mud Corporation - Hanoi Branch	Dependent unit
Drilling Mud Corporation - Ho Chi Minh city Branch	Dependent unit
Branch of Research and Development and Technical Services Center	Dependent unit

Disclosure of information comparability in the consolidated financial statements :

As stated in Note 3, 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 on 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". However, the adoption of such circulars does not have any significant impact on the comparability of the figures in the Corporation's 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.

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

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

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 on 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". The Board of Directors has adopted Circular 200 and Circular 202 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 and its subsidiaries in the preparation of these consolidated financial statements, are as follows:

Estimates

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and enterprises controlled by the Corporation (its subsidiaries) up to 31 December 2015. 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 intragroup transactions and balances between group enterprises are eliminated on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination 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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in joint ventures

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

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

Financial instruments

Initial recognition

Financial assets

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

Financial liabilities

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

Measurement subsequent to initial recognition

Currently, there are no requirements for the measurement of the financial instruments subsequent to 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.

Receivables

Receivables represent the amount recoverable from customers or other debtors that 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 realizable value. Cost comprises direct materials and where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

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

	<u>2015</u> (Years)
	6 - 25
Buildings and structures	
Machinery and equipment	5 - 12
Office equipment	3 - 5
Motor vehicles	6 - 8
Others	5 - 10

Intangible assets and amortisation

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

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Corporation's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Revenue recognition

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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

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

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

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

Foreign currencies

The Company 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.

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

Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "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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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions payable

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

Taxation

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

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

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
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5. CASH AND CASH EQUIVALENTS

	<u>31/12/2015</u>	<u>31/12/2014</u>
	VND	VND
Cash on hand	5,716,199,614	3,197,212,054
Demand deposits (*)	85,069,803,355	167,830,723,051
Cash equivalents (**)	220,599,551,666	325,284,843,245
	<u>311,385,554,635</u>	<u>496,312,778,350</u>

(*) The outstanding balance as at 31 December 2015 of cash in bank includes the amount of VND 8,804,135,838 deposited at Ocean Commercial One Member Limited Liability Bank which has been subject to restricted use. The Board of Directors evaluated that this amount will be used normally in the future upon availability of specific decisions/guidelines issued by the State Bank.

(**) Cash equivalents represent time deposits at banks with terms up to 3 months.

6. SHORT-TERM TRADE RECEIVABLES

	<u>31/12/2015</u>	<u>31/12/2014</u>
	VND	VND
a. Short-term trade receivables		
OPEC Plastics Joint Stock Company	187,051,197,082	17,242,337,370
Bien Dong POC	76,630,662,174	54,343,566,836
Vietnam-Russia Joint Venture Vietsovpetro	37,307,511,571	29,562,822,388
PetroVietnam Domestic Exploration Production Operating Company Limited	30,144,899,308	69,804,603,232
PetroVietnam Exploration Production Corporation	26,111,502,210	-
Binh Son Refining and Petrochemical One Member Company Limited (BSR)	21,498,400,740	15,986,992,977
Cuu Long Joint Operating Company	20,916,801,596	60,649,005,046
PC Vietnam Company Limited	13,936,438,019	67,539,020,538
Khang Minh Development Investment Joint Stock Company	8,140,367,815	40,986,637,134
Petroleum Trading Joint Stock Company	-	126,919,652,273
Quang Binh Import and Export Joint Stock Company	-	62,254,643,799
Thong Nhat Investment and Manufacturing Joint Stock Company	-	60,765,907,950
Lam Son Joint Operating Company	-	52,239,207,011
Others	115,093,344,530	1,154,098,373
	<u>536,831,125,045</u>	<u>659,448,494,927</u>
b. Trade receivables from related parties (as presented in Note 30)	<u>174,832,302,071</u>	<u>284,554,456,312</u>

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	<u>31/12/2015</u>	<u>31/12/2014</u>
	VND	VND
a. Short-term		
Receivable from employees	2,363,361,329	4,490,716,040
Short-term deposits	1,078,232,911	2,029,328,748
Binh Son Refining and Petrochemical One Member Company Limited (BSR)	7,199,636,364	7,199,636,364
Others	12,669,903,845	12,336,890,223
	<u>23,311,134,449</u>	<u>26,056,571,375</u>
b. Trade receivables from related parties (as presented in Note 30)	<u>7,797,273,704</u>	<u>8,292,875,713</u>
c. Long-term		
Deposits	492,891,775	111,009,097
Others	-	271,830,024
	<u>492,891,775</u>	<u>382,839,121</u>

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Debtors	31/12/2015			31/12/2014		
	Cost VND	Recoverable amount VND	Overdue	Cost VND	Recoverable amount VND	Overdue
Impaired receivables	61,245,354,537	40,369,647,959		62,551,217,889	42,610,867,343	
An Phu Vinh Commerce and Services Company Limited	-	-		15,713,142,117	10,999,199,482	Overdue 6 - 12 months
Khang Minh Development and Investment Joint Stock Company	6,190,906,895	4,333,634,827	Overdue 6 - 12 months	-	-	
Khang Minh Development and Investment Joint Stock Company	9,206,875	4,603,438	Overdue 1 - 2 years	3,321,050,262	3,321,050,262	Overdue under 6 months
Khang Minh Development and Investment Joint Stock Company	84,549,738	25,364,920	Overdue 2 - 3 years	84,549,738	59,184,817	Overdue 6 - 12 months
Khang Minh Development and Investment Joint Stock Company	1,044,018,951	313,205,685	Overdue 2 - 3 years	1,044,018,951	522,009,476	Overdue 1 - 2 years
Phuc An Petroleum Services and Trading Company	5,749,338,314	2,874,669,157	Overdue 1 - 2 years	6,452,434,500	4,516,704,150	Overdue 6 - 12 months
Phuc An Petroleum Services and Trading Company	-	-		298,553,814	149,276,907	Overdue 1-2 years
Thanh Hoa Iron and Steel Joint Stock Company	1,433,519,972	-	Overdue more than 3 years	827,928,484	-	Overdue more than 3 years
Thanh Hoa Iron and Steel Joint Stock Company	-	-		2,979,445,602	1,142,212,226	Overdue 2 - 3 years
Hanoi Petroleum Construction Joint Stock Company	2,737,079,920	-	Overdue more than 3 years	2,737,079,920	-	Overdue more than 3 years
Petroleum Real Estate Joint Stock Company	1,872,000,000	-	Overdue more than 3 years	499,200,000	-	Overdue more than 3 years
Petroleum Real Estate Joint Stock Company	124,800,000	37,440,000	Overdue 2 - 3 years	1,497,600,000	661,440,000	Overdue 2 - 3 years
Da Nang Chemicals and Plastic Joint Stock Company	713,358,428	471,566,821	Overdue 1 - 2 years	713,358,428	713,358,428	Overdue under 6 months
Da Nang Chemicals and Plastic Joint Stock Company	-	-		345,416,581	172,708,291	Overdue 1-2 years
Others	41,286,575,444	32,309,163,111		26,037,439,492	20,353,723,304	

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	31/12/2015		31/12/2014	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Goods in transit	28,377,663,591	-	32,682,030,130	-
Raw materials	24,934,433,906	-	19,129,301,981	-
Tools and supplies	2,371,183,145	-	1,654,475,560	-
Work in progress	38,274,278,866	-	14,772,371,039	-
Finished goods	19,425,906,119	-	13,701,930,406	-
Merchandise (i)	530,826,714,803	(33,573,469,539)	596,545,151,218	(20,983,638,720)
Goods on consignment	101,593,263,615	-	189,126,974,692	-
Total	745,803,444,045	(33,573,469,539)	867,612,235,026	(20,983,638,720)

(i) During the year, the Corporation made the provision for devaluation of inventories with the amount of VND 12,589,830,819 (2014: VND 20,593,538,113) because the net realizable value of merchandise was lower than its cost as at 31 December 2015.

