

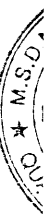


**HOLDING COMPANY - PETROVIETNAM FERTILIZER  
AND CHEMICALS CORPORATION - JSC**

*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED SEPARATE  
FINANCIAL STATEMENTS**

**For the year ended 31 December 2013**



**TABLE OF CONTENTS**

<b><u>CONTENTS</u></b>	<b><u>PAGES</u></b>
STATEMENT OF THE BOARD OF GENERAL DIRECTORS	1 - 2
INDEPENDENT AUDITOR'S REPORT	3 - 4
BALANCE SHEET	5 - 6
INCOME STATEMENT	7
CASH FLOW STATEMENT	8 - 9
NOTES TO THE SEPARATE FINANCIAL STATEMENTS	10 - 33

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## **STATEMENT OF THE BOARD OF GENERAL DIRECTORS**

The Board of General Directors of PetroVietnam Fertilizer and Chemicals Corporation - JSC (the "Company") presents this report together with the Company's separate financial statements for the year ended 31 December 2013.

### **THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS**

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

#### **Board of Management**

Mr. Le Cu Tan	Chairman (appointed on 12 December 2013)
Ms. Bui Minh Tien	Chairman (resigned on 12 December 2013)
Ms. Nguyen Thi Hien	Vice Chairwoman
Mr. Cao Hoai Duong	Member
Mr. Bui Quang Hung	Member (resigned on 25 April 2013)
Mr. Nguyen Duc Hoa	Member (resigned on 25 April 2013)
Mr. Nguyen Hong Vinh	Member (appointed on 25 April 2013)
Mr. Dinh Quang Hoan	Member (appointed on 25 April 2013)

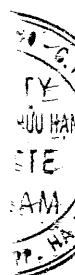
#### **Board of General Directors**

Mr. Cao Hoai Duong	General Director
Mr. Tu Cuong	Deputy General Director
Mr. Hoang Viet Dung	Deputy General Director
Mr. Le Van Quoc Viet	Deputy General Director
Mr. Nguyen Van Tong	Deputy General Director
Ms. Chu Thi Hien	Deputy General Director (resigned on 01 March 2013)
Mr. Nguyen Hong Vinh	Deputy General Director (resigned on 01 July 2013)
Mr. Duong Tri Hoi	Deputy General Director (appointed on 01 July 2013)
Ms. Le Thi Thu Huong	Deputy General Director (appointed on 01 March 2013)
Mr. Huynh Kim Nhan	Chief Accountant

### **BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY**

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

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



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**STATEMENT OF THE BOARD OF GENERAL DIRECTORS (Continued)**

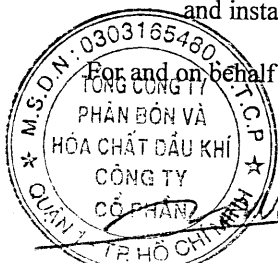
The Board of General Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the separate financial statements comply with Vietnamese Accounting Standards, accounting regime for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

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

The Company issued the separate financial statements for the year ended 31 December 2013 on 12 March 2014.

On 31 March 2014, the Boards of Management and General Directors have found some events that were related to investments in associates and occurred after the date of issue of the separate financial statements, i.e. 12 March 2014. Such events are considered as the subsequent events that require an adjustment. Accordingly, the Boards of Management and General Directors have decided to reissue the Company's separate financial statements and believe that reissue of the separate financial statements will reflect the financial position as well as the results of operations of the Company for the year ended 31 December 2013 more appropriately. Details of the subsequent events are as follows:

- On 14 March 2014, Petrovietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX"), the Company's associate, and the contractors unanimously carried out a conditioned preliminary acceptance and handed over the factory for its commercial operation from 19 August 2013. As a result, PVTEX ended its investment period and should recognize an interim increase in cost of fixed assets, depreciate and derecognize capitalization of borrowing interest, etc. so as to re-determine the results of operations commencing from the official commercial operation date. PVTEX adjusted its 2013 financial statements to the above mentioned event and incurred an accumulated loss of approximately VND 387.6 billion, leading to an impairment loss of approximately VND 75 billion with regard to the Company's investment in PVTEX. The amount of the impairment loss should be recognized in accordance with Circular No. 89/2013/TT-BTC dated 28 June 2013, which amends and supplements Circular No. 228/2009/TT-BTC dated 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises.
- Under the Resolution issued by the Board of Management, on 31 March 2014, PetroVietnam Urban Development Joint Stock Company ("PVC Mekong"), the Company's associate, made an assessment and recognized an impairment loss of approximately VND 37 billion for its real estate inventory which is the Complex of Commerce, Hotels and Office for lease in Bac Lieu. PVC Mekong adjusted its 2013 financial statements to the above mentioned event and incurred an accumulated loss of approximately VND 263 billion as at 31 December 2013, leading to an impairment loss of approximately VND 88 billion with regard to the Company's investment in PVC Mekong. Accordingly, an additional impairment loss of approximately VND 15 billion should be recognized in accordance with Circular No. 89/2013/TT-BTC dated 28 June 2013, which amends and supplements Circular No. 228/2009/TT-BTC dated 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises.



For and on behalf of the Board of General Directors,

**Nguyen Van Tong**  
**Deputy General Director**

31 March 2014  
Ho Chi Minh City, S. R. Vietnam

No.: 1014 /VN1A-HN-BC

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying separate financial statements of the Holding Company - PetroVietnam Fertilizer and Chemicals Corporation - JSC (the "Company"), prepared on 31 March 2014, as set out from page 5 to page 33, which comprise the balance sheet as at 31 December 2013, the statements of income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "separate financial statements").

### *Management's Responsibility for the Separate Financial Statements*

Management is responsible for the preparation and fair presentation of these separate 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the separate 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 Company'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 separate financial statements.

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

### *Opinion*

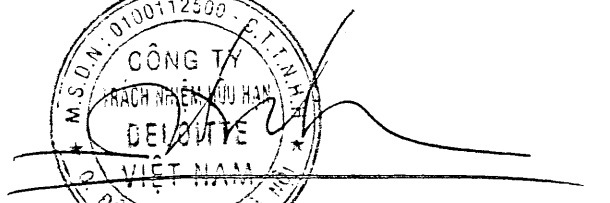
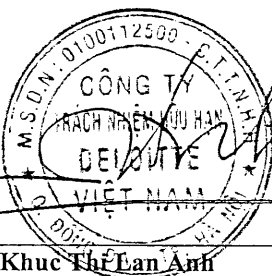
In our opinion, the separate financial statements give a true and fair view of, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### *Emphasis of Matter*

As stated in Note 5 of the Notes to the separate financial statements, on 31 March 2014, the Boards of Management and General Directors have found some events that were related to impairment of investments in associates and occurred after the date of issue of the separate financial statements, i.e. 12 March 2014. Such events are considered as the subsequent events that require an adjustment. Accordingly, the Boards of Management and General Directors have decided to recognize additional impairment losses for investments in associates and reissue the separate financial statements for the year ended 31 December 2013. We performed additional audit procedures and issued an independent auditor's report on the accompanying separate financial statements which were adjusted to the above mention events for the year ended 31 December 2013.

Our additional audit procedures on the subsequent events are restricted solely to the adjustment of the separate financial statements as stated in Note 5 of the Notes to the separate financial statements.



**Khúc Thị Lan Anh**  
**Deputy General Director**  
Audit Practising Registration Certificate  
No. 0036-2013-001-1

*For and on behalf of*  
**DELOITTE VIETNAM COMPANY LIMITED**

31 March 2014  
Hanoi, S. R. Vietnam



**Tran Huy Cong**  
**Auditor**  
Audit Practising Registration Certificate  
No. 0891-2013-001-1

**BALANCE SHEET**

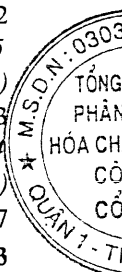
*As at 31 December 2013*

**FORM B 01-DN**

Unit: VND

ASSETS	Codes	Notes	31/12/2013	31/12/2012
<b>A. CURRENT ASSETS</b> (100=110+120+130+140+150)	<b>100</b>		<b>6,736,620,486,312</b>	<b>6,537,835,014,112</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>6</b>	<b>3,651,611,169,091</b>	<b>5,209,946,797,179</b>
1. Cash	111		276,611,169,091	189,694,797,179
2. Cash equivalents	112		3,375,000,000,000	5,020,252,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>1,734,861,214,549</b>	<b>59,477,046,183</b>
1. Short-term investments	121	7	1,734,861,214,549	59,477,046,183
<b>III. Short-term receivables</b>	<b>130</b>		<b>195,327,757,927</b>	<b>156,511,933,406</b>
1. Trade accounts receivable	131		81,263,163,664	18,248,172,455
2. Advances to suppliers	132		49,860,162,109	94,615,513,958
3. Other receivables	135	8	183,501,499,443	162,945,314,282
4. Provision for short-term doubtful debts	139		(119,297,067,289)	(119,297,067,289)
<b>IV. Inventories</b>	<b>140</b>	<b>9</b>	<b>1,009,269,970,469</b>	<b>979,362,417,883</b>
1. Inventories	141		1,014,074,735,230	979,362,417,883
2. Provision for devaluation of inventories	149		(4,804,764,761)	-
<b>V. Other short-term assets</b>	<b>150</b>		<b>145,550,374,276</b>	<b>132,536,819,461</b>
1. Short-term prepayments	151	10	14,882,954,457	12,702,390,398
2. Value added tax deductibles	152		98,355,003,097	112,368,878,073
3. Taxes and other receivables from the State budget	154	20	30,491,537,283	5,736,410,209
4. Other short-term assets	158		1,820,879,439	1,729,140,781
<b>B. NON-CURRENT ASSETS</b> (200=220+240+250+260)	<b>200</b>		<b>3,493,331,459,249</b>	<b>3,687,351,115,050</b>
<b>I. Fixed assets</b>	<b>220</b>		<b>2,029,432,132,470</b>	<b>2,051,193,329,172</b>
1. Tangible fixed assets	221	11	1,037,404,686,720	953,298,097,742
- Cost	222		6,873,528,987,540	6,624,748,941,795
- Accumulated depreciation	223		(5,836,124,300,820)	(5,671,450,844,053)
2. Intangible assets	227	12	818,476,500,079	667,159,564,553
- Cost	228		1,033,389,567,608	860,569,144,834
- Accumulated amortization	229		(214,913,067,529)	(193,409,580,281)
3. Construction in progress	230	13	173,550,945,671	430,735,666,877
<b>II. Investment properties</b>	<b>240</b>	<b>14</b>	<b>374,830,072,746</b>	<b>387,821,602,923</b>
- Cost	241		412,458,750,831	412,389,407,195
- Accumulated depreciation	242		(37,628,678,085)	(24,567,804,272)
<b>III. Long-term financial investments</b>	<b>250</b>		<b>1,014,271,413,315</b>	<b>1,133,601,016,483</b>
1. Investments in subsidiaries	251	15	466,456,800,000	466,456,800,000
2. Investments in associates	252	16	634,137,000,000	599,000,000,000
3. Other long-term investments	258	17	77,875,067,921	83,625,067,921
4. Provision for impairment of long-term financial investments	259		(164,197,454,606)	(15,480,851,438)
<b>IV. Other long-term assets</b>	<b>260</b>		<b>74,797,840,718</b>	<b>114,735,166,472</b>
1. Long-term prepayments	261	18	49,240,935,229	61,380,955,057
2. Deferred tax assets	262	19	25,424,088,089	53,146,484,811
3. Other long-term assets	268		132,817,400	207,726,604
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>10,229,951,945,561</b>	<b>10,225,186,129,162</b>

The notes set out on pages 10 to 33 are an integral part of these separate financial statements



## BALANCE SHEET (Continued)

As at 31 December 2013

FORM B 01-DN

Unit: VND

RESOURCES	Codes	Notes	31/12/2013	31/12/2012
<b>A. LIABILITIES (300=310+330)</b>	<b>300</b>		<b>965,166,035,606</b>	<b>1,263,027,388,808</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>948,301,638,112</b>	<b>1,258,830,382,270</b>
1. Trade accounts payable	312		588,386,626,383	377,735,482,928
2. Advances from customers	313		4,886,187,897	199,582,957,503
3. Taxes and amounts payable to State budget	314	20	1,753,657,036	114,318,466,349
4. Payables to employees	315		69,056,712,622	55,910,481,201
5. Accrued expenses	316	21	155,415,729,042	290,145,735,059
6. Other current payables	319	22	39,773,359,576	39,119,068,794
7. Bonus and welfare funds	323		89,029,365,556	182,018,190,436
<b>II. Long-term liabilities</b>	<b>330</b>		<b>16,864,397,494</b>	<b>4,197,006,538</b>
1. Unearned revenue	338		3,525,485,494	4,197,006,538
2. Scientific and technological development fund	339		13,338,912,000	-
<b>B. EQUITY (400=410)</b>	<b>400</b>		<b>9,264,785,909,955</b>	<b>8,962,158,740,354</b>
<b>I. Shareholders' equity</b>	<b>410</b>	<b>23</b>	<b>9,264,785,909,955</b>	<b>8,962,158,740,354</b>
1. Charter capital	411		3,800,000,000,000	3,800,000,000,000
2. Share premium	412		21,179,913,858	-
3. Treasury shares	414		(2,296,824,120)	(85,447,473,262)
4. Foreign exchange reserve	416		(264,120,169)	(78,903,497)
5. Investment and development fund	417		2,499,459,725,948	2,499,459,725,948
6. Financial reserve fund	418		945,355,131,893	800,339,607,731
7. Retained earnings	420		2,001,352,082,545	1,947,885,783,434
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>10,229,951,945,561</b>	<b>10,225,186,129,162</b>

## OFF-BALANCE SHEET ITEMS

1. Foreign currencies  
 - USD  
 - EUR

31/12/2013

31/12/2012

6,222,194  
 2,773,417  
 1,429

Hoang Thi Lan Anh  
 Preparer

Huynh Kim Nhan  
 Chief Accountant

Nguyễn Văn Tong  
 Deputy General Director

31 March 2014

The notes set out on pages 10 to 33 are an integral part of these separate financial statements

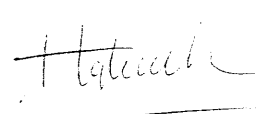


# INCOME STATEMENT

For the year ended 31 December 2013

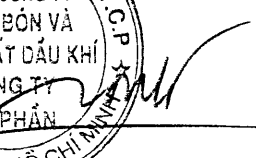
**FORM B 02-DN**  
Unit: VND

ITEMS	Codes	Notes	2013	2012
1. Gross revenue from goods sold and services rendered	01		7,967,854,970,712	11,871,226,840,649
2. Deductions	02		60,560,104,334	141,447,278,083
3. Net revenue from goods sold and services rendered (10=01-02)	10	24	7,907,294,866,378	11,729,779,562,566
4. Cost of goods sold and services rendered	11	24	4,948,044,370,128	7,771,712,981,448
5. Gross profit from goods sold and services rendered (20=10-11)	20		2,959,250,496,250	3,958,066,581,118
6. Financial income	21	26	485,609,014,961	591,020,867,945
7. Financial expenses	22	27	152,293,346,395	20,776,580,286
8. Selling expenses	24		510,506,259,755	562,292,508,777
9. General and administration expenses	25		437,165,897,954	561,386,017,670
10. Operating profit (30=20+(21-22)-(24+25))	30		2,344,894,007,107	3,404,632,342,330
11. Other income	31		8,973,783,410	10,013,422,937
12. Other expenses	32		1,513,570,631	1,056,815,591
13. Profit from other activities (40=31-32)	40		7,460,212,779	8,956,607,346
14. Accounting profit before tax (50=30+40)	50		2,352,354,219,886	3,413,588,949,676
15. Current corporate income tax expense	51	28	214,661,073,087	470,436,302,359
16. Deferred tax expense/(income)	52	19	27,722,396,722	(41,323,121,938)
17. Net profit after corporate income tax (60=50-51-52)	60		2,109,970,750,077	2,984,475,769,255