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*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***10. INCREASES/DECREASES IN TANGIBLE FIXED ASSETS**

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Others	Total
	VND	VND	VND	VND	VND	VND
COST						
As at 01/01/2015	151,968,807,558	137,479,151,354	49,811,572,233	5,573,724,144	36,744,235,892	381,577,491,181
Purchases	463,783,988	16,989,675,563	4,138,010,000	1,579,696,773	53,196,245	23,224,362,569
Disposals	-	(10,257,981,219)	-	(228,430,972)	-	(10,486,412,191)
Reclassification	-	554,330,864	(1,118,796,793)	564,465,929	-	-
Decrease due to disposals of subsidiaries	(524,052,502)	(600,200,000)	(564,660,000)	(14,950,000)	-	(1,703,862,502)
Other decreases	(97,162,099)	(39,080,014)	(16,148,796)	-	-	(152,390,909)
As at 31/12/2015	151,811,376,945	144,125,896,548	52,249,976,644	7,474,505,874	36,797,432,137	392,459,188,148
ACCUMULATED DEPRECIATION						
As at 01/01/2015	55,030,860,204	65,075,452,401	28,462,607,361	4,145,594,233	3,206,361,731	155,920,875,930
Charge for the year	8,696,848,731	12,256,905,108	4,109,334,366	1,154,377,181	4,605,990,173	30,823,455,559
Disposals	-	(9,080,810,183)	-	(206,554,528)	-	(9,287,364,711)
Reclassification	(1,383,319,251)	606,971,973	482,170,393	293,585,211	591,674	-
Decrease due to disposals of subsidiaries	(362,350,639)	(295,125,331)	(244,593,567)	(14,950,000)	-	(917,019,537)
As at 31/12/2015	61,982,039,045	68,563,393,968	32,809,518,553	5,372,052,097	7,812,943,578	176,539,947,241
NET BOOK VALUE						
As at 31/12/2015	89,829,337,900	75,562,502,580	19,440,458,091	2,102,453,777	28,984,488,559	215,919,240,907
As at 31/12/2014	96,937,947,354	72,403,698,953	21,348,964,872	1,428,129,911	33,537,874,161	225,656,615,251

The cost of the Corporation's tangible fixed assets which have been fully depreciated but are still in use as at 31 December 2015 was VND 66,130,821,849 (as at 31 December 2014: VND 60,979,937,935).

As presented in Note 18, the Corporation used its fixed assets at Petroleum Chemical Plant in Cai Mep with the carrying amount as at 31 December 2015 of VND 103,312,551,152 (31 December 2014: VND 110,943,926,545) as collateral for the long-term loans granted by Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Dinh branch.

As presented in Note 18, the Corporation used its fixed assets under the project "Base for Providing DMC services at Vietsovpetro port" with the carrying amount as at 31 December 2015 of VND 28,789,252,994 (31 December 2014: VND 33,363,940,171) as collateral for the long-term loans granted by Vietnam Joint Stock Commercial Bank for Industry and Trade - Vung Tau branch.

As presented in Note 18, the Corporation used its fixed assets under the project "Additional repair and construction office at 319 Nguyen Cong Phuong, Quang Ngai City" with the carrying amount as at 31 December 2015 of VND 1,245,973,841 (31 December 2014: VND 1,286,124,257) as collateral for the long-term loans granted by Joint Stock Commercial Bank for Foreign Trade of Vietnam - Quang Ngai Branch.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN
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11. TAX AND OTHER RECEIVABLES FROM AND PAYABLES TO THE STATE BUDGET

Items	01/01/2015 VND	Movement in the year		31/12/2015 VND
		Increase VND	Offset VND	
a) Input VAT deductible				
- Input VAT on goods, services	17,145,868,817	281,554,190,155	282,743,829,929	15,956,229,043
- Input VAT on imports	2,081,967	79,304,940,013	79,307,021,980	-
- Input VAT of investment projects	3,189,716,356	571,059,016	-	3,760,775,372
- Input VAT on fixed assets	-	121,757,252	121,757,252	-
Total	20,337,667,140	361,551,946,436	362,172,609,161	19,717,004,415

Items	01/01/2015 VND	Movement in year		31/12/2015 VND
		Amount payable VND	Amount paid VND	
b) Receivables				
Output VAT	100,376,200	228,869,235	13,558,071,450	13,429,578,415
- Output VAT	(128,493,035)	-	13,558,071,450	13,429,578,415
- VAT on imports	228,869,235	228,869,235	-	-
Import/export duties	-	-	-	-
Corporate income tax	367,686,871	45,083,242	7,817,299,324	8,139,902,953
Land rental fee	-	-	479,813,006	479,813,006
Total	468,063,071	273,952,477	21,855,183,780	22,049,294,374

c) Payables				
VAT	961,620,950	113,990,712,974	114,293,088,458	659,245,466
- Output VAT	961,620,950	33,599,793,750	33,902,169,234	659,245,466
- VAT on imports	-	80,390,919,224	80,390,919,224	-
Import/export duties	-	8,061,500,368	8,061,500,368	-
Corporate income tax	70,624,043,900	3,142,452,711	72,577,845,282	1,188,651,329
Natural resources tax	55,468,100	5,223,180	60,502,820	188,460
Land rental fee	-	2,221,264,958	2,221,264,958	-
Other taxes	6,082,989,670	32,929,628,025	35,139,252,994	3,873,364,701
Business license tax	-	35,006,357	35,006,357	-
Personal income tax	3,895,240,591	28,153,980,430	29,273,768,428	2,775,452,593
Other taxes	2,187,749,079	4,740,641,238	5,830,478,209	1,097,912,108
Other payables	45,339,200	1,070,245	46,409,445	-
Fees and charges	45,339,200	-	45,339,200	-
Others	-	1,070,245	1,070,245	-
Total	77,769,461,820	160,351,852,461	232,399,864,325	5,721,449,956

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12. LONG-TERM ASSETS IN PROGRESS

	<u>31/12/2015</u>	<u>31/12/2014</u>
	VND	VND
Construction in progress		
- Acquisition	19,030,616,643	15,007,470,696
In which		
+ <i>Cleaning tools project</i>	14,547,446,573	14,737,397,969
+ <i>Other projects</i>	4,483,170,070	270,072,727
	<u>19,030,616,643</u>	<u>15,007,470,696</u>

13. INVESTMENTS IN SUBSIDIARIES

Details of the Corporation's subsidiaries which are owned directly by the parent company as at 31 December 2015 are as follows:

Name of subsidiaries	Place of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Investment value as at 31 December 2015 VND	Principal activities
DMC - Northern Petroleum Chemicals Joint Stock Company	Hanoi	84.71	84.71	33,245,000,000	Manufacturing and trading drilling fluids and chemical products
DMC - Southern Petroleum Chemicals Joint Stock Company	Vung Tau	88.71	88.71	35,483,000,000	
DMC - Middle Land Petroleum Chemicals Joint Stock Company	Quang Ngai	75.42	75.42	7,542,000,000	
Drilling Fluids and Well Services One Member Company Limited (*)	Vung Tau	100.00	100.00	60,000,000,000	
M-I Vietnam Drilling Fluids Company Limited	Vung Tau	51.00	51.00	63,338,300,006	Trading drilling fluids and providing drilling service
				<u>199,608,300,006</u>	

(*) At the date of these consolidated financial statements, the Corporation is in the process to transform Drilling Fluids and Well Services One Member Limited Company (a subsidiary of the Corporation) into a its dependent branch. Accordingly, the Corporation will consolidate the outstanding data in the financial statements of the subsidiary at the time of handover, on as-is basis and, at the same time, take over all rights and obligations related to this subsidiary.

14. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures as at 31 December 2015 represent the value of capital contributed to DMC-VTS Joint Venture Company in accordance with Joint Venture Agreement No. 02/HDLD/DMC-VTS dated 12 December 2009 with the duration of 15 years. The Joint Venture Company was established in Lao People's Democratic Republic on the basis of joint control between Vietnam parties including Drilling Mud Corporation and Northeast Coal Corporation currently known as Quang Binh Import and Export Joint Stock Company, represented by the Corporation, and VTS Group. The Corporation holds 38.61% of the paid-in capital (as at 31 December 2014: 41.15%).

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14. INVESTMENTS IN JOINT VENTURES (Continued)

The figures of the joint venture's financial statements that were used for the preparation of the consolidated financial statements of the Corporation for the year ended 31 December 2015 were translated from the LAK denominated figures using the transfer exchange rates regulated by the State Bank of Vietnam as at 31 December 2015 and 31 December 2014.

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

	<u>31/12/2015</u>	<u>31/12/2014</u>	<u>31/12/2015</u>	<u>31/12/2014</u>
	LAK	LAK	VND equivalent	VND equivalent
Total assets	28,073,647,172.98	22,019,993,176.95	75,518,110,895	58,157,807,584
Total liabilities	16,849,525,505.35	9,959,936,785.40	45,325,223,609	26,305,552,622
Net assets	<u>11,224,121,667.63</u>	<u>12,060,056,391.55</u>	<u>30,192,887,286</u>	<u>31,852,254,962</u>
Exchange rates			2.69	2.64
The Corporation's share of joint venture's net assets	<u>4,333,411,743.36</u>	<u>4,962,934,200.92</u>	<u>11,656,877,590</u>	<u>13,107,786,597</u>

15. SHORT-TERM TRADE PAYABLES

	<u>31/12/2015</u>	<u>31/12/2014</u>
	VND	VND
	Amount/ Amount likely to be paid off	Amount/ Amount likely to be paid off
Short-term trade payables		
Binh Son Refining and Petrochemical One Member Company Limited (BSR)	105,330,945,335	78,966,442,806
Boilermaster Vietnam Company Limited	25,732,811,772	-
Schlumberger Drilling (Singapore) Pte. Ltd	24,561,674,585	120,278,871,094
M-I Holdings L.L.C	12,130,605,375	58,539,702,489
Phu Think Manufacturing and Import Export Joint Stock Company	11,148,043,800	15,431,799,850
LG International Corp.	-	21,547,191,600
Marubeni Corporation	-	112,012,420,877
Others	60,553,991,691	100,720,731,826
	<u>239,458,072,558</u>	<u>507,497,160,542</u>
Trade payables to related parties (as presented in Note 30)	<u>118,242,967,405</u>	<u>81,606,231,502</u>

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

16. OTHER SHORT-TERM PAYABLES

	<u>31/12/2015</u>	<u>31/12/2014</u>
	VND	VND
	Amount/ Amount likely to be paid off	Amount/ Amount likely to be paid off
Surpluses in assets awaiting solution	5,825,680,896	2,209,172,759
Trade union fee	116,342,382	171,388,394
Social insurance	-	1,215,117
Dividends payable	1,306,714,577	1,291,414,917
Branch of PetroVietnam Technical Services Corporation - PTSC Supply Base	-	11,593,805,292
Others	2,571,684,824	4,428,588,164
	9,820,422,679	19,695,584,643
Trade payables to related parties (as presented in Note 30)	1,000,000,000	11,593,805,292

17. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCIAL LEASES

Items	<u>31/12/2014</u>		<u>In the year</u>		<u>31/12/2015</u>	
	Amount	Amount likely to be repaid	Increases	Decreases	Amount	Amount likely to be repaid
	VND	VND	VND	VND	VND	VND
Short-term loans (*)	430,191,747,731	430,191,747,731	1,340,909,989,591	1,460,285,841,821	310,815,895,501	310,815,895,501
Current portion of long-term loans (see Note 18)	19,631,914,399	19,631,914,399	25,872,020,264	26,185,386,689	19,318,547,974	19,318,547,974
Total	449,823,662,130	449,823,662,130	1,366,782,009,855	1,486,471,228,510	330,134,443,475	330,134,443,475

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
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17. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCIAL LEASES (Continued)

	<u>31/12/2015</u>	<u>31/12/2014</u>
	VND	VND
Short-term loans	310,815,895,501	430,191,747,731
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ha Tay Branch (i)	148,323,906,348	149,745,871,889
Vietnam International Joint Stock Commercial Bank - Ly Thuong Kiet Branch (ii)	51,910,686,000	-
Military Commercial Joint Stock Bank - Thang Long Branch (iii)	49,471,924,604	73,674,906,152
Vietnam Public Joint Stock Commercial Bank (iv)	16,786,236,099	4,072,890,000
Vietnam Joint Stock Commercial Bank for Industry and Trade - Vung Tau Branch	15,000,000,000	59,380,106,400
Vietnam Joint Stock Commercial Bank for Industry and Trade - Vung Tau Branch (v)	15,000,000,000	-
Vietnam International Joint Stock Commercial Bank - Vung Tau Branch	6,579,491,960	-
Citibank. N.A - Hanoi Branch	5,072,100,490	36,172,445,556
Joint Stock Commercial Bank for Investment and Development of Vietnam - Operation Centre III	2,671,550,000	-
Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Dinh Branch	-	23,528,734,972
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Quang Ngai Branch	-	2,187,165,085
Saigon - Hanoi Joint Stock Commercial Bank	-	69,758,800,000
Vietnam Prosperity Joint Stock Commercial Bank	-	2,754,938,073
ANZ Bank Limited	-	8,915,889,604
Current portion of long-term loans	19,318,547,974	19,631,914,399
	330,134,443,475	449,823,662,130

- (i) Unsecured short-term loans obtained from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ha Tay Branch represent the loans under Credit Contract No. 67/15/HM-DMC/VCBHT dated 24 June 2015 with the credit limit of VND 200 billion for 12 months. The loan term is specified for each drawing but not exceeding 6 months from drawdown date. The loan purpose is to supplement working capital for the Corporation's business activities. Interest is payable from the 26th day to the last day of each month.
- (ii) Unsecured short-term loans obtained from Vietnam International Joint Stock Commercial Bank - Ly Thuong Kiet Branch represent the loans under Credit Contract No. 2407/HDTD dated 29 July 2015 with the credit limit of VND 150 billion for 12 months. The loan term specified for each drawing but not exceeding 9 months from drawdown date. The loan purpose is to supplement working capital for the Corporation's business activities. Interest is regulated in each withdrawal at the time of disbursement. Interest is payable on the 20th day of each month.
- (iii) Unsecured short-term loans obtained from Military Commercial Joint Stock Bank - Thang Long Branch represent the loan under Credit Contract No. 36647.15.054.888666.TD dated 17 September 2015 with the credit limit of VND 200 billion and the loan term specified for each drawing but not exceeding 6 months from drawdown date. The Contract duration is up to 31 August 2016. The loan purpose is to open L/C, issue guarantee letter and supplement working capital for the Corporation's 2015-2016 business activities. Interest is regulated in each withdrawal at the time of disbursement.

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

17. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCIAL LEASES (Continued)

- (iv) Unsecured short-term loans obtained from Vietnam Public Joint Stock Commercial Bank represent the loans under Credit Contract No. 2385/2015/DMC/HDHMTD/PVB-HO dated 07 October 2015 with the credit limit of VND 200 billion for 12 months. The loan term specified for each drawing but not exceeding 9 months from drawdown date. The loan purpose is to supplement working capital for the Corporation's business activities. Interest is regulated in each withdrawal at the time of disbursement.
- (v) Unsecured short-term loans obtained from Vietnam Joint Stock Commercial Bank for Industry and Trade - Vung Tau Branch represent the loans under Credit Contract No. HDVLD-DMCWS/2015 dated 14 September 2015 with the credit limit duration up to 14 September 2016. The loan term specified for each drawing but not exceeding 6 months from drawdown date. The loan purpose is to supplement working capital for the Corporation's business activities. Interest is regulated in each withdrawal at the time of disbursement. Interest is payable on the 25th day of each month.

18. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCIAL LEASES

Items	31/12/2014		In the year		31/12/2015	
	Amount	Amount likely to be repaid	Increases	Decreases	Amount	Amount likely to be repaid
	VND	VND	VND	VND	VND	VND
Long-term loans	91,900,968,375	91,900,968,375	1,072,156,438	32,114,675,857	60,858,448,956	60,858,448,956
Total	91,900,968,375	91,900,968,375	1,072,156,438	32,114,675,857	60,858,448,956	60,858,448,956
In which:						
Amount due for settlement within 12 months	19,631,914,399					19,318,547,974
Amount due for settlement after 12 months	72,269,053,976					41,539,900,982
					31/12/2015	31/12/2014
					VND	VND
Long-term loans						
Vietnam Export Import Commercial Joint Stock Bank - Operation Center I					-	6,553,472,290
Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Dinh branch (i)				26,470,517,613		39,705,776,419
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Quang Ngai branch (ii)				656,326,300		810,326,300
Vietnam Joint Stock Commercial Bank for Industry and Trade - Vung Tau branch (iii)				14,413,057,069		25,199,478,967
					41,539,900,982	72,269,053,976

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

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

18. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCIAL LEASES (Continued)

- (ii) Represents the long-term loans obtained from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Quang Ngai Branch under Credit Contract No. 340/13/NHNT.QNg dated 16 October 2013 with the credit limit of VND 1,120,730,000. The loan is used to pay for the legal and reasonable expenses incurred from Project "Additional and repair of Office at No. 391 Nguyen Cong Phuong Street, Quang Ngai city". The loan term is 84 months from the first disbursement date. The withdrawal period is maximum of 6 months from the effective date of the contract. The interest is adjusted every 3 months and applies medium and long-term interest rate applied for small and medium-sized enterprises for their business activities. The pledged assets are all of the constructions on the land of the project.
- (iii) Represents the long-term loans obtained from Vietnam Joint Stock Commercial Bank for Industry and Trade - Vung Tau Branch under Credit Contract No. 7053/2013-HDDTDDDDA/NHCT880-DMCWS dated 14 November 2013 with the credit limit of VND 31,680,000,000. The loan is used to pay for the expenses incurred from Project "Base for Providing DMC Services at Vietsopetro Port". The interest is calculated at the base rate plus (+) the margin of 5% per annum and is adjusted every three months. Interest is paid on the 25th day every month. The loan is secured by assets formed from the loan.

Long-term loans are repayable as follows:

	<u>31/12/2015</u>	<u>31/12/2014</u>
	VND	VND
Within one year	19,318,547,974	19,631,914,399
In the second year	19,318,547,974	19,942,731,096
In the third to fifth year inclusive	22,027,026,708	52,326,322,880
After five years	194,326,300	-
Total	<u>60,858,448,956</u>	<u>91,900,968,375</u>
Less: Amount due for settlement within 12 months (shown under short-term loans and obligations under finance lease)	19,318,547,974	19,631,914,399
Amount due for settlement after 12 months	<u>41,539,900,982</u>	<u>72,269,053,976</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

19. OWNERS' EQUITY

Movement in owners' equity

	Owners' contributed capital	Share premium	Foreign exchange reserve	Investment and development fund	Other reserves	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND
Balance as at 01/01/2014	500,000,000,000	18,965,245,000	2,673,642,004	79,840,156,705	93,455,588	243,384,492,411	844,956,991,708
Profit after tax for the year	-	-	-	-	-	210,870,907,497	210,870,907,497
Foreign exchange difference due to effect of translation of financial statement	-	-	275,614,341	69,248,525	-	1,293,245,505	1,638,108,371
Funds distribution	-	-	-	17,615,491,152	8,966,234	(17,624,457,386)	-
Other increases	-	-	-	102,421,822	-	-	102,421,822
Appropriation of bonus and welfare funds and Executive board bonus fund	-	-	-	-	-	(26,034,764,987)	(26,034,764,987)
Dividends declared	-	-	-	-	-	(60,000,000,000)	(60,000,000,000)
Other decreases	-	-	-	(1,108,899,982)	(102,421,822)	-	(1,211,321,804)
Balance as at 01/01/2015	500,000,000,000	18,965,245,000	2,949,256,345	96,518,418,222	-	351,889,423,040	970,322,342,607
Profit after tax for the year	-	-	-	-	-	105,542,149,730	105,542,149,730
Foreign exchange difference due to effect of translation of financial statement	-	-	(300,478,949)	-	-	300,478,949	-
Funds distribution (*)	-	-	-	7,553,253,309	-	(7,553,253,309)	-
Appropriation of bonus and welfare funds and Executive board bonus fund (*)	-	-	-	-	-	(32,297,557,118)	(32,297,557,118)
Dividends declared (*)	-	-	-	-	-	(60,000,000,000)	(60,000,000,000)
Other decreases	-	-	-	(512,714,003)	-	(30,901,103)	(543,615,106)
Balance as at 31/12/2015	500,000,000,000	18,965,245,000	2,648,777,396	103,558,957,528	-	357,850,340,189	983,023,320,113

(*) In accordance with Resolution No. 850/NQ-DMC of 2015 Annual General Meeting of Shareholders on 24 April 2015 on allocating funds and dividends from the profit of the year 2014, the Corporation distributed funds and declared dividends to its shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
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19. OWNERS' EQUITY (Continued)

	<u>31/12/2015</u>	<u>31/12/2014</u>
Shares		
Number of shares issued to the public		
+) Ordinary shares	50,000,000	50,000,000
Number of outstanding shares in circulation		
+) Ordinary shares	50,000,000	50,000,000

Charter capital and investment capital

Under the 18th amended Business Registration Certificate dated 27 January 2015, the Corporation's charter capital is VND 500,000,000,000.

As at 31 December 2015, the charter capital had been fully contributed by the shareholders as follows:

Shareholders	Per the 18th amended Business Registration Certificate		Capital Contribution	Capital Contribution
	VND	%	as at 31/12/2015	as at 31/12/2014
			VND	VND
Vietnam Oil and Gas Group	179,996,190,000	36.0	179,996,190,000	179,996,190,000
Halley Sicav - Halley Asian Prosperity	35,857,000,000	7.2	35,857,000,000	-
Others	284,146,810,000	56.8	284,146,810,000	320,003,810,000
	<u>500,000,000,000</u>	<u>100%</u>	<u>500,000,000,000</u>	<u>500,000,000,000</u>

20. OFF-BALANCE SHEET ITEMS

	Unit	<u>31/12/2015</u>	<u>31/12/2014</u>
Materials, goods held under trust or for processing	VND	-	2,594,703,097
Consignment goods for sale or as collateral	VND	-	15,713,142,117
PP Plastics (good quality)	Kg	-	496,375
Foreign currencies			
United States Dollars	USD	311,850	593,390
Japanese Yen	JPY	715,049	34,879

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. OFF-BALANCE SHEET ITEMS (Continued)

	Unit	31/12/2015	31/12/2014
Bad debts written off		4,053,407,659	3,843,342,019
Vinh Thinh Co., Ltd. (Reason for writing-off: liquidation)	VND	644,135,000	644,135,000
Nacap BHD (Reason for writing-off: project budget ran	VND	3,058,294,261	3,058,294,621
Qinhdao Chemical Co., Ltd. (Reason for writing-off: liquidation)	VND	101,882,720	101,882,720
Sanh Chau - Nui Thanh Quang Nam store (Reason for writing-off: liquidation)	VND	12,977,178	12,977,178
My Thinh Co., Ltd. (Reason for writing-off: cost of debt collection exceeded amount to be collected)	VND	772,500	772,500
Delta Sai Gon Company (Reason for writing-off: liquidation)	VND	20,280,000	20,280,000
Khanh Diep bulk store (Reason for writing-off: liquidation)	VND	5,000,000	5,000,000
LICOGI (Reason for writing-off: cost of debt collection exceeded amount to be collected)	VND	78,440,000	-
Hoang My Private Company (Reason for writing-off: cost of debt collection exceeded amount to be collected)	VND	60,040,000	-
565 JSC. (Reason for writing-off: cost of debt collection exceeded amount to be collected)	VND	47,850,000	-
Yu Yee Engineering Pte Ltd. (Reason for writing-off: cost of debt collection exceeded amount to be collected)	VND	23,736,000	-

21. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Corporation is currently organized into two operating divisions - Petroleum chemical products and others, and Drilling fluid. These divisions are the basis on which the Corporation reports its primary segment information.