  
**Hoang Thi Lan Anh**  
Preparer

  
**Huynh Kim Nhan**  
Chief Accountant



  
**Nguyen Van Tong**  
Deputy General Director

31 March 2014

The notes set out on pages 10 to 33 are an integral part of these separate financial statements

## CASH FLOW STATEMENT

*For the year ended 31 December 2013*

**FORM B 03-DN**

Unit: VND

ITEMS	Codes	2013	2012
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>1. Profit before tax</i>	<i>01</i>	<i>2,352,354,219,886</i>	<i>3,413,588,949,676</i>
<i>2. Adjustments for:</i>			
Depreciation and amortisation	02	219,251,512,522	187,597,519,962
Provisions	03	153,521,367,929	118,346,874,128
Unrealized foreign exchange (gain)/loss	04	(56,237,105)	327,161,230
(Gain) from investing activities	05	(483,913,396,458)	(589,255,689,341)
<i>3. Operating profit before movements in working capital</i>	<i>08</i>	<i>2,241,157,466,774</i>	<i>3,130,604,815,655</i>
Changes in receivables	09	(25,835,522,587)	237,891,389,917
Changes in inventories	10	(34,712,317,347)	62,327,205,791
Changes in accounts payable (not including accrued interest and corporate income tax payable)	11	(43,774,953,192)	339,118,244,136
Changes in prepaid expenses	12	15,772,354,969	197,776,142,829
Corporate income tax paid	14	(350,704,225,690)	(446,118,862,153)
Other cash inflows	15	74,909,204	1,673,464,743
Other cash outflows	16	(294,864,880,349)	(266,543,531,576)
<i>Net cash from operating activities</i>	<i>20</i>	<i>1,507,112,831,782</i>	<i>3,256,728,869,342</i>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(227,747,027,282)	(328,891,474,376)
2. Cash outflow for lending, buying debt instruments of other entities	23	(1,830,000,000,000)	(342,382,830,000)
3. Cash recovered from lending, selling debt instruments of other entities	24	154,615,831,634	307,905,783,817
4. Investments in other entities	25	(35,137,000,000)	(23,131,710,000)
5. Cash recovered from investments in other entities	26	5,750,000,000	-
6. Interest earned, dividends and profits received	27	467,891,586,339	588,194,391,387
<i>Net cash (used in)/from investing activities</i>	<i>30</i>	<i>(1,464,626,609,309)</i>	<i>201,694,160,828</i>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Dividends paid	36	(1,704,650,330,950)	(1,881,929,425,000)
2. Proceeds from sales of treasury shares	37	103,808,910,185	-
<i>Net cash used in financing activities</i>	<i>40</i>	<i>(1,600,841,420,765)</i>	<i>(1,881,929,425,000)</i>
<b>Net (decrease)/increase in cash (50=20+30+40)</b>	<b>50</b>	<b>(1,558,355,198,292)</b>	<b>1,576,493,605,170</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>5,209,946,797,179</b>	<b>3,633,780,353,239</b>
Effect of changes in foreign exchange rates	61	19,570,204	(327,161,230)
<b>Cash and cash equivalents at the end of the year (70=50+60+61)</b>	<b>70</b>	<b>3,651,611,169,091</b>	<b>5,209,946,797,179</b>

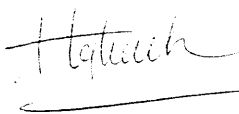
*The notes set out on pages 10 to 33 are an integral part of these separate financial statements*

**CASH FLOW STATEMENT (Continued)**

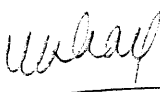
*For the year ended 31 December 2013*

**Supplemental information for cash flow statement**

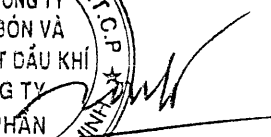
The Company sold 2,379,940 treasury shares through PetroVietnam Securities Incorporated - Ho Chi Minh City Branch during the year. The total amount received from this transaction as of 31 December 2013 is VND 103,808,910,185 (net of transaction fee) and is presented in the "Proceeds from sales of treasury shares" item.

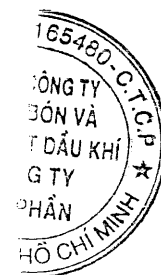
  
\_\_\_\_\_  
**Hoang Thi Lan Anh**  
Preparer

31 March 2014

  
\_\_\_\_\_  
**Huynh Kim Nhan**  
Chief Accountant



  
\_\_\_\_\_  
**Nguyen Van Tong**  
Deputy General Director



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

**FORM B 09-DN**

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

**1. GENERAL INFORMATION**

**Structure of ownership**

PetroVietnam Fertilizer and Chemicals Corporation - JSC (the "Company"), formerly known as PetroVietnam Fertilizer and Chemicals Joint Stock Company, was established under Business Registration Certificate No. 4103007696 dated 31 August 2007 and the 11<sup>th</sup> amendment on 16 July 2013, issued by the Department of Planning and Investment of Ho Chi Minh City. On 01 September 2008, the Company officially transformed its operation into parent-subsidiary model in accordance with Resolution No. 01/ND-DHDCD passed at the Shareholders' General Meeting. Accordingly, the Holding Company - PetroVietnam Fertilizer and Chemicals Corporation - JSC was established from functional departments of PetroVietnam Fertilizer and Chemicals Joint Stock Company, project management units and Phu My Fertilizer Plant. The Company's shares are listed on Ho Chi Minh City Stock Exchange from 05 November 2007 with stock symbol "DPM".

The parent company of the Company is Vietnam Oil and Gas Group, which holds 61.37 % of its charter capital.

The total number of employees of the Company as at 31 December 2013 was 1,155 (31/12/2012: 1,166).

**Principal activities**

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

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

The accompanying separate 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 Company's separate financial statements are prepared based on the aggregation financial statements of the head office and its business units. The major transactions and balances between the head office and its business units are eliminated in the Company's separate financial statements.

On 31 March 2014, the Boards of Management and General Directors have found some events that were related to investments in associates and occurred after the date of issue of the separate financial statements, i.e. 12 March 2014. Such events have impacts on impairment of the Company's investments in the two associates. Accordingly, the Board of General Directors has decided to recognize additional impairment losses for the above mentioned investments and reissue the separate financial statements for the year ended 31 December 2013. Some items in the already issued financial statements have been restated with details stated in Note 5 of the Notes to the separate financial statements.

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

**FORM B 09-DN**

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

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR (Continued)**

**Accounting convention (Continued)**

The accompanying separate 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 Company's financial year begins on 01 January and ends on 31 December.

**3. ADOPTION OF NEW ACCOUNTING GUIDANCE**

**New guidance on management, usage and depreciation of fixed assets**

On 25 April 2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC ("Circular 45") guiding the regime of management, usage and depreciation of fixed assets. This Circular supersedes Circular No. 203/2009/TT-BTC ("Circular 203") dated 20 October 2009 of the Ministry of Finance guiding the regime of management, usage and depreciation of fixed assets. Circular 45 is effective from 10 June 2013 and is applied from financial year 2013 onwards. According to the Board of General Directors' assessment, Circular 45 does not have material effect on the Company's separate financial statements for the year ended 31 December 2013.

**New guidance on provision for impairment of long-term investments into other entities**

On 28 June 2013, the Ministry of Finance issued Circular No. 89/2013/TT-BTC ("Circular 89") amending and supplementing Circular No. 228/2009/TT-BTC ("Circular 228") dated 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises. Circular 89 is effective from 26 July 2013. According to the Board of General Directors' assessment, Circular 89 does not have material effect on the Company's separate financial statements for the year ended 31 December 2013.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Company in the preparation of these separate financial statements, are as follows:

**Estimates**

The preparation of the separate 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 separate 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 could differ from those estimates.

**Financial instruments**

**Initial recognition**

**Financial assets**

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

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

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

*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 Company comprise trade payables, other payables and accrued expenses.

*Subsequent measurement after initial recognition*

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

**Cash and cash equivalents**

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

**Provision for doubtful debts**

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

As at 31 December 2013, the Company had receivables of VND 110,143,267,289 from PetroVietnam Trade Union Finance Investment Corporation (PVFI), including due entrusted fund of VND 101,597,868,000 and unsettled entrusted interest of VND 8,545,399,289. The Board of General Directors assessed recoverability of such receivables at very low level since PVFI experienced difficulties in operations with losses, unsecured ability to continue as a going concern and inability to pay debts as they fall due. Therefore, the Board of General Directors decided to make full provision for the above receivables.

**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, except that cost of raw materials is calculated using the first in first out method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

**FORM B 09-DN**

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

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

**Tangible fixed assets and depreciation (Continued)**

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

	<u>2013</u> <u>Years</u>
Buildings, structures	10 - 25
Machinery, equipment	3 - 6
Motor vehicles	6
Office equipment	3 - 5

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

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

**Intangible assets and amortization**

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

**Leasing**

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

**Construction in progress**

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

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

**Investment properties**

Investment properties, which are composed of land use rights and buildings and structures of Dong Tay Building at 27 Dinh Bo Linh Street, Ho Chi Minh City; Cuu Long Supermarket-Office Building in Ca Mau Province; Sao Phuong Bac Hotel in Sapa Town, Lao Cai Province; PVFCCo Building at 43 Mac Dinh Chi Street, Ho Chi Minh City; Can Tho Office Building at 151/18 Tran Hoang Na Street, Can Tho City held by the Company to earn rentals, are stated at cost less accumulated depreciation. The cost of purchased investment properties comprises its purchase price and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs. Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

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

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

**Investment properties (Continued)**

	<u><b>2013</b></u> <u><b>Years</b></u>
Land use rights	44 - 50
Buildings and structures	25

The Company does not depreciate investment properties which are land use rights with indefinite term.

**Investments in subsidiaries**

Subsidiary is a company in which the Company have a dominant portion of ownership and respective control right. Investments in subsidiaries are initially measured at cost. At the subsequent reporting dates, investments in subsidiaries are recognized at cost less the amount of impairment of the investments (if any).

**Investments in associates**

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. Investments in subsidiaries are initially measured at cost that directly relate to its investment. At the subsequent reporting dates, investments in associates are recognized at cost less the amount of impairment of the investments (if any).

**Other long-term investments**

Other long term investments are the investments into other entities which the Company holds below 20% of the owners' equity (below 20% voting rights) with no significant influence and over 1 year of capital withdrawing period. Other long-term investments are carried at cost less the amount of impairment of such investments (if any).

**Provision for impairment of long-term investments**

Provision for impairment of long-term investments is made in accordance with prevailing accounting regulations which allow provision to be made for investments whose book values are higher than market prices as at the balance sheet date.

**Long-term prepayments**

Long-term prepayments include land rentals, spare parts and other long-term prepayments.

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

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

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



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

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

**Provisions**

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

**Scientific and Technological Development Fund**

Scientific and Technological Development Fund is provided for to finance the Company's scientific and technological activities. The Fund is established on the basis of appropriation of at most 10% of taxable income before calculating corporate income tax and is recognized as operating expenses in the year.

**Revenue recognition**

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

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company 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 Company; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

- (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 Company;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Dividend income from investments is recognised when the Company's right 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" and Circular No. 179/2012/TT-BTC dated 24 October 2012 of the Ministry of Finance providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement. Unrealised exchange gains as at the balance sheet date are not treated as part of distributable profit to the shareholders.

Foreign exchange (loss) arising from the translation of the financial statements of Cambodian branch as at 31 December 2013 was not recognized in profit or loss in the year, but presented in the "Foreign exchange reserve" item in the Company's balance sheet.

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

**FORM B 09-DN**

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

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

**Taxation**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the 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.

For fertilizer production at Phu My Fertilizer Plant: the Company is obliged to pay corporate income tax at the rate of 15% of its assessable income. The Company is entitled to corporate income tax exemption for four years from the first profit-making year (2004) and a 50% reduction in tax payable for the seven years thereafter (from 2008). The year 2013 is the sixth year the Company enjoys 50% corporate income tax reduction as it is the Company's ninth profitable year (since the Company's commencement of operation).

For other business activities, the Company is obliged to pay corporate income tax at the rate of 25% of its taxable income.

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

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

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

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

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

**5. RESTATEMENT OF FIGURES PRESENTED IN ADJUSTED ITEMS**

- On 14 March 2014, Petrovietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX"), the Company's associate, and the contractors unanimously carried out a conditioned preliminary acceptance and handed over the factory for its commercial operation from 19 August 2013. As a result, PVTEX ended its investment period and should recognize an interim increase in cost of fixed assets, depreciate and derecognize capitalization of borrowing interest, etc. so as to re-determine the results of operations commencing from the official commercial operation date. PVTEX adjusted its 2013 financial statements to the above mentioned event and incurred an accumulated loss of approximately VND 387.6 billion, leading to an impairment loss of approximately VND 75 billion with regard to the Company's investment in PVTEX. The amount of the impairment loss should be recognized in accordance with Circular No. 89/2013/TT-BTC dated 28 June 2013, which amends and supplements Circular No. 228/2009/TT-BTC dated 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises.

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

**5. RESTATEMENT OF FIGURES PRESENTED IN ADJUSTED ITEMS (Continued)**

- Under the Resolution issued by the Board of Management, on 31 March 2014, PetroVietnam Urban Development Joint Stock Company ("PVC Mekong"), the Company's associate, made an assessment and recognized an impairment loss of approximately 37 billion for its real estate inventory which is the Complex of Commerce, Hotels and Office for lease in Bac Lieu. PVC Mekong adjusted its 2013 financial statements to the above mentioned event and incurred an accumulated loss of approximately VND 263 billion as at 31 December 2013, leading to an impairment loss of approximately VND 88 billion with regard to the Company's investment in PVC Mekong. Accordingly, an additional impairment loss of approximately VND 15 billion should be recognized in accordance with Circular No. 89/2013/TT-BTC dated 28 June 2013, which amends and supplements Circular No. 228/2009/TT-BTC dated 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises.