Business segment information is as follows:

2015

Consolidated Balance Sheet

	Petroleum chemical products and others	Drilling fluid	Elimination	Total
	31/12/2015	31/12/2015	31/12/2015	31/12/2015
	VND	VND	VND	VND
Assets				
Segment assets	1,756,084,633,507	600,427,448,737	(362,525,209,181)	1,993,986,873,063
Share of (loss) in joint venture	(1,693,276,604)	-	-	(1,693,276,604)
Consolidated assets				1,992,293,596,459
Liabilities				
Segment liabilities	760,911,088,385	189,791,898,726	(157,533,743,046)	793,169,244,065
Consolidated liabilities				793,169,244,065

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

21. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

2015

Consolidated Income Statement

	Petroleum chemical products and others	Drilling fluid	Elimination	Total
	2015	2015	2015	2015
	VND	VND	VND	VND
Revenue				
External sales	2,565,218,322,101	1,039,070,621,660	-	3,604,288,943,761
Inter-segment sales	459,288,960,665	115,882,521,787	(575,171,482,452)	-
Total revenue	3,024,507,282,766	1,154,953,143,447	(575,171,482,452)	3,604,288,943,761
Operating expenses	2,771,128,989,485	841,389,550,641	(523,162,390,573)	3,089,356,149,553
Segment result	253,378,293,281	313,563,592,806	(52,009,091,879)	514,932,794,208
Unallocated expenses				279,898,714,156
Operating profit				235,034,080,052
Share of (loss) in joint venture				(1,693,276,604)
Other gains				40,669,749,792
Finance costs				21,566,079,392
Profit before tax				252,444,473,848
Income tax expense				53,101,233,002
Profit for the year				199,343,240,846

2014

Consolidated Balance Sheet

	Petroleum chemical products and others	Drilling fluid	Elimination	Total
	31/12/2014	31/12/2014	31/12/2014	31/12/2014
	VND	VND	VND	VND
Assets				
Segment assets	2,178,142,581,943	723,087,164,838	(468,063,343,533)	2,433,166,403,248
Consolidated assets				2,433,166,403,248
Liabilities				
Segment liabilities	1,197,960,571,896	307,044,274,966	(257,172,957,755)	1,247,831,889,107
Consolidated liabilities				1,247,831,889,107

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

21. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

2014

Consolidated Income Statement

	Petroleum chemical products and others	Drilling fluid	Elimination	Total
	2014	2014	2014	2014
	VND	VND	VND	VND
Revenue				
External sales	2,892,982,832,793	1,418,892,339,235	-	4,311,875,172,028
Inter-segment sales	751,085,576,960	348,525,110,780	(1,099,610,687,740)	-
Total revenue	3,644,068,409,753	1,767,417,450,015	(1,099,610,687,740)	4,311,875,172,028
Operating expenses	3,237,427,748,438	1,270,756,641,130	(1,037,021,571,465)	3,471,162,818,103
Segment result	406,640,661,315	496,660,808,885	(62,589,116,275)	840,712,353,925
Unallocated expenses				371,309,770,991
Operating profit				469,402,582,934
Other loss				(17,949,904,376)
Finance costs				19,261,064,482
Profit before tax				432,191,614,076
Income tax expense				102,817,622,410
Profit for the year				329,373,991,666

Geographical segments

The Corporation's operations are located in North, Central and South of Vietnam. The Corporation's Petroleum chemical products and others are located in three regions, Drilling fluid is carried out in the South only.

The following table provides an analysis of the Corporation's sales by geographical segment, irrespective of the origin of the goods, services.

	2015	2014
	VND	VND
Revenue by geographical segments		
Northern Vietnam	1,969,150,612,742	1,816,292,515,278
Central Vietnam	221,671,568,317	275,183,497,747
Southern Vietnam	1,988,638,245,154	3,320,009,846,743
Elimination on consolidation	(575,171,482,452)	(1,099,610,687,740)
	3,604,288,943,761	4,311,875,172,028

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
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21. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Geographical segments (Continued)

The following is an analysis of the carrying amount of segment assets, and increase in tangible assets and intangible assets, analysed by the geographical area in which the assets are located.

	Carrying amount of segment assets		Increase in tangible assets and intangible assets	
	31/12/2015	31/12/2014	2015	2014
	VND	VND	VND	VND
Northern Vietnam	1,271,866,696,869	1,379,317,809,785	2,651,545,180	8,536,099,514
Central Vietnam	54,260,053,207	64,208,182,720	449,255,572	1,662,445,234
Southern Vietnam	1,030,385,332,168	1,457,703,754,276	7,780,896,215	59,006,392,740
Elimination on consolidation	(364,218,485,785)	(468,063,343,533)	-	-
	1,992,293,596,459	2,433,166,403,248	10,881,696,967	69,204,937,488

22. REVENUE

	2015	2014
	VND	VND
Sales of merchandise and services		
<i>In which:</i>		
- Sales of finished goods/merchandise	3,050,319,190,538	4,038,370,033,909
- Sales of services	556,018,075,793	562,364,349,161
	3,606,337,266,331	4,600,734,383,070
Deductions		
- Sales discount	87,696,000	2,771,292,402
- Sales return	1,960,626,570	286,087,918,640
	2,048,322,570	288,859,211,042
Revenue from related parties as presented in Note 30	646,067,819,351	1,200,948,822,271

23. PRODUCTION COST BY NATURE

	2015	2014
	VND	VND
Raw materials and consumables	71,169,480,438	101,231,168,606
Labour	160,928,757,741	156,184,549,729
Depreciation and amortisation	31,858,006,963	28,311,580,679
Out-sourced services	537,765,662,400	451,569,462,374
Other monetary expenses	153,088,304,302	86,435,939,107
	954,810,211,844	823,732,700,495

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

24. FINANCIAL INCOME

	<u>2015</u>	<u>2014</u>
	VND	VND
Bank interest	13,138,059,137	13,172,543,084
Foreign exchange gain	6,603,832,974	8,200,043,918
Other financial income	129,340,655	9,418,048,722
	<u>19,871,232,766</u>	<u>30,790,635,724</u>

25. FINANCIAL EXPENSES

	<u>2015</u>	<u>2014</u>
	VND	VND
Interest expense	18,180,642,361	26,415,268,836
Salary for financing activities	4,756,885,032	6,410,453,594
Loss on disposal of investments	405,705,749	-
Foreign exchange loss	17,624,843,314	16,470,667,970
Other financial expenses	469,235,702	755,309,806
	<u>41,437,312,158</u>	<u>50,051,700,206</u>

26. SELLING EXPENSES AND GENERAL ADMINISTRATION EXPENSES

	<u>2015</u>	<u>2014</u>
	VND	VND
General and administration expenses during the year		
Labour	60,347,637,248	96,795,467,118
Out-sourced services	19,955,439,374	29,666,855,985
Others	123,744,829,079	175,885,843,778
	<u>204,047,905,701</u>	<u>302,348,166,881</u>
Selling expenses during the year		
Transportation	27,049,640,676	19,250,964,512
Out-sourced services	17,326,998,793	11,427,956,395
Labour	10,269,446,736	17,461,741,991
Others	21,204,722,250	20,820,941,212
	<u>75,850,808,455</u>	<u>68,961,604,110</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
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27. BASIC EARNINGS PER SHARE

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

	<u>2015</u>	<u>2014</u>
Profit after tax attributable to shareholders of the parent (VND)	105,542,149,730	210,870,907,497
Estimated bonus and welfare funds	(16,165,120,403)	-
Earnings for the purposes of calculating basic earnings per share (VND)	89,377,029,327	210,870,907,497
Weighted average number of ordinary shares in circulation (shares)	50,000,000	50,000,000
Earnings per share (VND/share)	1,788	4,217

If the Corporation had applied the same calculation method of basic earnings per share of the year 2014 as that of 2015, the basic earnings per share for the year 2014 would have been VND 3,571/share.

28. OPERATING LEASE COMMITMENTS

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

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

On 24 April 2014, the Corporation and Vietnam Petroleum Institute joined a meeting discussing the reduction in the leasing area on the 7th floor, Vietnam Petroleum Institute Tower, No. 167 Trung Kinh street, Cau Giay district, Hanoi. As per the result of this meeting, Vietnam Petroleum Institute agreed to take back 298 m² of usable area (equivalent to 380 m² of distributed area) on the 7th floor. On 02 June 2014, the Corporation completed the handover of the site to Vietnam Petroleum Institute in accordance with the content of the meeting on 24 April 2014.

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

Capital risk management

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

The capital structure of the Corporation consists of net debt (borrowings as disclosed in Notes 17 and 18, offset by cash and cash equivalents) and the shareholders' equity (comprising capital, reserves, non-controlling interests and retained earnings).

Gearing ratio

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

	<u>31/12/2015</u>	<u>31/12/2014</u>
	VND	VND
Borrowings	371,674,344,457	522,092,716,106
Less: Cash and cash equivalents	311,385,554,635	496,312,778,350
Net debt	60,288,789,822	25,779,937,756
Equity	<u>1,199,124,352,394</u>	<u>1,185,334,514,141</u>
Net debt to equity ratio	<u>0.05</u>	<u>0.02</u>

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

	<u>Carrying amounts</u>	
	<u>31/12/2015</u>	<u>31/12/2014</u>
	VND	VND
Financial assets		
Cash and cash equivalents	311,385,554,635	496,312,778,350
Held-to-maturity investments	2,302,069,649	-
Short-term trade and other receivables	535,824,958,676	659,044,670,968
Deposits	1,571,124,686	2,140,337,845
Total	<u>851,083,707,646</u>	<u>1,157,497,787,163</u>
Financial liabilities		
Borrowings	371,674,344,457	522,092,716,106
Short-term trade and other payables	249,182,875,719	527,074,336,740
Short-term accrued expenses	46,099,943,458	55,729,233,538
Total	<u>666,957,163,634</u>	<u>1,104,896,286,384</u>

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

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

Financial risk management objectives

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

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

Market risk

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

Foreign currency risk management

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

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

	Assets		Liabilities	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	VND	VND	VND	VND
United States Dollar (USD)	12,638,638,022	34,925,419,179	197,582,879,280	461,255,921,269

Foreign currency sensitivity analysis

The Corporation is mainly exposed to United States Dollar.

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

	2015	2014
	VND	VND
United States Dollar (USD)	(18,494,424,126)	(42,633,050,209)

Interest rate risk management

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

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29. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

The interest rate sensitivity

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

	<u>Increase/(Decrease)</u> <u>in basic points</u>	<u>Impact on</u> <u>profit before tax</u> <u>VND</u>
For the year ended 31/12/2015		
VND	+200	(7,433,486,889)
VND	-200	7,433,486,889
For the year ended 31/12/2014		
VND	+200	(10,310,784,876)
VND	-200	10,310,784,876

Equity instruments price risk management

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

Commodity price risk management

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

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. As at the balance sheet date, there is a significant concentration of credit risk arising on the amounts due from Bien Dong Petroleum Operating Company, OPEC Plastics Joint Stock Company, Vietnam-Russia Joint Venture Vietsovetro, PetroVietnam Domestic Exploration Production Operating Company Limited, PetroVietnam Exploration Production Corporation, Cuu Long Joint Operating Company, Binh Son Refining and Petrochemical One Member Company Limited (BSR). The maximum exposure to credit risk is represented by the carrying amount of balances due from these companies.

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.

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29. FINANCIAL INSTRUMENTS (Continued)
Liquidity risk management (Continued)

The following tables detail the Corporation's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment years. 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.

31/12/2015	Less than 1 year	From 1-5 years	After 5 years	Total
	VND	VND	VND	VND
Cash and cash equivalents	311,385,554,635	-	-	311,385,554,635
Held-to-maturity investments	2,302,069,649	-	-	2,302,069,649
Short-term trade and other receivables	535,824,958,676	-	-	535,824,958,676
Deposits	1,078,232,911	492,891,775	-	1,571,124,686
Total	850,590,815,871	492,891,775	-	851,083,707,646

31/12/2015	Less than 1 year	From 1-5 years	After 5 years	Total
	VND	VND	VND	VND
Borrowings	330,134,443,475	41,345,574,682	194,326,300	371,674,344,457
Short-term trade and other payables	249,182,875,719	-	-	249,182,875,719
Short-term accrued expenses	46,099,943,458	-	-	46,099,943,458
Total	625,417,262,652	41,345,574,682	194,326,300	666,957,163,634

Net liquidity gap	225,173,553,219	(40,852,682,907)	(194,326,300)	184,126,544,012
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31/12/2014	Less than 1 year	From 1-5 years	After 5 years	Total
	VND	VND	VND	VND
Cash and cash equivalents	496,312,778,350	-	-	496,312,778,350
Short-term trade and other receivables	659,044,670,968	-	-	659,044,670,968
Deposits	2,029,328,748	111,009,097	-	2,140,337,845
Total	1,157,386,778,066	111,009,097	-	1,157,497,787,163

31/12/2014	Less than 1 year	From 1-5 years	After 5 years	Total
	VND	VND	VND	VND
Borrowings	449,823,662,130	72,269,053,976	-	522,092,716,106
Short-term trade and other payables	527,074,336,740	-	-	527,074,336,740
Short-term accrued expenses	55,729,233,538	-	-	55,729,233,538
Total	1,032,627,232,408	72,269,053,976	-	1,104,896,286,384
Net liquidity gap	124,759,545,658	(72,158,044,879)	-	52,601,500,779

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
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30. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

<u>Related parties</u>	<u>Relationship</u>
Vietnam Oil and Gas Group	Parent Company
DMC - VTS Joint Venture Co., Ltd.	Joint Venture
PetroVietnam Fertilizer and Chemicals Corporation	Affiliate
Branch of PetroVietnam Fertilizer and Chemicals Corporation- Phu My Fertilizer Plant	Affiliate
PetroVietnam Vung Ang-Quang Trach Power Project Management Board	Affiliate
Branch of PV Oil - Mien Dong Petroleum Depot	Affiliate
Petrosetco branch - PetroVietnam Industrial Materials Distribution Company	Affiliate
Indochina Petroleum Transportation Joint Stock Company	Affiliate
PTSC Quang Ngai Petroleum Services Joint Stock Company	Affiliate
Dung Quat Shipbuilding Industry One Member Company Limited	Affiliate
Binh Son Refining and Petrochemical One Member Company Limited (BSR)	Affiliate
PetroVietnam Domestic Exploration Production Operating Company Limited (PVEP POC)	Affiliate
PetroVietnam Ca Mau Fertilizer Joint Stock Company (PVCFC)	Affiliate
Bien Dong Petroleum Operating Company	Affiliate
Branch of PetroVietnam Power Corporation - Ca Mau Petro Power Company	Affiliate
PetroVietnam Thai Binh Power Project No.2 Management Board	Affiliate
PetroVietnam Transportation Hanoi Joint Stock Company	Affiliate
PVI Hanoi	Affiliate
PetroVietnam Oil Hanoi Joint Stock Company	Affiliate
Petrosetco Assets Management Joint Stock Company (PSA)	Affiliate
Petroleum Pipeline and Tank Construction Joint Stock Company	Affiliate
Vietnam Petroleum Institute	Affiliate
Southeast PetroVietnam Fertilizer and Chemicals Joint Stock Company	Affiliate
Mien Trung Petroleum Construction Joint Stock Company (PVC - MT)	Affiliate
Hanoi Petroleum Construction Joint Stock Company (PVC-HN)	Affiliate
PetroVietnam Long Phu - Song Hau Power Project Management Board	Affiliate
PetroVietnam Gas Joint Stock Corporation	Affiliate
Petro Song Da Trading and Investment Joint Stock Company	Affiliate
PetroVietnam Engineering Consultancy Joint Stock Company	Affiliate
PetroVietnam Energy Technology Corporation - Hanoi Branch	Affiliate