The events occurring after the date of issue of the separate financial statements as mentioned above are those having impacts on the 2013 separate financial statements and being considered as the subsequent events that require an adjustment. The Boards of Management and General Directors, therefore, have decided to recognize additional impairment losses for the investments and reissue the separate financial statements for the year ended 31 December 2013 so as to reflect the financial position as well as the results of operations of the Company for the year ended 31 December 2013 more appropriately. Adjustments of some items presented in the already issued separate financial statements are as follows:

		Amount reported in separate financial statements (issued on		
	Codes	12 March 2014)	Restatement	Difference
		VND	VND	VND
<b>Income statement</b>				
Financial expenses	22	62,242,749,963	152,293,346,395	(90,050,596,432)
Operating profit	30	2,434,944,603,539	2,344,894,007,107	90,050,596,432
Current corporate income tax expense	51	237,173,722,195	214,661,073,087	22,512,649,108
<b>Net profit after corporate income tax</b>	<b>60</b>	<b>2,177,508,697,401</b>	<b>2,109,970,750,077</b>	<b>67,537,947,324</b>
<b>Balance sheet</b>				
Taxes and other receivables from the State budget	154	7,978,888,175	30,491,537,283	(22,512,649,108)
Provision for impairment of long-term financial investments	259	(74,146,858,174)	(164,197,454,606)	90,050,596,432
<b>Total assets</b>	<b>270</b>	<b>10,297,489,892,885</b>	<b>10,229,951,945,561</b>	<b>67,537,947,324</b>
Retained earnings	420	2,068,890,029,869	2,001,352,082,545	67,537,947,324
<b>Total resources</b>	<b>440</b>	<b>10,297,489,892,885</b>	<b>10,229,951,945,561</b>	<b>67,537,947,324</b>
<b>Cash flow statement</b>				
Profit before tax	01	2,442,404,816,318	2,352,354,219,886	90,050,596,432
Provisions	03	63,470,771,497	153,521,367,929	(90,050,596,432)

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

**FORM B 09-DN**

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

**6. CASH AND CASH EQUIVALENTS**

	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
Cash on hand	645,512,336	651,526,703
Cash in bank	275,965,656,755	189,043,270,476
Cash equivalents	3,375,000,000,000	5,020,252,000,000
	<u><b>3,651,611,169,091</b></u>	<u><b>5,209,946,797,179</b></u>

Cash equivalents represent time deposits for terms from 1 to 3 months at commercial banks and credit institutions at the interest rate of 6% to 7% per annum.

**7. SHORT-TERM INVESTMENTS**

	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
Time deposits at commercial banks	1,730,000,000,000	51,000,000,000
Time deposits at PVComBank (formerly known as PetroVietnam Finance Joint Stock Corporation - PVFC)	4,861,214,549	8,477,046,183
	<u><b>1,734,861,214,549</b></u>	<u><b>59,477,046,183</b></u>

Short-term investments as at 31 December 2013 represent time deposits for terms from 6 to 12 months at commercial banks and Vietnam Public Joint Stock Commercial Bank (PVCombank) with interest rate from 7.5% to 8.5% per annum.

**8. OTHER RECEIVABLES**

	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
Accrued interest income from term deposits	63,215,625,452	47,008,472,222
PetroVietnam Trade Union Finance Investment Corporation (PVFI) (i)	110,143,267,289	110,143,267,289
Others	10,142,606,702	5,793,574,771
	<u><b>183,501,499,443</b></u>	<u><b>162,945,314,282</b></u>

- (i) The receivable from PetroVietnam Trade Union Finance Investment Corporation (PVFI) as at 31 December 2013 included due entrusted fund of VND 101,597,868,000 and unsettled entrusted interest of VND 8,545,399,289. The Board of General Directors assessed recoverability of such receivables at very low level since PVFI experienced difficulties in operations with losses, unsecured ability to continue as a going concern and inability to pay debts as they fall due. Therefore, the Board of General Directors decided to make full provision for the above receivables.

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

**9. INVENTORIES**

	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
Goods in transit	90,132,442,877	178,255,480,490
Raw materials	485,111,397,326	444,817,892,070
Tools and supplies	4,195,087,000	9,394,950,210
Work in process	30,046,006,895	34,717,024,425
Finished goods	183,863,784,278	312,177,070,688
Merchandise	220,726,016,854	-
	<u>1,014,074,735,230</u>	<u>979,362,417,883</u>
Provision for devaluation of inventories	(4,804,764,761)	-
<b>Net realizable value</b>	<u>1,009,269,970,469</u>	<u>979,362,417,883</u>

**10. SHORT-TERM PREPAYMENTS**

	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
Asset insurance prepayment	11,461,045,219	10,792,388,054
Others	3,421,909,238	1,910,002,344
	<u>14,882,954,457</u>	<u>12,702,390,398</u>

**11. TANGIBLE FIXED ASSETS**

	Buildings, structures	Machinery, equipment	Motor vehicles	Office equipment	Total
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
<b>COST</b>					
As at 01/01/2013	1,170,564,261,745	5,306,290,249,487	55,663,319,477	92,231,111,086	6,624,748,941,795
Purchases	35,681,506,025	7,598,949,564	535,775,635	21,091,942,403	64,908,173,627
Transfer from construction in progress	182,979,001,482	26,288,161,821	-	-	209,267,163,303
Reclassification in accordance with Circular 45	(93,427,100)	(1,870,067,659)	(241,596,840)	(23,190,199,586)	(25,395,291,185)
As at 31/12/2013	<u>1,389,131,342,152</u>	<u>5,338,307,293,213</u>	<u>55,957,498,272</u>	<u>90,132,853,903</u>	<u>6,873,528,987,540</u>
<b>ACCUMULATED DEPRECIATION</b>					
As at 01/01/2013	625,286,134,808	4,957,264,858,042	40,685,553,357	48,214,297,846	5,671,450,844,053
Charge for the year	62,081,102,266	96,923,544,316	3,384,925,703	22,126,926,039	184,516,498,324
Reclassification in accordance with Circular 45	(88,418,763)	(1,398,101,130)	(249,401,355)	(18,107,120,309)	(19,843,041,557)
As at 31/12/2013	<u>687,278,818,311</u>	<u>5,052,790,301,228</u>	<u>43,821,077,705</u>	<u>52,234,103,576</u>	<u>5,836,124,300,820</u>
<b>NET BOOK VALUE</b>					
As at 31/12/2013	<u>701,852,523,841</u>	<u>285,516,991,985</u>	<u>12,136,420,567</u>	<u>37,898,750,327</u>	<u>1,037,404,686,720</u>
As at 31/12/2012	<u>545,278,126,937</u>	<u>349,025,391,445</u>	<u>14,977,766,120</u>	<u>44,016,813,240</u>	<u>953,298,097,742</u>

The cost of the Company's tangible fixed assets as at 31 December 2013 included VND 5,327,792,613,969 (31 December 2012: VND 5,309,945,595,948) of tangible assets which have been fully depreciated but are still in use.

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

**12. INTANGIBLE ASSETS**

	Land use rights VND	Patent rights VND	Computer software VND	Others VND	Total VND
<b>COST</b>					
As at 01/01/2013	634,022,186,438	171,441,137,057	45,123,866,943	9,981,954,396	860,569,144,834
Purchases	38,989,188,810	295,589,119	2,258,543,454		41,543,321,383
Transfer from construction in progress	130,953,404,100	-	755,000,000	-	131,708,404,100
Reclassification in accordance with Circular 45	-	-	(431,302,709)	-	(431,302,709)
As at 31/12/2013	803,964,779,348	171,736,726,176	47,706,107,688	9,981,954,396	1,033,389,567,608
<b>ACCUMULATED AMORTIZATION</b>					
As at 01/01/2013	-	164,046,950,666	19,785,842,656	9,576,786,959	193,409,580,281
Charge for the year	10,114,941,025	2,464,890,762	8,952,247,993	142,060,605	21,674,140,385
Reclassification in accordance with Circular 45	-	-	(170,653,137)	-	(170,653,137)
As at 31/12/2013	10,114,941,025	166,511,841,428	28,567,437,512	9,718,847,564	214,913,067,529
<b>NET BOOK VALUE</b>					
As at 31/12/2013	793,849,838,323	5,224,884,748	19,138,670,176	263,106,832	818,476,500,079
As at 31/12/2012	634,022,186,438	7,394,186,391	25,338,024,287	405,167,437	667,159,564,553

The cost of the Company's intangible assets at 31 December 2013 included VND 172,942,452,521 (31 December 2012: VND 168,896,621,106) of intangible assets which have been fully amortized but are still in use.

**13. CONSTRUCTION IN PROGRESS**

	31/12/2013 VND	31/12/2012 VND
Amoniac project	46,248,899,367	44,003,993,921
Apartment buildings for employees	36,342,070,618	36,148,525,618
Tay Ninh warehouse	23,573,596,728	23,268,818,182
Da Nang warehouse	22,875,662,950	22,875,662,950
NH3 and NPK project	15,264,114,882	-
Cai Cui - Can Tho warehouse	-	235,149,280,732
Tra Noc warehouse	-	4,238,253,953
Other projects	29,246,601,126	65,051,131,521
	<b>173,550,945,671</b>	<b>430,735,666,877</b>

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

**14. INVESTMENT PROPERTIES**

	Land use rights <u>VND</u>	Buildings and structures <u>VND</u>	Total <u>VND</u>
<b>COST</b>			
As at 01/01/2013	136,405,727,000	275,983,680,195	412,389,407,195
Purchases	-	69,343,636	69,343,636
As at 31/12/2013	<u>136,405,727,000</u>	<u>276,053,023,831</u>	<u>412,458,750,831</u>
<b>ACCUMULATED DEPRECIATION</b>			
As at 01/01/2013	3,127,851,442	21,439,952,830	24,567,804,272
Charge for the year	1,482,325,638	11,578,548,175	13,060,873,813
As at 31/12/2013	<u>4,610,177,080</u>	<u>33,018,501,005</u>	<u>37,628,678,085</u>
<b>NET BOOK VALUE</b>			
As at 31/12/2013	<u>131,795,549,920</u>	<u>243,034,522,826</u>	<u>374,830,072,746</u>
As at 31/12/2012	<u>133,277,875,558</u>	<u>254,543,727,365</u>	<u>387,821,602,923</u>

Investment properties represent land use rights and buildings and structures of Dong Tay Building at 27 Dinh Bo Linh Street, Ho Chi Minh City; Cuu Long Supermarket-Office Building in Ca Mau Province; Sao Phuong Bac Hotel in Sapa Town, Lao Cai Province; PVFCCo Building at 43 Mac Dinh Chi Street, Ho Chi Minh City; Can Tho Office Building at 151/18 Tran Hoang Na Street, Can Tho City which were held to earn rentals.

According to VAS No. 05 - *Investment Properties*, fair value of investment properties as at 31 December 2013 is required to be disclosed. However, since the Company has not determined the fair value at 31 December 2013; therefore, no information about the fair value is stated at the notes to the separate financial statements.

**HOLDING COMPANY - PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

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

Separate financial statements  
For the year ended 31 December 2013

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

FORM B 09-DN

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

**15. INVESTMENTS IN SUBSIDIARIES**

Name of subsidiaries	Place of incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	31/12/2013 VND	31/12/2012 VND	Principal activity
Central PetroVietnam Fertilizer and Chemicals JSC	Binh Dinh Province	75	75	75,000,000,000	75,000,000,000	Trading of fertilizer and chemicals
SouthWest PetroVietnam Fertilizer and Chemicals JSC	Can Tho City	75	75	127,500,000,000	127,500,000,000	Trading of fertilizer and chemicals
SouthEast PetroVietnam Fertilizer and Chemicals JSC	Ho Chi Minh City	75	75	93,750,000,000	93,750,000,000	Trading of fertilizer and chemicals
Northern PetroVietnam Fertilizer and Chemicals JSC	Ha Noi City	75	75	90,000,000,000	90,000,000,000	Trading of fertilizer and chemicals
Phu My Fertilizer Packaging Joint Stock Company	Ba Ria - Vung Tau Province	51	51	21,410,000,000	21,410,000,000	Production of packaging
Petro Vietnam Southern Building and Development JSC	Ho Chi Minh City	81.38	81.38	58,796,800,000	58,796,800,000	Construction of civil and industrial works and services provision
				<u>466,456,800,000</u>	<u>466,456,800,000</u>	

**16. INVESTMENTS IN ASSOCIATES**

Name of associates	Place of incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	31/12/2013 VND	31/12/2012 VND	Principal activity
Petro Vietnam Urban Development JSC (PVC-Mekong) (1)	Can Tho City	35.63	35.63	100,000,000,000	100,000,000,000	Construction and installation of civil and industrial works
Petro Vietnam Petrochemical and Textile Fiber JSC (PVTEX) (2)	Hai Phong City	25.00	25.00	534,137,000,000	499,000,000,000	Manufacturing and trading polyester fiber
				<u>634,137,000,000</u>	<u>599,000,000,000</u>	
<b>Provision for impairment of investments in associates</b> <i>In which:</i>						
Petro Vietnam Urban Development JSC (PVC-Mekong)				(88,740,740,775)	(15,480,851,438)	
Petro Vietnam Petrochemical and Textile Fiber JSC (PVTEX)				(75,027,410,224)	-	
				<u>(163,768,150,999)</u>	<u>(15,480,851,438)</u>	
<b>Net investment</b>				<u>470,368,849,001</u>	<u>583,519,148,562</u>	



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

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

## 16. INVESTMENTS IN ASSOCIATES (Continued)

- (1) According to the unaudited financial statements for the year ended 31 December 2013 of PetroVietnam Urban Development Joint Stock Company (PVC-Mekong), the value of PVC-Mekong's net assets is VND 249 billion less than the capital contributed by its shareholders. Therefore, the Board of General Directors made provision for impairment of the investment in PVC - Mekong of VND 88.7 billion.
- (2) According to the audited separate financial statements for the year ended 31 December 2013 of PetroVietnam Petrochemical and Textile Fiber Joint Stock Company (PVTEX), the value of PVTEX's net assets of VND 1,836 billion is VND 300 billion less than the capital contributed by its shareholders. Therefore, the Board of General Directors made provision for impairment of the investment in PVTEX of VND 75 billion.

## 17. OTHER LONG-TERM INVESTMENTS

Name of investees	Proportion of ownership interest (%)	31/12/2013 VND	31/12/2012 VND
Drilling Mud Joint Stock Corporation (DMC)	10.27%	57,373,067,921	57,373,067,921
Petroleum Information Technology Telecom and Automation Joint Stock Company (PAIC)	8.50%	3,600,000,000	3,600,000,000
Petroleum Sport and Culture Corporation (PSCC)		-	1,000,000,000.00
PetroVietnam Packing Joint Stock Company (PSP)		-	4,750,000,000.00
UTXI Aquatic Product Processing Joint Stock Company	6.78%	16,902,000,000	16,902,000,000.00
		<u>77,875,067,921</u>	<u>83,625,067,921</u>
<b>Provision for impairment of long-term investments</b>			
<i>In which:</i>			
Petroleum Information Technology Telecom and Automation Joint Stock Company (PAIC)		(429,303,607)	-
		<u>(429,303,607)</u>	<u>-</u>
<b>Net investment</b>		<u>77,445,764,314</u>	<u>83,625,067,921</u>

The Board of General Directors prudently evaluated other long-term investments as at 31 December 2013 and realised that it was necessary to make provision for impairment of the investment in Petroleum Information Technology Telecom and Automation Joint Stock Company (PAIC) due to its impairment indication. Other long-term investments had no indication of impairment so the management believed that no provision for impairment of such investments should be made.