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30. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

List of related parties (Continued):

<u>Related parties</u>	<u>Relationship</u>
PetroVietnam Coating Joint Stock Company	Affiliate
PetroVietnam Petrochemical and Textile Fiber Joint Stock Company	Affiliate
Branch of PetroVietnam Power Corporation - Nhon Trach Petro Power Company	Affiliate
PetroVietnam Nhon Trach 2 Power Joint Stock Company	Affiliate
Branch of PetroVietnam Transportation Corporation - PVTrans OilField Services	Affiliate
Research and Development Center for Petroleum Processing - Branch of Vietnam Petroleum Institute	Affiliate
Thai Binh II Thermal Power Plant Project Execution Board	Affiliate
Branch of PetroVietnam Fertilizer and Chemicals Corporation - Phu My Fertilizer Plant	Affiliate
PetroVietnam Security Service Corporation	Affiliate
PetroVietnam Energy Technology Corporation	Affiliate
Vietnam Public Joint Stock Commercial Bank	Affiliate
PetroVietnam Exploration Production Corporation - Vung Tau Branch	Affiliate
PetroVietnam Urban Development Joint Stock Company	Affiliate
Hanoi Branch - PetroVietnam Technical Safety Registration Company Limited - PVEIC	Affiliate
PTSC Thanh Hoa Port Joint Stock Company	Affiliate
PetroVietnam Central Bio-fuels Joint Stock Company	Affiliate
PVI Sun Life Insurance Limited Company	Affiliate
Branch of Vietnam Petroleum Institute - Center for Technology Application and Transfer	Affiliate

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

	<u>2015</u>	<u>2014</u>
	VND	VND
Sales	646,067,819,351	1,200,948,822,271
PetroVietnam Domestic Exploration Production Operating Company Limited (PVEP POC)	260,836,800,579	446,447,897,502
Bien Dong Petroleum Operating Company	181,424,687,289	163,439,415,877
Petroleum Trading Joint Stock Company	68,039,325,713	305,725,721,160
Binh Son Refining and Petrochemical Company Limited (BSR)	61,018,391,648	97,087,338,762
PetroVietnam Coating JSC	9,540,102,000	8,737,092,000
Dung Quat Shipbuilding Industry One Member Company Limited	8,264,412,112	3,493,529,285
PetroVietnam Marine Shipyard Joint Stock Company	7,715,765,000	3,401,555,000
PetroVietnam Petrochemical and Textile Fiber Joint Stock Company	7,122,818,230	2,812,626,054
BJ Services - PV Drilling Joint Venture Limited	6,577,046,788	28,275,530,571
Branch of PetroVietnam Power Corporation - Ca Mau Petro Power Company	5,236,169,273	2,499,411,000
PetroVietnam Ca Mau Fertilizer Joint Stock Company (PVCFC)	4,501,704,308	1,200,753,336
PetroVietnam Fertilizer and Chemicals Corporation- Phu My Fertilizer Plant	3,355,609,147	-
Petrovietnam Central Biofuels Joint Stock Company	3,349,289,148	4,197,361,929
PVD Well Services Company Limited	3,212,511,120	-
PTSC Thanh Hoa Port Joint Stock Company	2,999,370,766	-
Branch of PetroVietnam General Services Joint Stock Corporation - PetroVietnam Industrial Material Distribution Company	2,509,090,909	3,336,363,636
PTSC Geos and Subsea Services Company	2,406,887,000	1,040,816,000
PetroVietnam Power Nhon Trach 2 Joint Stock Company	1,952,991,000	1,998,675,000
Branch of PetroVietnam Power Corporation - Nhon Trach Petro Power Company	1,840,338,000	2,105,582,710
Branch of PetroVietnam Power Corporation - Ha Tinh Petro Power Company	921,434,204	-
Branch of PetroVietnam Oil Corporation- Mien Dong Petroleum Depot	789,507,818	1,150,006,545
PetroVietnam Thai Binh Power Project No.2 Management Board	530,318,700	555,569,200
Branch of Vietnam Petroleum Institute - Center for Technology Application and Transfer	458,000,000	-
PetroVietnam Long Phu- Song Hau Project Management Board	457,099,782	-
PetroVietnam Vung Ang-Quang Trach Power Project Management Board	369,046,817	1,067,876,834
PTSC Quang Ngai Petroleum Services Joint Stock Company	263,155,000	4,414,365,000
Central PetroVietnam Fertilizer and Chemicals Joint Stock Company	232,980,000	275,240,000
PVD Logging Company Limited	89,680,000	-
Branch of Vietnam Petroleum Institute - Research & Development Center for Petroleum Processing	53,287,000	159,861,000
PetroVietnam Exploration Production Corporation	-	117,174,187,620
Branch of PetroVietnam Transportation Corporation - PetroVietnam Transportation OilField Services	-	247,900,000
Thai Binh II Thermal Power Plant Project Excution Board	-	104,146,250

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(Continued):

	2015	2014
	VND	VND
Income from other activities	5,071,031,969	-
DMC - VTS Joint Venture Co., Ltd.	5,048,408,580	-
PetroVietnam Exploration Production Corporation - Vung Tau Branch	22,623,389	-
Purchase of goods and services	549,795,555,885	642,481,569,849
Binh Son Refining and Petrochemical Company Limited (BSR)	443,886,237,296	520,975,851,752
Central PetroVietnam Fertilizer and Chemicals Joint Stock Company	47,510,330,000	43,881,764,270
Petroleum Supply Base	35,568,120,778	28,216,010,246
PetroVietnam Assets Management Joint Stock Company (PSA)	6,229,670,003	5,698,938,660
North PetroVietnam Fertilizer and Chemicals Company	3,820,000,000	14,313,333,336
Vietnam Petroleum Institute	3,308,000,462	1,291,559,260
PetroVietnam Transportation Hanoi Joint Stock Company	2,948,236,364	5,495,404,999
Vung Tau Oil and Gas Petroleum Joint Stock Company	2,281,554,945	2,304,639,679
Vietnam Oil and Gas Group	1,448,991,695	1,529,428,061
Branch of PetroVietnam General Services Joint Stock Corporation - Petroleum	845,454,546	8,281,818,182
Industrial Materials Distribution Company		
PetroVietnam Oil Hanoi Joint Stock Company	822,312,956	6,636,756,066
PVI Hanoi	444,028,000	5,199,718,862
PetroVietnam Security Service Corporation	339,664,476	521,898,177
PetroVietnam Securities Incorporated	200,000,000	-
Indochina Petroleum Transportation Joint Stock Company	142,954,364	174,594,729
PetroVietnam Urban Development Joint Stock Company	-	135,000,000
Hanoi Branch - PetroVietnam Technical Safety Registration Company Limited	-	125,850,000
Petroleum Pipeline and Tank Construction Joint Stock Company	-	(1,752,643,382)
Mien Trung Petroleum Construction Joint Stock Company (PVC - MT)	-	(548,353,048)
	2015	2014
	VND	VND
Short-term borrowings obtained from PVCombank (formerly known as PVFC)		
Proceeds from borrowings	65,330,008,470	35,748,449,406
Repayment of borrowings	53,330,667,098	31,910,694,564
Interest payable	248,079,434	300,695,783
Interest paid	247,312,438	300,695,783
Dividends paid in cash		
Vietnam Oil and Gas Group	21,599,542,800	21,599,543,760
PetroVietnam Fertilizer and Chemicals Corporation	-	6,159,842,400

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Significant related party balances as at the balance sheet date were as follows:

	<u>31/12/2015</u>	<u>31/12/2014</u>
	VND	VND
Trade receivables	174,832,302,071	284,554,456,312
Bien Dong Petroleum Operating Company	76,630,662,174	54,343,566,836
PetroVietnam Domestic Exploration Production Operating Company Limited (PVEP POC)	30,144,899,308	69,804,603,232
PetroVietnam Exploration Production Corporation	26,111,502,210	-
Binh Son Refining and Petrochemical One Member Company Limited (BSR)	21,498,400,740	15,986,992,977
DMC-VTS Joint Venture Company Limited	6,263,858,288	-
Hanoi Petroleum Construction Joint Stock Company (PVC-HN)	2,737,079,920	2,737,079,920
PetroVietnam Marine Shipyard Joint Stock Company	2,547,949,500	939,784,700
Branch of PetroVietnam Power Corporation - Ca Mau Petro Power Company	2,166,769,690	2,749,352,100
Dung Quat Shipbuilding Industry One Member Company	1,773,854,104	498,447,926
PetroVietnam Petrochemical and Textile Fiber Joint Stock Company	1,694,961,633	1,132,089,959
PVD Logging Company Limited	785,873,088	-
Branch of PetroVietnam Power Corporation - Ha Tinh Petro Power Company	684,379,546	-
Branch of PV Oil - Mien Dong Petroleum Depot	552,206,800	1,265,007,200
Branch of PetroVietnam Fertilizer and Chemicals Corporation - Phu My Fertilizer Plant	529,489,893	43,992,948
PetroVietnam Nhon Trach 2 Power Joint Stock Company	409,429,600	211,288,500
PetroVietnam Thai Binh Power Project No.2 Management Board	172,317,081	-
BJ Services - PV Drilling Joint Venture Company Limited	72,717,146	5,411,563,239
Research and Development Center for Petroleum processing - Branch of Vietnam Petroleum Institute	55,951,350	78,331,890
Petroleum Trading Joint Stock Company	-	126,919,652,273
PetroVietnam Central Bio-fuels Joint Stock Company	-	1,081,447,322
Branch of PetroVietnam Power Corporation - Nhon Trach Petro Power Company	-	1,047,824,415
Thai Binh II Thermal Power Plant Project Execution Board	-	114,560,875
Branch of PetroVietnam Transportation Corporation - PVTrans OilField Services	-	151,470,000
Central PetroVietnam Fertilizer and Chemicals Corporation	-	37,400,000
Other receivables	7,797,273,704	8,292,875,713
Binh Son Refining and Petrochemical One Member Company	7,199,636,364	7,199,636,364
Vietnam Oil and Gas Group	597,637,340	1,093,239,349

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For the year ended 31 December 2015**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***30. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

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

	<u>31/12/2015</u>	<u>31/12/2014</u>
	VND	VND
Advances from customers	8,101,844,020	894,999,923
PetroVietnam University	7,130,314,800	-
PetroVietnam Long Phu - Song Hau Power Project Management Board	241,980,860	499,670,620
PetroVietnam Vung Ang - Quang Trach Power Project Management Board	417,355,428	11,361,749
PTSC Thanh Hoa Port Joint Stock Company	312,192,932	-
PetroVietnam Thai Binh Power Project No.2 Management Board	-	383,967,554
Trade payables	118,242,967,405	81,606,231,502
Binh Son Refining and Petrochemical One Member Company Limited (BSR)	105,330,945,335	78,966,442,806
PetroVietnam Domestic Exploration Production Operating Company Limited (Lot 01/10&02/10)	1,958,892,647	-
PTSC Supply Base - Branch of PetroVietnam Technical Services Corporation	8,773,555,255	-
Petroleum Pipeline and Tank Construction Joint Stock Company	919,611,450	1,454,077,927
PetroVietnam Engineering Consulting Joint Stock Company	580,800,000	-
Petrosetco Assets Management Joint Stock Company (PSA)	436,273,248	604,028,165
Petrovietnam Oil Vung Tau Joint Stock Company	182,517,730	164,349,620
Branch of North PV Oil Lube Joint Stock Company	60,371,740	-
Vietnam Petroleum Institute	-	247,347,739
Central Petroleum Construction Joint Stock Company (PVC - MT)	-	10,812,745
Quang Ngai Petroleum Services Joint Stock Company	-	84,150,000
Quang Ngai Petroleum Transportation Joint Stock Company	-	75,022,500
Advances to suppliers	19,893,268,281	377,968,500
DMC - VTS Joint Venture Co., Ltd.	19,772,803,681	-
Central PetroVietnam Fertilizer and Chemicals Corporation	120,464,600	318,118,500
Research and Development Center for Petroleum Processing - Branch of Vietnam Petroleum Institute	-	59,850,000
Other payables	1,000,000,000	11,593,805,292
Vietnam Oil and Gas Group	1,000,000,000	-
Branch of PTSC - Petroleum Service Port Company	-	11,593,805,292
Short-term loans		
Vietnam Public Joint Stock Commercial Bank	16,786,236,099	4,072,890,000

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For the year ended 31 December 2015**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***31. SUPPLEMENTAL DISCLOSURES OF CONSOLIDATED CASH FLOW INFORMATION****Supplemental non-cash disclosures:**

Cash outflows for purchases of fixed assets and construction in progress during the year exclude VND 1,638,919,675 (2014: VND 7,668,512,084), representing an addition in fixed assets and construction in progress during the year that has not yet been paid. Consequently, changes in payables have been adjusted by the same amount.

Dividends and profits paid to the shareholders include dividends declared in the prior year and paid to the shareholders in 2015 with the amount of VND 1,291,414,917 and exclude VND 1,306,714,577 of 2014 dividends declared in 2015 but not yet paid to the shareholders.

Cash and cash equivalents held by the Corporation but not allowed to be used:

As presented in Note 5, as at 31 December 2015, the outstanding balance of bank deposits including the amount of VND 8,804,135,838 deposited at Ocean Commercial One Member Limited Liability Bank which has been subject to restricted use. The Board of Directors believes that this amount will be used normally in the future upon availability of specific decisions/guidelines issued by the State Bank.

32. COMPARATIVE FIGURES

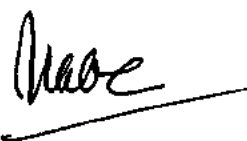
Certain reclassifications have been made to the prior year's figures to enhance their comparability with the current year's presentation according to Circular No. 200/2014/TT-BTC. Details are as follows:

	Previously reported amount	Reclassification	Amount after reclassification
	VND	VND	VND
Consolidated balance sheet			
Other short-term receivables	19,536,526,587	6,520,044,788	26,056,571,375
Deficits in assets awaiting solution	-	13,883,760	13,883,760
Other current assets	6,533,928,548	(6,533,928,548)	-
Other long-term receivables	-	382,839,121	382,839,121
Other non-current assets	382,839,121	(382,839,121)	-
Investment and development fund	70,655,545,896	25,862,872,326	96,518,418,222
Financial reserve fund	25,862,872,326	(25,862,872,326)	-
Consolidated income statement			
Gross sales	4,608,824,669,749	(8,090,286,679)	4,600,734,383,070
Deductions	296,949,497,721	(8,090,286,679)	288,859,211,042
Consolidated cash flow statement			
Other adjustments	-	10,740,393,757	10,740,393,757
Change in payables (not including accrued loan interest and corporate income tax payable)	(95,997,712,411)	(10,740,393,757)	(106,738,106,168)



Ta Dinh Khang
Preparer

14 March 2016



Bui Tuan Ngoc
Chief Accountant



Ton Anh Thi
General Director