## 18. LONG-TERM PREPAYMENTS

	31/12/2013 VND	31/12/2012 VND
Land rentals	4,494,601,195	5,056,426,345
Spare parts	31,202,705,600	46,275,058,387
Others	13,543,628,434	10,049,470,325
	<u>49,240,935,229</u>	<u>61,380,955,057</u>

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

**19. DEFERRED TAX ASSETS**

The following are the major deferred tax assets recognized by the Company, and the movements thereon, in 2013 and prior years.

	Provision of doubtful debts	Provision for impairment of long-term financial investments	Accrued expenses not yet invoiced	Total
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
As at 01/01/2012	-	-	11,823,362,873	11,823,362,873
Charge for the year	27,535,816,822	3,870,212,860	9,917,092,256	41,323,121,938
<b>As at 01/01/2013</b>	<b>27,535,816,822</b>	<b>3,870,212,860</b>	<b>21,740,455,129</b>	<b>53,146,484,811</b>
Charge for the year	(13,767,908,411)	(3,870,212,860)	(10,084,275,451)	(27,722,396,722)
<b>As at 31/12/2013</b>	<b>13,767,908,411</b>	<b>-</b>	<b>11,656,179,678</b>	<b>25,424,088,089</b>

**20. TAXES AND AMOUNTS PAYABLE TO STATE BUDGET**

	<u>31/12/2013</u> <u>VND</u>	<u>31/12/2012</u> <u>VND</u>
VAT payables	-	532,229,491
Import - export duties	-	602,523,952
Corporate income tax	-	110,029,012,584
Personal income tax	1,737,236,099	150,982,320
Natural resource tax	11,987,600	-
Other taxes	4,433,337	3,003,718,002
	<b>1,753,657,036</b>	<b>114,318,466,349</b>

Implementation of tax obligation to the state budget:

Items	Tax payables 31/12/2012	During the year		Tax payables 31/12/2013
	<u>VND</u>	<u>Tax payables</u> <u>VND</u>	<u>Tax paid</u> <u>VND</u>	<u>VND</u>
VAT on domestic goods	-	18,045,768,986	18,045,768,986	-
VAT on imports	532,229,491	70,423,996,558	70,956,226,049	-
Import-export duties	602,523,952	26,115,209,442	26,717,733,394	-
Corporate income tax	107,715,581,016	214,661,073,087	350,704,225,690	(28,327,571,587)
Personal income tax	(3,271,996,321)	45,015,285,013	42,170,018,289	(426,729,597)
Natural resource tax	-	534,204,689	534,204,689	-
Environmental protection tax	2,956,744,198	5,233,859,402	8,178,616,000	11,987,600
Business tax	-	6,000,000	6,000,000	-
Withholding tax	-	554,329,967	554,329,967	-
Other taxes	46,973,804	340,383,252	382,923,719	4,433,337
<b>Total</b>	<b>108,582,056,140</b>	<b>380,930,110,396</b>	<b>518,250,046,783</b>	<b>(28,737,880,247)</b>
<i>In which</i>				
- Taxes and amounts payable to the State budget	114,318,466,349			1,753,657,036
- Taxes and other receivables from the State budget	5,736,410,209			30,491,537,283
+) Personal income tax	3,422,978,641			2,163,965,696
+) Corporate income tax	2,313,431,568			28,327,571,587

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

**FORM B 09-DN**

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

**21. ACCRUED EXPENSES**

	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
Repair and maintenance expenses (i)	43,421,052,000	151,714,209,145
Social security expenses (ii)	47,550,892,095	73,570,862,067
Others	64,443,784,947	64,860,663,847
	<u>155,415,729,042</u>	<u>290,145,735,059</u>

(i) During 2013, the Company finalized repair and maintenance expenses of Phu My Fertilizer Plant with an amount of more than VND 169 billion and accrued an additional amount of VND 43,421,052,000 to such expenses pursuant to the plan of repair and maintenance of Phu My Fertilizer Plant in 2015.

(ii) In accordance with Decision No. 423/NQ-DKVN dated 15 March 2013 of Vietnam Oil and Gas Group, the Company accrued social security expenses of VND 100 billion in order to implement social security program for the whole group. By 31 December 2013, the social security expenses of VND 47,550,892,095 had not been transferred to the beneficiaries.

**22. OTHER CURRENT PAYABLES**

	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
Discount payables to subsidiaries	1,140,303,491	10,414,712,380
Dividend payables	21,556,282,714	16,502,443,664
Others	17,076,773,371	12,201,912,750
	<u>39,773,359,576</u>	<u>39,119,068,794</u>

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

43 Mac Dinh Chi, Da Kao Ward, District 1  
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Separate financial statements  
For the year ended 31 December 2013

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

**FORM B 09-DN**

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

**23. SHAREHOLDERS' EQUITY**

	Charter capital	Share premium	Treasury shares	Foreign exchange reserve	Investment and development fund	Financial reserve fund	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND	VND
Balance as at 01/01/2012	3,800,000,000,000	-	(83,961,341,647)	(835,361,854)	1,407,397,263,345	488,321,761,273	2,627,050,933,666	8,237,973,254,783
Profit for the year	-	-	-	-	-	-	2,984,475,769,255	2,984,475,769,255
Acquisition of treasury shares for the year	-	-	(1,486,131,615)	-	-	-	-	(1,486,131,615)
Profit distribution	-	-	-	-	1,092,062,462,603	312,017,846,458	(1,404,080,309,061)	-
Provision for bonus and welfare funds	-	-	-	-	-	-	(371,789,010,426)	(371,789,010,426)
Dividends declared	-	-	-	-	-	-	(1,887,771,600,000)	(1,887,771,600,000)
Others	-	-	-	756,458,357	-	-	-	756,458,357
<b>Balance as at 01/01/2013</b>	<b>3,800,000,000,000</b>	<b>-</b>	<b>(85,447,473,262)</b>	<b>(78,903,497)</b>	<b>2,499,459,725,948</b>	<b>800,339,607,731</b>	<b>1,947,885,783,434</b>	<b>8,962,158,740,354</b>
Profit for the year	-	-	-	-	-	-	2,109,970,750,077	2,109,970,750,077
Sale of treasury shares for the year (1)	-	21,179,913,858	83,150,649,142	-	-	-	-	104,330,563,000
Profit distribution (2)	-	-	-	-	-	145,015,524,162	(145,015,524,162)	-
Provision for bonus and welfare funds (2)	-	-	-	-	-	-	(201,784,316,811)	(201,784,316,811)
Dividends declared (3)	-	-	-	-	-	-	(1,709,704,170,000)	(1,709,704,170,000)
Others	-	-	-	(185,216,672)	-	-	(439,993)	(185,656,665)
<b>Balance at 31/12/2013</b>	<b>3,800,000,000,000</b>	<b>21,179,913,858</b>	<b>(2,296,824,120)</b>	<b>(264,120,169)</b>	<b>2,499,459,725,948</b>	<b>945,355,131,893</b>	<b>2,001,352,082,545</b>	<b>9,264,785,909,955</b>

(1) Represents amount received from selling 2,379,940 treasury shares during the year.

(2) The Financial reserve fund and Bonus and welfare funds with the respective amounts of VND 145,015,524,162 and VND 201,784,316,811 were allocated from profit after tax for the year ended 31 December 2012 under Resolution No.17/NQ-DHDCD passed at the general meeting of shareholders on 25 April 2013.

(3) Under the Resolution No.17/NQ-DHDCD passed at the general meeting of shareholders on 25 April 2013, the Company declared to pay dividends for the year ended 31 December 2012 amounting to VND 1,703,754,320,000, of which VND 566,331,480,000 (VND 1,500 per share) for the 1st dividend payment was made in advance in Quarter 3 of 2012; an amount of VND 377,554,320,000 for the 2nd dividend payment was paid in Quarter 4 of 2012 (VND 1,000 per share). On 18 June 2013, the Company declared to make the 3rd dividend payment of VND 759,868,520,000 (VND 2,000 per share).

Also on 30 October 2013, the Company made an advance for the 1st dividend payment for 2013 of VND 949,835,650,000 (VND 2,500 per share) according to the Resolution passed at the general meeting of shareholders on 25 April 2013.

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

**23. SHAREHOLDERS' EQUITY (Continued)**

	<u>31/12/2013</u>	<u>31/12/2012</u>
<b>Shares</b>		
- <b>Number of shares issued to public</b>		
+ Common shares	380,000,000	380,000,000
+ Preferred shares	-	-
- <b>Number of treasury shares</b>		
+ Common shares	65,740	2,445,680
+ Preferred shares	-	-
- <b>Number of outstanding shares in circulation</b>		
+ Common shares	379,934,260	377,554,320
+ Preferred shares	-	-

A common share has par value of VND 10,000.

**Charter capital**

According to the Company's Business Registration Certificate No. 4103007696 dated 31 August 2007, and the 11<sup>th</sup> amendment dated 16 July 2013, issued by the Department of Planning and Investment of Ho Chi Minh City, the Company's charter capital is VND 3,800,000,000,000. The charter capital fully contributed by the shareholders as at 31 December 2013 was as follows:

<b>Shareholders</b>	<b>Per Business Registration Certificate</b>		<b>Capital contribution</b>	
	<u>VND</u>	<u>(%)</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
			<u>VND</u>	<u>VND</u>
Vietnam Oil and Gas Group	2,332,042,530,000	61.37	2,332,042,530,000	2,332,042,530,000
Others	1,467,957,470,000	38.63	1,467,957,470,000	1,467,957,470,000
	<u>3,800,000,000,000</u>	<u>100.00</u>	<u>3,800,000,000,000</u>	<u>3,800,000,000,000</u>

**24. NET REVENUE AND COST OF SALES**

	<b>Locally-produced products</b>	<b>Imported goods</b>	<b>Total</b>
	<u>VND</u>	<u>VND</u>	<u>VND</u>
<b>2013</b>			
Net revenue	7,339,923,168,743	567,371,697,635	7,907,294,866,378
Cost of goods sold	4,385,764,420,588	562,279,949,540	4,948,044,370,128
<b>Gross profit</b>	<u>2,954,158,748,155</u>	<u>5,091,748,095</u>	<u>2,959,250,496,250</u>
<b>2012</b>			
Net revenue	11,619,482,869,918	110,296,692,648	11,729,779,562,566
Cost of goods sold	7,663,318,417,337	108,394,564,111	7,771,712,981,448
<b>Gross profit</b>	<u>3,956,164,452,581</u>	<u>1,902,128,537</u>	<u>3,958,066,581,118</u>

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

**24. NET REVENUE AND COST OF SALES (Continued)**

Revenue from locally-produced products and services are as follows:

	<b>2013</b>	<b>2012</b>
	<b>VND</b>	<b>VND</b>
Sales of Ure	6,885,602,542,846	8,011,626,699,524
Sales of Ca Mau Ure Product	15,879,957,938	3,387,520,963,139
Sales of Electricity	1,991,296,831	3,779,578,565
Others	497,009,475,462	358,002,906,773
	<b>7,400,483,273,077</b>	<b>11,760,930,148,001</b>
Sales discounts	60,560,104,334	141,447,278,083
	<b>7,339,923,168,743</b>	<b>11,619,482,869,918</b>

**25. PRODUCTION COST BY NATURE**

	<b>2013</b>	<b>2012</b>
	<b>VND</b>	<b>VND</b>
Raw materials and consumables	3,255,542,782,475	3,273,710,799,080
Labour	306,811,936,450	309,679,109,820
Depreciation and amortisation	219,251,512,522	187,597,519,962
Out-sourced services	835,787,244,408	991,709,386,950
Other expenses	115,465,733,573	305,780,752,065
	<b>4,732,859,209,428</b>	<b>5,068,477,567,877</b>

**26. FINANCE INCOME**

	<b>2013</b>	<b>2012</b>
	<b>VND</b>	<b>VND</b>
Interest income	404,112,328,811	523,019,401,100
Dividend and profits received	79,801,067,647	66,236,288,241
Gain from foreign exchange rate difference	1,673,966,734	1,106,883,596
Others	21,651,769	658,295,008
	<b>485,609,014,961</b>	<b>591,020,867,945</b>

**27. FINANCIAL EXPENSES**

	<b>2013</b>	<b>2012</b>
	<b>VND</b>	<b>VND</b>
Loss from exchange difference	3,576,743,227	4,966,604,584
Provision for impairment of long-term investments	148,716,603,168	15,480,851,438
Others	-	329,124,264
	<b>152,293,346,395</b>	<b>20,776,580,286</b>

**28. CURRENT CORPORATE INCOME TAX EXPENSE**

	<b>2013</b>	<b>2012</b>
	<b>VND</b>	<b>VND</b>
Current corporate income tax calculated on the current taxable income	209,237,508,707	423,427,760,401
Tax adjustments in previous years	5,423,564,380	47,008,541,958
<b>Current corporate income tax expense</b>	<b>214,661,073,087</b>	<b>470,436,302,359</b>

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

**FORM B 09-DN**

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

**29. OPERATING LEASE COMMITMENTS**

At the balance sheet date, the schedule of operating lease payments is as follows:

	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
Within one year	7,352,825,720	7,188,223,094
In the second to fifth years inclusive	27,969,088,880	27,565,696,375
After five years	18,393,039,254	24,414,393,419
	<u>53,714,953,854</u>	<u>59,168,312,888</u>

On 03 September 2005, the Company was handed over with a land-subleasing contract No. 178/HD/TLD/UDEC.2001 dated 01 June 2001 signed between the Project Management Unit (PMU) of Phu My Fertilizer Plant and Ba Ria-Vung Tau Urban Development and Construction Company on the long-term rental of land and infrastructure in Phu My I Industrial Zone, Tan Thanh Commune, Ba Ria - Vung Tau Province. The contract is valid for 17 years from 03 September 2004 with the rental fee and infrastructure use fee of USD 378,392 per annum.

On 01 November 2013, the Company signed an appendix to the contract of leasing office in Cambodia for the term of 3 years and the rental fee of USD 1,800 per month.

**Other commitment**

In accordance with Gas Sales and Purchase Agreement No. 82/2010/PVGAS-KTTT/TM-PVFCCo/B1 dated 07 May 2010 and additional appendices signed with PetroVietnam Gas Joint Stock Corporation, the gas purchase price for the year ended 31 December 2014 is 6.69 USD/MMBTU (for the year ended 31 December 2013: 6.56 USD/MMBTU).

**30. FINANCIAL INSTRUMENTS**

**Capital risk management**

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

The capital structure of the Company consists of shareholders' equity of the Company (comprising capital, reserves and retained earnings).

**Significant accounting policies**

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

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

**FORM B 09-DN**

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

**30. FINANCIAL INSTRUMENTS (Continued)**

**Categories of financial instruments**

	Carrying amounts	
	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
<b>Financial assets</b>		
Cash and cash equivalents	3,651,611,169,091	5,209,946,797,179
Trade and other receivables	145,467,595,818	61,628,148,368
Short-term investments	1,734,861,214,549	59,477,046,183
Long-term investments	77,445,764,314	83,625,067,921
<b>Total</b>	<b>5,609,385,743,772</b>	<b>5,414,677,059,651</b>
<b>Financial liabilities</b>		
Trade and other payables	627,953,913,833	416,124,179,960
Accruals	155,415,729,042	290,145,735,059
<b>Total</b>	<b>783,369,642,875</b>	<b>706,269,915,019</b>

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

**Financial risk management objectives**

The Company has set up risk management system to identify and assess the risks exposed by the Company 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 Company's operations.

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

***Market risk***

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

***Foreign currency risk management***

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

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



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

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

## 30. FINANCIAL INSTRUMENTS (Continued)

*Foreign currency risk management (Continued)*

	Liabilities		Assets	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
United States Dollar (USD)	121,915,416,471	301,172,880	135,424,559,029	64,381,819,565
Euro (EUR)	51,641,681,399	-	51,783,058,477	6,940,940,364

*Interest rate sensitivity analysis*

The Company is mainly exposed to United States Dollar and Euro.

The following table details the Company's sensitivity to a 2% increase and decrease in Vietnam Dong against the relevant foreign currencies. 2% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates. For a 2% increase/decrease in the following foreign currencies against Vietnam Dong, the profit before tax in the year would increase/decrease by the following amounts:

	2013	2012
	<u>VND</u>	<u>VND</u>
United States Dollar (USD)	270,182,851	1,281,612,934
Euro (EUR)	2,827,542	138,818,807

*Share price risk management*

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

Investments in equity instruments are held for long-term strategic investments rather than trading purposes. The Company does not have intention to trade these investments in the foreseeable future. As at 31 December 2013, the Board of General Directors has assessed investments in shares and noted that except for the impairment of the investments in PetroVietnam Urban Development Joint Stock Company (PVC-Mekong), Petrovietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX") and in Petroleum Information Technology Telecom and Automation Joint Stock Company (PAIC), there was no impairment of other investments. Therefore, the Company only made provision for these investments with an amount of VND 164.2 billion (in which: provision for impairment of associates is VND 163.7 billion, provision for impairment of long-term financial investments is VND 429 million).

*Commodity price risk management*

The Company purchases materials, commodities from local and foreign suppliers for business purpose. Therefore, the Company 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 Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. As at 31 December 2013, the Company had some credit risks, including: the amount receivable from PetroVietnam Trade Union Finance Investment JSC (PVFI) for the over-due trusted investment and accrued trust interest with the total amount of VND 110,143,267,289; the amount receivable from Ngoc Lan Private Enterprise regarding advance to buy goods with an amount of VND 9,153,800,000. The recovery of these amounts is uncertainty based on the Board of General Directors' assessment. Therefore, the Board of General Directors decided to make provision for all these receivables.

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

**FORM B 09-DN**

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

**30. FINANCIAL INSTRUMENTS (Continued)**

***Liquidity risk management***

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

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 year <u>VND</u>	Over 1 year <u>VND</u>	Total <u>VND</u>
<b>31/12/2013</b>			
Cash and cash equivalents	3,651,611,169,091	-	3,651,611,169,091
Trade and other receivables	145,467,595,818	-	145,467,595,818
Short-term investments	1,734,861,214,549	-	1,734,861,214,549
Long-term investments	-	77,445,764,314	77,445,764,314
<b>Total</b>	<b>5,531,939,979,458</b>	<b>77,445,764,314</b>	<b>5,609,385,743,772</b>
<b>31/12/2013</b>			
Trade and other payables	627,953,913,833	-	627,953,913,833
Accruals	155,415,729,042	-	155,415,729,042
<b>Total</b>	<b>783,369,642,875</b>	<b>-</b>	<b>783,369,642,875</b>
<b>Net liquidity gap</b>	<b>4,748,570,336,583</b>	<b>77,445,764,314</b>	<b>4,826,016,100,897</b>
<b>31/12/2012</b>			
Cash and cash equivalents	5,209,946,797,179	-	5,209,946,797,179
Trade and other receivables	61,628,148,368	-	61,628,148,368
Short-term investments	59,477,046,183	-	59,477,046,183
Long-term investments	-	83,625,067,921	83,625,067,921
<b>Total</b>	<b>5,331,051,991,730</b>	<b>83,625,067,921</b>	<b>5,414,677,059,651</b>
<b>31/12/2012</b>			
Trade and other payables	416,124,179,960	-	416,124,179,960
Accruals	290,145,735,059	-	290,145,735,059
<b>Total</b>	<b>706,269,915,019</b>	<b>-</b>	<b>706,269,915,019</b>
<b>Net liquidity gap</b>	<b>4,624,782,076,711</b>	<b>83,625,067,921</b>	<b>4,708,407,144,632</b>

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


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

**FORM B 09-DN**

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

**31. COMPARATIVE FIGURES**

Comparative figures are figures of the audited separate financial statements for the year ended 31 December 2012.



**Hoang Thi Lan Anh**  
Preparer



**Huynh Kim Nhan**  
Chief Accountant



**Nguyen Van Tong**  
Deputy General Director

31 March 2014



**PETROVIETNAM FERTILIZER AND  
CHEMICALS CORPORATION - JSC**

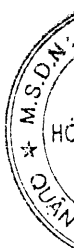
*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS**

**For the year ended 31 December 2013**

**TABLE OF CONTENTS**

<b><u>CONTENTS</u></b>	<b><u>PAGES</u></b>
STATEMENT OF THE BOARD OF GENERAL DIRECTORS	1 - 2
INDEPENDENT AUDITOR'S REPORT	3 - 4
CONSOLIDATED BALANCE SHEET	5 - 6
CONSOLIDATED INCOME STATEMENT	7
CONSOLIDATED CASH FLOW STATEMENT	8 - 9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	10 - 41



## **STATEMENT OF THE BOARD OF GENERAL DIRECTORS**

The Board of General Directors of PetroVietnam Fertilizer and Chemicals Corporation - JSC (the "Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31 December 2013.

### **THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS**

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

#### **Board of Management**

Mr. Le Cu Tan	Chairman (appointed on 12 December 2013)
Mr. Bui Minh Tien	Chairman (resigned on 12 December 2013)
Ms. Nguyen Thi Hien	Vice Chairwoman
Mr. Cao Hoai Duong	Member
Mr. Bui Quang Hung	Member (resigned on 25 April 2013)
Mr. Nguyen Duc Hoa	Member (resigned on 25 April 2013)
Mr. Nguyen Hong Vinh	Member (appointed on 25 April 2013)
Mr. Dinh Quang Hoan	Member (appointed on 25 April 2013)

#### **Board of General Directors**

Mr. Cao Hoai Duong	General Director
Mr. Tu Cuong	Deputy General Director
Mr. Hoang Viet Dung	Deputy General Director
Mr. Le Van Quoc Viet	Deputy General Director
Mr. Nguyen Van Tong	Deputy General Director
Ms. Chu Thi Hien	Deputy General Director (resigned on 01 March 2013)
Mr. Nguyen Hong Vinh	Deputy General Director (resigned on 01 July 2013)
Mr. Duong Tri Hoi	Deputy General Director (appointed on 01 July 2013)
Ms. Le Thi Thu Huong	Deputy General Director (appointed on 01 March 2013)
Mr. Huynh Kim Nhan	Chief Accountant

### **BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY**

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

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

## STATEMENT OF THE BOARD OF GENERAL DIRECTORS (Continued)

### BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY (Continued)

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

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

The Corporation issued the consolidated financial statements for the year ended 31 December 2013 on 12 March 2014.

On 31 March 2014, the Boards of Management and General Directors have found some events that were related to investments in associates and occurred after the date of issue of the consolidated financial statements, i.e. 12 March 2014. Such events are considered as the subsequent events that require an adjustment. Accordingly, the Boards of Management and General Directors have decided to make additional adjustments based on changes in the capital contribution by the Corporation in the associates' net assets after the investment purchase date, and simultaneously reissue the Corporation's consolidated financial statements. The management believes that reissue of the consolidated financial statements will reflect the financial position as well as the results of operations of the Corporation for the year ended 31 December 2013 more appropriately. Details of the subsequent events are as follows:

- On 14 March 2014, PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX"), the Corporation's associate, and the contractors unanimously carried out a conditioned preliminary acceptance and handed over the factory for its commercial operation from 19 August 2013. As a result, PVTEX ended its investment period and should recognize an interim increase in cost of fixed assets, depreciate and derecognize capitalization of borrowing interest, etc. so as to re-determine the results of operations commencing from the official commercial operation date. PVTEX adjusted its 2013 financial statements to the above mentioned event and incurred a loss of approximately VND 366 billion from the 2013 operating activities and an accumulated loss of approximately VND 387.6 billion.
- Under the Resolution issued by the Board of Management, on 31 March 2014, PetroVietnam Urban Development Joint Stock Company ("PVC Mekong"), the Corporation's associate, made an assessment and recognized an impairment loss for its real estate inventory which is the Complex of Commerce, Hotels and Office for lease in Bac Lieu. PVC Mekong adjusted its 2013 financial statements to the above mentioned event and incurred a loss of approximately VND 124 billion from the 2013 operating activities and incurred an accumulated loss of approximately VND 263 billion.

For and on behalf of the Board of General Directors,



**Nguyễn Văn Tong**  
**Deputy General Director**

31 March 2014

Ho Chi Minh City, S. R. Vietnam



No.: 1015 /VNIA-HN-BC

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of PetroVietnam Fertilizer and Chemicals Corporation - JSC (the "Corporation"), prepared on 31 March 2014 as set out from page 5 to page 41, which comprise the consolidated balance sheet as at 31 December 2013, and the consolidated statement of income, and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

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

The 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.

### Auditor's Responsibility

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

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

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



## INDEPENDENT AUDITOR'S REPORT (Continued)

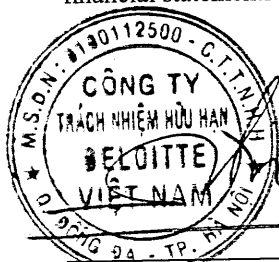
### Opinion

In our opinion, the consolidated financial statements give a true and fair view of, in all material respects, the financial position of the Corporation as at 31 December 2013, 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.

### *Emphasis of Matter*

As stated in Note 5 of the Notes to the consolidated financial statements, on 31 March 2014, the Boards of Management and General Directors have found some events that were related to investments in associates and occurred after the date of issue of the consolidated financial statements, i.e. 12 March 2014. Such events are considered as the subsequent events that require an adjustment. Accordingly, the Boards of Management and General Directors have decided to make additional adjustments based on changes in the capital contribution by the Corporation in the associates' net assets after the investment purchase date, and simultaneously reissue the Corporation's consolidated financial statements. The management believes that reissue of the consolidated financial statements will reflect the financial position as well as the results of operations of the Corporation for the year ended 31 December 2013 more appropriately. We performed additional audit procedures and issued an independent auditor's report on the accompanying consolidated financial statements which were adjusted to the above mentioned events for the year ended 31 December 2013.

Our additional audit procedures on the subsequent events are restricted solely to the adjustment of the consolidated financial statements as stated in Note 5 of the Notes to the consolidated financial statements.



**Khúc Thị Lan Anh**  
Deputy General Director  
Audit Practising Registration Certificate  
No. 0036-2013-001-1

*For and on behalf of*  
**DELOITTE VIETNAM COMPANY LIMITED**

31 March 2014  
Hanoi, S.R. Vietnam

**Tran Huy Cong**  
Auditor  
Audit Practising Registration Certificate  
No. 0891-2013-001-1

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

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

**Consolidated financial statements**  
For the year ended 31 December 2013

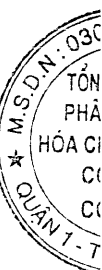
**CONSOLIDATED BALANCE SHEET**

*As at 31 December 2013*

**FORM B 01- DN/HN**  
Unit: VND

ASSETS	Codes	Notes	31/12/2013	31/12/2012
<b>A. CURRENT ASSETS</b> (100=110+120+130+140+150)	<b>100</b>		<b>7,515,223,312,458</b>	<b>7,203,995,556,932</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>6</b>	<b>4,032,386,358,314</b>	<b>5,629,375,858,166</b>
1. Cash	111		435,859,691,647	292,521,273,791
2. Cash equivalents	112		3,596,526,666,667	5,336,854,584,375
<b>II. Short-term financial investments</b>	<b>120</b>		<b>1,734,861,214,549</b>	<b>62,077,046,183</b>
1. Short-term investments	121	7	1,734,861,214,549	62,077,046,183
<b>III. Short-term receivables</b>	<b>130</b>		<b>246,097,665,217</b>	<b>193,727,961,781</b>
1. Trade accounts receivable	131		105,080,054,904	46,193,553,961
2. Advances to suppliers	132		74,278,800,409	99,202,374,921
3. Other receivables	135	8	186,035,877,193	167,629,100,188
4. Provision for short-term doubtful debts	139		(119,297,067,289)	(119,297,067,289)
<b>IV. Inventories</b>	<b>140</b>	<b>9</b>	<b>1,340,683,371,984</b>	<b>1,171,461,225,102</b>
1. Inventories	141		1,353,397,692,080	1,185,926,007,092
2. Provision for devaluation of inventories	149		(12,714,320,096)	(14,464,781,990)
<b>V. Other short-term assets</b>	<b>150</b>		<b>161,194,702,394</b>	<b>147,353,465,700</b>
1. Short-term prepayments	151	10	16,754,134,505	14,612,294,547
2. Value added tax deductibles	152		110,241,258,017	119,646,969,320
3. Taxes and other receivables from State budget	154	20	30,491,537,283	9,707,085,668
4. Other short-term assets	158		3,707,772,589	3,387,116,165
<b>B. NON-CURRENT ASSETS</b> (200 = 220+240+250+260)	<b>200</b>		<b>3,290,087,917,426</b>	<b>3,376,516,357,645</b>
<b>I. Fixed assets</b>	<b>220</b>		<b>2,368,443,661,712</b>	<b>2,371,391,919,866</b>
1. Tangible fixed assets	221	11	1,257,291,251,123	1,169,727,617,877
- Cost	222		7,212,931,208,323	6,935,645,827,376
- Accumulated depreciation	223		(5,955,639,957,200)	(5,765,918,209,499)
2. Intangible assets	227	12	927,348,585,669	770,897,635,112
- Cost	228		1,143,916,832,122	965,237,358,073
- Accumulated amortization	229		(216,568,246,453)	(194,339,722,961)
3. Construction in progress	230	13	183,803,824,920	430,766,666,877
<b>II. Investment properties</b>	<b>240</b>	<b>14</b>	<b>284,964,579,592</b>	<b>295,672,318,252</b>
- Cost	241		314,530,971,192	314,461,627,556
- Accumulated depreciation	242		(29,566,391,600)	(18,789,309,304)
<b>III. Long-term financial investments</b>	<b>250</b>		<b>540,521,826,075</b>	<b>574,627,123,255</b>
1. Investments in associates	252	15	463,076,061,761	491,002,055,334
2. Other long-term investments	258	16	77,875,067,921	83,625,067,921
3. Provision for impairment of long-term financial investments	259	16	(429,303,607)	-
<b>IV. Other long-term assets</b>	<b>260</b>		<b>96,157,850,047</b>	<b>134,824,996,272</b>
1. Long-term prepayments	261	17	66,360,451,576	79,125,106,047
2. Deferred tax assets	262	18	28,765,219,071	55,406,634,581
3. Other long-term assets	268		1,032,179,400	293,255,644
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>10,805,311,229,884</b>	<b>10,580,511,914,577</b>

The notes set out on page 10 to 41 are an integral part of these consolidated financial statements



CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2013

FORM B 01-DN/HN  
Unit: VND

RESOURCES	Code	Notes	31/12/2013	31/12/2012
<b>A. LIABILITIES (300=310+330)</b>	<b>300</b>		<b>1,249,172,775,527</b>	<b>1,415,021,259,304</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,223,123,387,061</b>	<b>1,395,987,574,866</b>
1. Short-term loans and liabilities	311	19	65,405,536,332	27,737,630,442
2. Trade accounts payable	312		605,551,019,966	398,388,337,713
3. Advances from customers	313		111,417,518,731	212,836,496,895
4. Taxes and amounts payable to State budget	314	20	13,565,487,134	123,907,690,077
5. Payables to employees	315		89,584,219,696	75,424,999,435
6. Accrued expenses	316	21	160,664,901,010	305,890,305,764
7. Other current payables	319	22	63,691,286,159	47,360,732,843
8. Short-term provisions	320		327,365,199	488,925,484
9. Bonus and welfare funds	323		112,916,052,834	203,952,456,213
<b>II. Long-term liabilities</b>	<b>330</b>		<b>26,049,388,466</b>	<b>19,033,684,438</b>
1. Other long-term payables	333		5,951,661,602	6,024,588,791
2. Long-term loans and liabilities	334	23	3,053,298,732	8,477,046,183
3. Provision for severance allowance	336		-	124,227,166
4. Unearned revenue	338		3,525,485,494	4,217,086,359
5. Scientific and technological development fund	339		13,518,942,638	190,735,939
<b>B. EQUITY (400=410)</b>	<b>400</b>		<b>9,346,015,885,588</b>	<b>8,959,929,478,972</b>
<b>I. Shareholders' equity</b>	<b>410</b>	<b>24</b>	<b>9,346,015,885,588</b>	<b>8,959,929,478,972</b>
1. Charter capital	411		3,800,000,000,000	3,800,000,000,000
2. Share premium	412		21,179,913,858	-
3. Other shareholders' capital	413		977,787,044	977,787,044
4. Treasury shares	414		(2,296,824,120)	(85,447,473,262)
5. Foreign exchange reserve	416		(264,120,169)	(70,094,992,992)
6. Investment and development fund	417		2,526,156,314,757	2,525,430,471,223
7. Financial reserve fund	418		962,866,860,541	812,944,724,326
8. Other shareholders' funds	419		1,014,770,873	765,696,521
9. Retained earnings	420		2,036,381,182,804	1,975,353,266,112
<b>C. MINORITY INTERESTS</b>	<b>439</b>	<b>25</b>	<b>210,122,568,769</b>	<b>205,561,176,301</b>
<b>TOTAL RESOURCES (440=300+400+439)</b>	<b>440</b>		<b>10,805,311,229,884</b>	<b>10,580,511,914,577</b>

OFF BALANCE SHEET ITEMS

1. Foreign currencies

- USD  
- EUR

Tran Xuan Thao  
Preparer

Huynh Kim Nhan  
Chief Accountant

Nguyen Van Tong  
Deputy General Director

31 March 2014

The notes set out on page 10 to 41 are an integral part of these consolidated financial statements

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

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

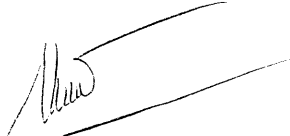
**Consolidated financial statements**  
For the year ended 31 December 2013

**CONSOLIDATED INCOME STATEMENT**

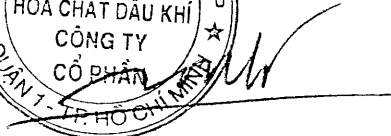
*For the year ended 31 December 2013*

**FORM B 02- DN/HN**  
Unit VND

ITEMS	Codes	Notes	2013	2012
1. Gross revenue from goods sold and services rendered	01		10,410,922,862,176	13,433,862,003,557
2. Deductions	02		47,504,499,333	112,009,948,586
3. Net revenue from goods sold and services rendered (10=01-02)	10	27	10,363,418,362,843	13,321,852,054,971
4. Cost of goods sold and services rendered	11	27	7,011,191,021,409	8,997,366,453,504
5. Gross profit from goods sold and services rendered (20=10-11)	20	27	3,352,227,341,434	4,324,485,601,467
6. Financial income	21	29	428,637,014,880	568,346,314,499
7. Financial expenses	22	30	7,733,290,120	7,002,744,862
<i>In which: Interest expense</i>	23		3,269,463,805	1,548,926,458
8. Selling expenses	24		634,991,557,491	637,118,953,465
9. General and administration expenses	25		551,914,252,488	673,970,690,947
10. Operating profit (30=20+(21-22)-(24+25))	30		2,586,225,256,215	3,574,739,526,692
11. Other income	31		14,919,253,710	16,462,436,717
12. Other expenses	32		2,244,332,095	1,455,767,342
13. Profit from other activities (40=31-32)	40		12,674,921,615	15,006,669,375
14. (Loss) on investments in associates	45	15	(131,083,086,624)	(47,696,642,825)
15. Accounting profit before tax (50=30+40+45)	50		2,467,817,091,206	3,542,049,553,242
16. Current corporate income tax expense	51	31	261,984,915,425	515,146,700,002
17. Deferred corporate tax expense/(income)	52	18	26,641,415,510	(40,744,576,134)
18. Net profit after corporate income tax (60=50-51-52)	60		2,179,190,760,271	3,067,647,429,374
18.1. Attributable to minority interests	61	25	36,861,411,945	50,796,229,783
18.2. Attributable to shareholders of the holding company	62		2,142,329,348,326	3,016,851,199,591
19. Basic earnings per share	70	32	5,644	7,990

  
Tran Xuan Thao  
Preparer

  
Huynh Kim Nhan  
Chief Accountant

  
Nguyen Van Tong  
Deputy General Director

31 March 2014

The notes set out on page 10 to 41 are an integral part of these consolidated financial statements

**CONSOLIDATED CASH FLOW STATEMENT**

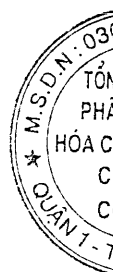
*For the year ended 31 December 2013*

**FORM B 03-DN/HN**

Unit: VND

ITEMS	Codes	2013	2012
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>1. Profit before tax</i>	<i>01</i>	<i>2,467,817,091,206</i>	<i>3,542,049,553,242</i>
<i>2. Adjustments for:</i>			
Depreciation and amortisation	02	249,516,494,079	212,835,006,048
Provisions	03	(1,321,158,287)	114,202,147,382
Unrealized foreign exchange (gain)/loss	04	(56,237,105)	327,161,230
(Gain) from investing activities	05	(296,237,041,638)	(519,131,152,776)
Interest expense	06	3,269,463,805	1,548,926,458
<i>3. Operating profit before movements in working capital</i>	<i>08</i>	<i>2,422,988,612,060</i>	<i>3,351,831,641,584</i>
Changes in receivables	09	(54,943,006,374)	160,094,128,802
Changes in inventories	10	(167,471,684,988)	(15,326,233,936)
Changes in accounts payable (not including accrued interest and corporate income tax payable)	11	43,387,734,131	384,175,888,258
Changes in prepaid expenses and other current assets	12	20,018,216,690	205,939,471,060
Interest paid	13	(3,834,386,165)	(1,548,926,458)
Corporate income tax paid	14	(388,790,598,996)	(493,754,715,175)
Other cash outflows	16	(342,779,557,701)	(311,868,851,994)
<i>Net cash from operating activities</i>	<i>20</i>	<i>1,528,575,328,657</i>	<i>3,279,542,402,141</i>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(267,562,840,439)	(372,106,404,365)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	734,591,819	409,663,636
3. Cash outflow for lending, buying debt instruments of other entities	23	(1,830,000,000,000)	(342,382,830,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	157,215,831,634	305,305,783,817
5. Investments in other entities	25	(35,137,000,000)	(23,131,710,000)
6. Cash recovered from investments in other entities	26	5,750,000,000	-
7. Interest earned, dividends and profits received	27	412,012,280,599	566,529,951,571
<i>Net cash (used in)/from investing activities</i>	<i>30</i>	<i>(1,556,987,136,387)</i>	<i>134,624,454,659</i>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	273,334,163,652	83,578,719,748
2. Repayment of borrowings	34	(241,090,005,213)	(56,569,684,495)
3. Dividends paid	36	(1,704,650,330,950)	(1,881,929,425,000)
4. Proceeds from sales of treasury shares	37	103,808,910,185	-
<i>Net cash (used in) financing activities</i>	<i>40</i>	<i>(1,568,597,262,326)</i>	<i>(1,854,920,389,747)</i>
<b>Net increase in cash (50=20+30+40)</b>	<b>50</b>	<b>(1,597,009,070,056)</b>	<b>1,559,246,467,053</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>5,629,375,858,166</b>	<b>4,070,456,552,343</b>
Effect of changes in foreign exchange rates	61	19,570,204	(327,161,230)
<b>Cash and cash equivalents at the end of the year (70=50+60+61)</b>	<b>70</b>	<b>4,032,386,358,314</b>	<b>5,629,375,858,166</b>

*The notes set out on page 10 to 41 are an integral part of these consolidated financial statements*



**CONSOLIDATED CASH FLOW STATEMENT (Continued)**

*For the year ended 31 December 2013*

**Supplemental non-cash disclosures**

The Company sold 2,379,940 treasury shares through PetroVietnam Securities Incorporated - Ho Chi Minh City Branch during the year. The total amount received from this transaction as of 31 December 2013 is VND 103,808,910,185 (net of transaction fee) and is presented in the "Proceeds from sales of treasury shares" item.



**Tran Xuan Thao**  
**Preparer**

31 March 2014



**Huynh Kim Nhan**  
**Chief Accountant**



**Nguyen Van Tong**  
**Deputy General Director**



**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**

PetroVietnam Fertilizer and Chemicals Corporation - JSC (the "Corporation"), formerly known as PetroVietnam Fertilizer and Chemicals Joint Stock Company, was established under Business Registration Certificate No. 4103007696 dated 31 August 2007 and the 11th amendment on 16 July 2013, issued by the Department of Planning and Investment of Ho Chi Minh City. On 01 September 2008, the Corporation officially transformed its operation into parent-subsidiary model in accordance to Resolution No. 01/ND-DHDCD passed at the Shareholders' General Meeting. Accordingly, Holding Company - PetroVietnam Fertilizer and Chemicals Corporation - JSC was established from functional departments of PetroVietnam Fertilizer and Chemicals Joint Stock Company, project management units and Phu My Fertilizer Plant. The Corporation's shares are listed on Ho Chi Minh City Stock Exchange from 05 November 2007 with stock symbol "DPM".

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

**Principal activities**

The principal activities of the Corporation and its subsidiaries include production and trading of fertilizer, liquid ammonia, industrial gas, other chemicals; technical services relating to production and trading of fertilizer and other related chemicals (excluding heavily toxic chemicals); relevant technical consultancy and architecture activities; production, transmission and distribution of electricity; trading of real estates, land use rights in all kinds; sales of agriculture and forestry products (excluding wood, bamboo) and living animals; goods transport services by inbound waterway and trucks; processing of oil and gas-related products and minerals, services of vocational training; services directly supporting waterway transportation; loading and unloading goods; maritime and shipping agency; and goods storages.

**Subsidiaries**

Details of subsidiaries consolidated to the Corporation's financial statements for the year ended 31 December 2013 are as follows:

Name of subsidiaries	Place of incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activity
Central PetroVietnam Fertilizer and Chemicals JSC	Binh Dinh Province	75	75	Trading of fertilizer and chemicals
SouthWest PetroVietnam Fertilizer and Chemicals JSC	Can Tho City	75	75	Trading of fertilizer and chemicals
SouthEast PetroVietnam Fertilizer and Chemicals JSC	Ho Chi Minh City	75	75	Trading of fertilizer and chemicals
Northern PetroVietnam Fertilizer and Chemicals JSC	Hanoi City	75	75	Trading of fertilizer and chemicals
PetroVietnam Southern Building and Development JSC	Ho Chi Minh City	81.38	81.38	Construction of industrial and civil works and services provision
Phu My Fertilizer Packaging JSC	Ba Ria - Vung Tau Province	51	51	Production of packages

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

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

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

**FORM B 09-DN/HN**

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

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR (Continued)**

**Accounting convention (Continued)**

On 31 March 2014, the Boards of Management and General Directors have found some events that occurred after the date of issue of the consolidated financial statements, i.e. 12 March 2014. Such events have impacts on impairment of the Corporation's investments in the two associates. Accordingly, the Boards of Management and General Directors have decided to make additional adjustments based on changes in the capital contribution by the Corporation in the associates' net assets after the investment purchase date, and simultaneously reissue the Corporation's consolidated financial statements for the year ended 31 December 2013. Some items in the already issued financial statements have been restated with details as stated in Note 5 of the Notes to the consolidated financial statements.

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

**Financial year**

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

**3. ADOPTION OF NEW ACCOUNTING GUIDANCE**

**New guidance on management, usage and depreciation of fixed assets**

On 25 April 2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC ("Circular 45") guiding the regime of management, usage and depreciation of fixed assets. This Circular supersedes Circular No. 203/2009/TT-BTC ("Circular 203") dated 20 October 2009 of the Ministry of Finance guiding the regime of management, usage and depreciation of fixed assets. Circular 45 is effective from 10 June 2013 and is applied from financial year 2013 onwards. According to the Board of General Directors' assessment, Circular 45 does not have material effect on the Corporation's consolidated financial statements for the year ended 31 December 2013.

**New guidance on provision for impairment of long-term investments into other entities**

On 28 June 2013, the Ministry of Finance issued Circular No. 89/2013/TT-BTC ("Circular 89") amending and supplementing Circular No. 228/2009/TT-BTC ("Circular 228") dated 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises. Circular 89 is effective from 26 July 2013. According to the Board of General Directors' assessment, Circular 89 does not have material effect on the Corporation's consolidated financial statements for the year ended 31 December 2013.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Estimates**

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



**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)**

**Basis of consolidation**

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

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

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

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

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

**Investments in associates**

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Interests in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Corporation's share of the net assets of the associate. Losses of an associate in excess of the Corporation's interest in that associate (which includes any long-term interests that, in substance, form part of the Corporation's net investment in the associate) are not recognized.

Where a member company transacts with an associate of the Corporation, unrealised profits and losses are eliminated to the extent of the Corporation's interest in the relevant associate.

**Financial instruments**

***Initial recognition***

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

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

***Subsequent measurement after initial recognition***

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

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)

**Cash and cash equivalents**

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

**Provision for doubtful debts**

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

As at 31 December 2013, the Corporation had receivables of VND 110,143,267,289 from PetroVietnam Trade Union Finance Investment Corporation (PVFI), including overdue entrusted fund of VND 101,597,868,000 and unsettled entrusted interest of VND 8,545,399,289. The Board of General Directors assessed recoverability of such receivables at very low level since PVFI experienced difficulties in operations with losses, unsecured ability to continue as a going concern and inability to pay debts as they fall due. Therefore, the Board of General Directors decided to make full provision for the above receivables assessed recoverability of such receivables at very low level since PVFI experienced difficulties in operations with losses, unsecured ability to continue as a going concern and inability to pay debts as they fall due. Therefore, the Board of General Directors decided to make full provision for the above receivables.

**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 except that the cost of raw materials is measured using the first-in first-out method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

	<u>Years</u>
Building, structures	5 - 25
Machinery, equipment	3 - 6
Motor vehicles	6 - 10
Office equipment	3 - 8

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

FORM B 09-DN/HN

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

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

**Tangible fixed assets and depreciation (Continued)**

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

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

**Intangible assets and amortization**

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

**Leasing**

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

**Construction in progress**

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

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

**Investment properties**

Investment properties, which are composed of land use rights and buildings and structures of Cuu Long Supermarket-Office Building in Ca Mau Province; Sao Phuong Bac Hotel in Sapa Town, Lao Cai Province; PVFCCo Building at 43 Mac Dinh Chi Street, Ho Chi Minh City held by the Corporation to earn rentals, are stated at cost less accumulated depreciation. The cost of purchased investment properties comprises its purchase price and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs. Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Land use rights	44 - 50
Buildings and structures	25

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

**Other long-term investments**

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

**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)**

**Provision for impairment of long-term investments**

Provision for impairment of investments is made in accordance with prevailing accounting regulations which allow provision to be made for investments whose book values are higher than market prices as at the balance sheet date.

**Long-term prepayments**

Long-term prepayments include land rentals, spare parts and other long-term prepayments.

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

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

Other types of long-term prepayments comprise of tools and suppliers issued for consumption which are expected to provide future economic benefits to the Corporation for one year or more. Such prepayments are charged in profit or loss on the straight-line basis from 1.5 to 2 years.

**Provisions**

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

**Revenue recognition**

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

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

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

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

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

Financial income includes interest on time and demand deposits and dividends from long-term and short-term investments, in which interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate; dividend income from investments is recognized when the Corporation's right to receive payment has been established.

**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)****Construction contracts**

As per construction contract, the contractor is paid based on the work volume performed. When the outcome of a construction contract can be estimated reliably and has been confirmed by the customer, revenue and costs are recognized by reference to the completed work volume confirmed by the customer for the year and presented in a prepared invoice.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable of recovery. The revenue is not recognized in case of uncertain material factors related to the recoverability of receivables.

**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" and Circular No. 179/2012/TT-BTC dated 24 October 2012 of the Ministry of Finance providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement. Unrealised exchange gains as at the balance sheet date are not treated as part of distributable profit to the shareholders.

Foreign exchange (loss) arising from translation of the financial statements of Cambodian branch as at 31 December 2013 was not recognized in profit or loss in the year, but presented in the "Foreign exchange reserve" item in the Corporation's consolidated balance sheet instead.

**Borrowing costs**

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

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

**Taxation**

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

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

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

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

**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)****Taxation (Continued)**

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

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

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

**5. RESTATEMENT OF FIGURES PRESENTED IN ADJUSTED ITEMS**

- On 14 March 2014, PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX"), the Corporation's associate, and the contractors unanimously carried out a conditioned preliminary acceptance and handed over the factory for its commercial operation from 19 August 2013. As a result, PVTEX ended its investment period and should recognize an interim increase in cost of fixed assets, depreciate and derecognize capitalization of borrowing interest, etc. so as to re-determine the results of operations commencing from the official commercial operation date. PVTEX adjusted its 2013 financial statements to the above mentioned event and incurred a loss of approximately VND 366 billion from the 2013 operating activities and an accumulated loss of approximately VND 387.6 billion.
- Under the Resolution issued by the Board of Management, on 31 March 2014, PetroVietnam Urban Development Joint Stock Company ("PVC Mekong"), the Corporation's associate, made an assessment and recognized an impairment loss for its real estate inventory which is the Complex of Commerce, Hotels and Office for lease in Bac Lieu. PVC Mekong adjusted its 2013 financial statements to the above mentioned event and incurred a loss of approximately VND 124 billion from the 2013 operating activities and incurred an accumulated loss of approximately VND 263 billion.

The events occurring after the date of issue of the consolidated financial statements as mentioned above are those having impacts on the 2013 consolidated financial statements and being considered as the subsequent events that require an adjustment. The Boards of Management and General Directors, therefore, have decided to make additional adjustments based on changes in the capital contribution by the Corporation in the associates' net assets after the investment purchase date, and simultaneously reissue the consolidated financial statements for the year ended 31 December 2013 so as to fully reflect such events. The Boards of Management and General Directors believe that reissue of the consolidated financial statements will reflect the financial position as well as the results of operations of the Corporation for the year ended 31 December 2013 more appropriately. Adjustments of some items presented in the already issued consolidated financial statements are as follows:

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

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

**Consolidated financial statements**  
For the year ended 31 December 2013

**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*

**5. RESTATEMENT OF FIGURES PRESENTED IN ADJUSTED ITEMS (Continued)**

		Amount reported in consolidated financial statements (issued on		
	Codes	12 March 2014)	Restatement	Difference
		VND	VND	VND
<b>Income statement</b>				
(Loss) on investments in associates	45	(35,551,458,423)	(131,083,086,624)	95,531,628,201
Accounting profit before tax	50	2,563,348,719,407	2,467,817,091,206	95,531,628,201
Current corporate income tax expense	51	284,497,564,533	261,984,915,425	22,512,649,108
<b>Net profit after corporate income tax</b>	<b>60</b>	<b>2,252,209,739,364</b>	<b>2,179,190,760,271</b>	<b>73,018,979,093</b>
Attributable to shareholders of the parent company	62	2,215,348,327,419	2,142,329,348,326	73,018,979,093
<b>Balance sheet</b>				
Taxes and other receivables from the State budget	154	7,978,888,175	30,491,537,283	(22,512,649,108)
Investments in associates	252	474,841,065,065	463,076,061,761	11,765,003,304
<b>Total assets</b>	<b>270</b>	<b>10,794,563,584,080</b>	<b>10,805,311,229,884</b>	<b>(10,747,645,804)</b>
Foreign exchange reserve	416	(84,030,745,066)	(264,120,169)	(83,766,624,897)
Retained earnings	420	2,109,400,161,897	2,036,381,182,804	73,018,979,093
<b>Total resources</b>	<b>440</b>	<b>10,794,563,584,080</b>	<b>10,805,311,229,884</b>	<b>(10,747,645,804)</b>
<b>Cash flow statement</b>				
Profit before tax	01	2,563,348,719,407	2,467,817,091,206	95,531,628,201
(Gain) from investing activities	05	(391,768,669,839)	(296,237,041,638)	(95,531,628,201)

**6. CASH AND CASH EQUIVALENTS**

	31/12/2013	31/12/2012
	VND	VND
Cash on hand	1,407,479,185	1,219,544,986
Cash in bank	434,452,212,462	291,301,728,805
Cash equivalents	3,596,526,666,667	5,336,854,584,375
	<b>4,032,386,358,314</b>	<b>5,629,375,858,166</b>

Cash equivalents represent the time deposits for terms from 1 to 3 months at commercial banks and credit institutions at the interest rate of 6% to 7% per annum.

**7. SHORT-TERM INVESTMENTS**

	31/12/2013	31/12/2012
	VND	VND
Time deposits at commercial banks	1,730,000,000,000	53,600,000,000
Time deposits at Vietnam Public Joint Stock Commercial Bank (formerly known as PetroVietnam Finance Joint Stock Corporation)	4,861,214,549	8,477,046,183
	<b>1,734,861,214,549</b>	<b>62,077,046,183</b>

Short-term investments as at 31 December 2013 represent time deposits for terms from 6 months to 12 months at commercial banks with interest rates from 7.5% to 8.5% per annum.

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

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

**Consolidated financial statements**  
For the year ended 31 December 2013

**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*

**8. OTHER RECEIVABLES**

	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
Accrued interest income from term deposits	63,567,708,786	48,753,979,736
PetroVietnam Trade Union Finance Investment Corporation (PVFI) (i)	110,143,267,289	110,143,267,289
Others	12,324,901,118	8,731,853,163
	<u><b>186,035,877,193</b></u>	<u><b>167,629,100,188</b></u>

- (i) The receivable balance from PetroVietnam Trade Union Finance Investment Corporation (PVFI) as at 31 December 2013 included overdue entrusted fund of VND 101,597,868,000 and unsettled entrusted interest of VND 8,545,399,289. The Board of General Directors assessed recoverability of such receivables at very low level since PVFI experienced difficulties in operations with losses, unsecured ability to continue as a going concern and inability to pay debts as they fall due. Therefore, the Board of General Directors decided to make full provision for the above receivables.

**9. INVENTORIES**

	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
Goods in transit	92,540,186,877	178,255,480,490
Raw materials	493,812,401,373	450,193,732,792
Tools and supplies	4,443,958,641	9,459,673,251
Work in process	42,033,767,857	42,736,222,678
Finished goods	229,724,768,898	363,035,130,445
Merchandise	490,842,608,434	142,245,767,436
	<u><b>1,353,397,692,080</b></u>	<u><b>1,185,926,007,092</b></u>
Provision for devaluation of inventories	(12,714,320,096)	(14,464,781,990)
<b>Net realizable value</b>	<u><b>1,340,683,371,984</b></u>	<u><b>1,171,461,225,102</b></u>



**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

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

**Consolidated financial statements**  
For the year ended 31 December 2013

**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*

**10. SHORT-TERM PREPAYMENTS**

	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
Asset insurance prepayment	11,461,045,219	10,792,388,054
Others	5,293,089,286	3,819,906,493
	<u>16,754,134,505</u>	<u>14,612,294,547</u>

**11. TANGIBLE FIXED ASSETS**

	Buildings, structures <u>VND</u>	Machinery, equipment <u>VND</u>	Motor vehicles <u>VND</u>	Office equipment <u>VND</u>	Total <u>VND</u>
<b>COST</b>					
As at 01/01/2013	1,365,596,816,870	5,355,573,536,736	106,054,997,221	108,420,476,549	6,935,645,827,376
Purchases	49,905,861,207	9,150,000,004	18,280,828,000	22,392,081,640	99,728,770,851
Transfer from construction in progress	185,160,386,397	28,527,513,387	-	-	213,687,899,784
Other increase	127,000,000	-	-	-	127,000,000
Disposals	-	-	(934,447,000)	(68,027,778)	(1,002,474,778)
Reclassification in accordance with Circular 45	(648,592,007)	(2,398,723,697)	(396,115,569)	(31,812,383,637)	(35,255,814,910)
As at 31/12/2013	<u>1,600,141,472,467</u>	<u>5,390,852,326,430</u>	<u>123,005,262,652</u>	<u>98,932,146,774</u>	<u>7,212,931,208,323</u>
<b>ACCUMULATED DEPRECIATION</b>					
As at 01/01/2013	663,762,997,059	4,979,212,995,570	65,382,568,073	57,559,648,797	5,765,918,209,499
Charge for the year	78,776,418,407	103,977,484,496	9,297,762,489	24,278,081,906	216,329,747,298
Disposals	-	-	(693,973,794)	(68,027,778)	(762,001,572)
Reclassification in accordance with Circular 45	(278,361,565)	(1,689,805,371)	(304,206,117)	(23,573,624,972)	(25,845,998,025)
As at 31/12/2013	<u>742,261,053,901</u>	<u>5,081,500,674,695</u>	<u>73,682,150,651</u>	<u>58,196,077,953</u>	<u>5,955,639,957,200</u>
<b>NET BOOK VALUE</b>					
As at 31/12/2013	<u>857,880,418,566</u>	<u>309,351,651,735</u>	<u>49,323,112,001</u>	<u>40,736,068,821</u>	<u>1,257,291,251,123</u>
As at 31/12/2012	<u>701,833,819,811</u>	<u>376,360,541,166</u>	<u>40,672,429,148</u>	<u>50,860,827,752</u>	<u>1,169,727,617,877</u>

The cost of the Corporation's tangible fixed assets as at 31 December 2013 included VND 5,336,498,737,902 (31 December 2012: VND 5,316,603,642,980) of tangible assets which have been fully depreciated but are still in use.

By 31 December 2013, all buildings, structures, machinery and equipment of Phu My Fertilizer Packaging Joint Stock Company in Phu My 1 Industrial Zone, Phu My town, Tan Thanh district, Ba Ria - Vung Tau province have been pledged to secure long-term and short-term loans obtained from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Vung Tau Branch (see Notes 19 and 23).

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

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

**Consolidated financial statements**  
For the year ended 31 December 2013

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

**FORM B 09-DN/HN**

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

**12. INTANGIBLE ASSETS**

	Land use rights <u>VND</u>	Patent rights <u>VND</u>	Computer Software <u>VND</u>	Others <u>VND</u>	Total <u>VND</u>
<b>COST</b>					
As at 01/01/2013	738,031,157,677	171,441,137,057	45,429,866,943	10,335,196,396	965,237,358,073
Purchases	44,904,320,085	295,589,119	2,258,543,454	-	47,458,452,658
Transfer from construction in progress	130,953,404,100	-	755,000,000	-	131,708,404,100
Reclassification in accordance with Circular 45	-	-	(487,382,709)	-	(487,382,709)
As at 31/12/2013	913,888,881,862	171,736,726,176	47,956,027,688	10,335,196,396	1,143,916,832,122
<b>ACCUMULATED AMORTIZATION</b>					
As at 01/01/2013	693,082,588	164,046,950,666	19,892,251,592	9,707,438,115	194,339,722,961
Charge for the year	10,680,695,910	2,464,890,762	9,004,269,875	259,807,938	22,409,664,485
Reclassification in accordance with Circular 45	-	-	(181,140,993)	-	(181,140,993)
As at 31/12/2013	11,373,778,498	166,511,841,428	28,715,380,474	9,967,246,053	216,568,246,453
<b>NET BOOK VALUE</b>					
As at 31/12/2013	902,515,103,364	5,224,884,748	19,240,647,214	367,950,343	927,348,585,669
As at 31/12/2012	737,338,075,089	7,394,186,391	25,537,615,351	627,758,281	770,897,635,112

The cost of the Corporation's intangible assets at 31 December 2013 included VND 172,997,702,521 (31 December 2012: VND 168,932,621,106) of intangible assets which have been fully amortized but are still in use.

**13. CONSTRUCTION IN PROGRESS**

	31/12/2013 <u>VND</u>	31/12/2012 <u>VND</u>
Ammoniac project	46,248,899,367	44,003,993,921
Apartment building for employees	36,342,070,618	36,148,525,618
Tay Ninh warehouse	23,573,596,728	23,268,818,182
Da Nang warehouse	22,875,662,950	22,875,662,950
NH3 and NPK projects	15,264,114,882	-
Cai Cui - Can Tho warehouse	-	235,149,280,732
Other projects	39,499,480,375	69,320,385,474
	<b>183,803,824,920</b>	<b>430,766,666,877</b>

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

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

**Consolidated financial statements**  
For the year ended 31 December 2013

**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*

**14. INVESTMENT PROPERTIES**

	<b>Land use rights</b>	<b>Buildings and</b>	<b>Total</b>
	<b><u>VND</u></b>	<b><u>structures</u></b>	<b><u>VND</u></b>
<b>COST</b>			
As at 01/01/2013	84,498,516,000	229,963,111,556	314,461,627,556
Other increase	-	69,343,636	69,343,636
As at 31/12/2013	84,498,516,000	230,032,455,192	314,530,971,192
<b>ACCUMULATED DEPRECIATION</b>			
As at 01/01/2013	3,127,851,442	15,661,457,862	18,789,309,304
Charge for the year	1,482,325,638	9,294,756,658	10,777,082,296
As at 31/12/2013	4,610,177,080	24,956,214,520	29,566,391,600
<b>NET BOOK VALUE</b>			
As at 31/12/2013	<b>79,888,338,920</b>	<b>205,076,240,672</b>	<b>284,964,579,592</b>
As at 31/12/2012	<b>81,370,664,558</b>	<b>214,301,653,694</b>	<b>295,672,318,252</b>

Investment properties represent land use rights and buildings and structures of Cuu Long Supermarket-Office Building in Ca Mau Province; Sao Phuong Bac Hotel in Sapa Town, Lao Cai Province; PVFCCo Building at 43 Mac Dinh Chi Street, Ho Chi Minh City which were held by the Corporation to earn rentals.

According to VAS No. 05 - *Investment Properties*, fair value of investment properties as at 31 December 2013 is required to be disclosed. However, since the Corporation has not determined the fair value at 31 December 2013; therefore, no information about the fair value is stated at the notes to the consolidated financial statements.

**15. INVESTMENTS IN ASSOCIATES**

	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b><u>VND</u></b>	<b><u>VND</u></b>
Investments in associates	634,137,000,000	599,000,000,000
Profit arising after the investment date less dividends received	(184,928,891,009)	(49,193,259,934)
Difference between acquisition price and share of the Corporation in the associate's net assets (*)	13,867,952,770	9,245,301,847
Changes in net assets which are not presented in the consolidated income statement	-	(68,049,986,579)
	<b>463,076,061,761</b>	<b>491,002,055,334</b>
In which:		
PetroVietnam Urban Development JSC	11,250,837,108	57,670,829,097
PetroVietnam Petrochemical and Textile Fiber JSC	451,825,224,653	433,331,226,237
	<b>463,076,061,761</b>	<b>491,002,055,334</b>

(\*) The Corporation has determined the gain at the acquisition date on difference between the acquisition price and share of the Corporation in the net assets of the associate - PetroVietnam Petrochemical and Textile Fiber Joint Stock Company (PVTEX) at net book value of VND 23,113,254,617 at the investment date. The Board of General Directors decided to allocate such difference to the Corporation's consolidated income statement over 5 years from 2011 with the annual charge of VND 4.6 billion.

**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*

**15. INVESTMENTS IN ASSOCIATES (Continued)**

Details of the Corporation's associates at 31 December 2013 are as follows:

<b>Name of associates</b>	<b>Place of incorporation and operation</b>	<b>Proportion of ownership interest (%)</b>	<b>Proportion of voting power held (%)</b>	<b>Principal activity</b>
PetroVietnam Urban Development JSC (PVC-Mekong)	Ca Mau City	35.63	35.63	Construction and installation of industrial and civil works
PetroVietnam Petrochemical and Textile Fiber JSC (PVTEX)	Hai Phong City	25.00	25.00	Manufacturing and trading of polyester fiber

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

	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b>VND</b>	<b>VND</b>
Total assets	7,915,024,355,348	7,498,251,259,345
Total liabilities	6,046,983,353,656	5,527,170,293,453
Net assets	1,868,041,001,692	1,971,080,965,892
<b>The Corporation's share of associates' net assets</b>	<b>463,076,061,761</b>	<b>491,002,055,334</b>
	<b>2013</b>	<b>2012</b>
	<b>VND</b>	<b>VND</b>
Net revenue	575,737,275,580	231,226,267,769
Net loss	(490,638,192,635)	(151,017,268,293)
<b>The Corporation's share of associates' net loss</b>	<b>(131,083,086,624)</b>	<b>(47,696,642,825)</b>

**16. OTHER LONG-TERM INVESTMENTS**

	<b>Proportion of ownership interest (%)</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
		<b>VND</b>	<b>VND</b>
Drilling Mud Joint Stock Corporation (DMC)	10.27%	57,373,067,921	57,373,067,921
Petroleum Information Technology Telecom and Automation Joint Stock Company (PAIC)	8.50%	3,600,000,000	3,600,000,000
Petroleum Sport and Culture Corporation (PSCC)	0.00%	-	1,000,000,000
PetroVietnam Packaging Joint Stock Company (PSP)	0.00%	-	4,750,000,000
UTXI Aquatic Product Processing Joint Stock Company	6.78%	16,902,000,000	16,902,000,000
		<b>77,875,067,921</b>	<b>83,625,067,921</b>
<b>Provision for impairment of long-term financial investments</b>			
<i>In which:</i>			
Petroleum Information Technology Telecom and Automation Joint Stock Company (PAIC)		(429,303,607)	-
		<b>(429,303,607)</b>	<b>-</b>
<b>Net realizable value</b>		<b>77,445,764,314</b>	<b>83,625,067,921</b>

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

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

**Consolidated financial statements**  
For the year ended 31 December 2013

**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 LONG-TERM INVESTMENTS (Continued)**

The Board of General Directors prudently evaluated other long-term investments as at 31 December 2013 and realised that it was necessary to make provision for impairment of the investment in Petroleum Information Technology Telecom and Automation Joint Stock Company (PAIC) due to its impairment indication. Other long-term investments had no indication of impairment so the management believed that no provision for impairment of such investments should be made.

**17. LONG-TERM PREPAYMENTS**

	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
Prepaid land rentals	10,287,631,936	11,002,240,314
Spare parts	31,202,705,600	46,275,058,387
Others	24,870,114,040	21,847,807,346
	<u>66,360,451,576</u>	<u>79,125,106,047</u>

**18. DEFERRED TAX ASSETS**

The following are the major deferred tax assets recognized by the Company, and the movements thereon, in 2013 and prior years.

	Provision of doubtful debts	Provision for impairment of long- term financial investments	Accrued expenses not yet invoiced	Retained earnings	Total
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
As at 01/01/2013	27,535,816,822	3,870,212,860	21,740,455,129	2,260,149,770	55,406,634,581
Charge for the year	(13,767,908,411)	(3,870,212,860)	(10,084,275,451)	1,080,981,212	(26,641,415,510)
As at 31/12/2013	<u>13,767,908,411</u>	<u>-</u>	<u>11,656,179,678</u>	<u>3,341,130,982</u>	<u>28,765,219,071</u>

**19. SHORT-TERM LOANS AND LIABILITIES**

	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
<b>Short-term loans</b>	<b>63,597,620,515</b>	<b>27,737,630,442</b>
Vietcombank - Vung Tau Branch	16,587,977,180	7,737,630,442
VP Bank - Vung Tau Branch	1,557,998,400	-
Military Bank	24,451,644,935	-
Vietinbank - Can Tho Branch	-	20,000,000,000
BIDV - Binh Dinh Branch	21,000,000,000	-
<b>Current portion of long-term loans</b>	<b>1,807,915,817</b>	<b>-</b>
PVCombank (formerly known as PVFC)	1,807,915,817	-
	<u>65,405,536,332</u>	<u>27,737,630,442</u>

Short-term loans granted to the Corporation and its member units are used to supplement the working capital during the operation period. Such loans are classified by currency, guarantee method and interest rate as follows:

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

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

**Consolidated financial statements**  
For the year ended 31 December 2013

**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*

**19. SHORT-TERM LOANS AND LIABILITIES (Continued)**

	31/12/2013 <u>VND</u>	31/12/2012 <u>VND</u>
Loans in VND	63,597,620,515	27,737,630,442
Loans in USD	-	-
	<u>63,597,620,515</u>	<u>27,737,630,442</u>

	31/12/2013 <u>VND</u>	31/12/2012 <u>VND</u>
Unsecured loans	26,009,643,335	20,000,000,000
Secured loans	37,587,977,180	7,737,630,442
	<u>63,597,620,515</u>	<u>27,737,630,442</u>

	31/12/2013 <u>VND</u>	31/12/2012 <u>VND</u>
Floating interest rate loans	-	-
Fixed interest rate loans	63,597,620,515	27,737,630,442
	<u>63,597,620,515</u>	<u>27,737,630,442</u>

**20. TAX AND AMOUNTS PAYABLE TO THE STATE BUDGET**

	31/12/2013 <u>VND</u>	31/12/2012 <u>VND</u>
Value added tax	12,186,769	3,598,392,806
Import - export duties	-	639,449,122
Corporate income tax	9,922,734,971	114,684,953,982
Personal income tax	3,614,144,457	1,634,856,165
Other taxes	16,420,937	3,350,038,002
	<u>13,565,487,134</u>	<u>123,907,690,077</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

20. TAX AND AMOUNTS PAYABLE TO THE STATE BUDGET (Continued)

IMPLEMENTATION OF TAX OBLIGATIONS TO THE STATE BUDGET

Items	Payables	During the year		Payables
	31/12/2012	Tax payable	Tax paid	31/12/2013
	VND	VND	VND	VND
VAT on domestic goods	3,066,163,315	31,362,489,739	34,416,466,285	12,186,769
VAT on imports	532,229,491	85,392,651,680	85,924,881,171	-
Import - export duties	639,449,122	26,429,455,876	27,068,904,998	-
Corporate income tax	108,400,846,955	261,984,915,425	388,790,598,996	(18,404,836,616)
Personal income tax	(1,788,122,476)	58,273,592,702	55,035,291,465	1,450,178,761
Natural resource tax	-	534,204,689	534,204,689	-
Business tax	-	35,000,000	35,000,000	-
Other taxes	3,350,038,002	6,831,633,998	10,165,251,063	16,420,937
<b>Total</b>	<b>114,200,604,409</b>	<b>470,843,944,109</b>	<b>601,970,598,667</b>	<b>(16,926,050,149)</b>
<i>In which</i>				
- Taxes and amounts payable to the State budget	123,907,690,077			13,565,487,134
- Taxes and other receivables from the State budget	9,707,085,668			30,491,537,283
+) <i>Personal income tax</i>	3,422,978,641			2,163,965,696
+) <i>Corporate income tax</i>	6,284,107,027			28,327,571,587

21. ACCRUED EXPENSES

	31/12/2013	31/12/2012
	VND	VND
Repair and maintenance expenses for 2015 (i)	43,421,052,000	151,714,209,145
Social security expenses (ii)	47,550,892,095	73,570,862,067
Others	69,692,956,915	80,605,234,552
	<b>160,664,901,010</b>	<b>305,890,305,764</b>

(i) During 2013, the Company finalized repair and maintenance expenses of Phu My Fertilizer Plant with an amount of more than VND 169 billion and accrued an additional amount of VND 43,421,052,000 to such expenses pursuant to the plan of repair and maintenance of Phu My Fertilizer Plant in 2015.

(ii) In accordance with Decision No. 432/QD-DKVN dated 15 March 2012 of Vietnam Oil and Gas Group, the Corporation accrued social security expenses of VND 100 billion in order to implement the social security program for the whole group. As at 31 December 2013, the social security expenses of VND 47,550,892,095 had not been transferred to the beneficiaries.

22. OTHER CURRENT PAYABLES

	31/12/2013	31/12/2012
	VND	VND
Dividend payables	21,556,282,714	16,502,443,664
Others	42,135,003,445	30,858,289,179
	<b>63,691,286,159</b>	<b>47,360,732,843</b>

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

43 Mac Dinh Chi Street, Da Kao Ward, District 1

Ho Chi Minh City, S.R. Vietnam

**Consolidated financial statements**

For the year ended 31 December 2013

**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***23. LONG-TERM LOANS AND LIABILITIES**

	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
Vietnam Public Joint Stock Commercial Bank	4,861,214,549	8,477,046,183
	<u>4,861,214,549</u>	<u>8,477,046,183</u>
Less: Amount due for settlement within 12 months (Note 19)	1,807,915,817	-
	<u>3,053,298,732</u>	<u>8,477,046,183</u>

Represent a long-term loan obtained from PetroVietnam Finance Corporation - Sai Gon Branch (currently known as Vietnam Public Joint Stock Commercial Bank) granted to Phu My Fertilizer Packaging Joint Stock Company to invest and enlarge the package production plan. The total loan amount under the contract is VND 25,310,821,434 and disbursed by instalments. The loan term is 7 years from the first disbursement date on 29 May 2012. The loan interest rate is determined at the 12-month-term deposit interest rate paid in areas in VND applicable to economic organizations announced by PetroVietnam Finance Corporation - Sai Gon Branch plus (+) 1% p.a. The loan is secured by all machinery, buildings and structures on land of Phu My Fertilizer Packaging Joint Stock Company (see Note 11).

	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
Within one year	1,807,915,817	-
In the second year	3,053,298,732	8,477,046,183
	<u>4,861,214,549</u>	<u>8,477,046,183</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	1,807,915,817	-
<b>Amount due for settlement after 12 months</b>	<u>3,053,298,732</u>	<u>8,477,046,183</u>



**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

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

**Consolidated financial statements**  
For the year ended 31 December 2013

**FORM B 09-DN/HN**

**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*

**24. SHAREHOLDERS' EQUITY**

**Movement in shareholders' equity:**

	Charter capital	Other shareholders' capital	Share premium	Treasury shares	Foreign exchange reserve	Investment and development fund	Financial reserve fund	Other shareholders' funds	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
Balance as at 01/01/2012	3,800,000,000,000	977,787,044	-	(83,961,341,647)	(74,411,767,146)	1,420,380,501,371	494,715,910,705	554,153,469	2,668,824,162,711	8,227,079,406,507
Profit for the year	-	-	-	-	-	-	-	-	3,067,647,429,374	3,067,647,429,374
Acquisition of treasury share for the year	-	-	-	(1,486,131,615)	-	-	-	-	-	(1,486,131,615)
Profit distribution	-	-	-	-	-	1,109,783,021,689	320,289,286,079	423,251,609	(1,430,495,559,377)	-
Provision for bonus and welfare funds	-	-	-	-	-	-	-	-	(403,379,204,930)	(403,379,204,930)
Dividends declared	-	-	-	-	-	-	-	-	(1,887,771,600,000)	(1,887,771,600,000)
Others	-	-	-	-	4,316,768,312	(24,895,749)	-	(8,298,584)	(3,753,890,870)	529,683,109
Minority interest	-	-	-	-	5,842	(4,708,156,088)	(2,060,472,458)	(203,409,973)	(35,718,070,796)	(42,690,103,473)
Balance as at 01/01/2013	3,800,000,000,000	977,787,044	-	(85,447,473,262)	(70,094,992,992)	2,525,430,471,223	812,944,724,326	765,696,521	1,975,353,266,112	8,959,929,478,972
Profit for the year	-	-	-	-	-	-	-	-	2,179,190,760,271	2,179,190,760,271
Acquisition of treasury share for the year	-	-	21,179,913,858	83,150,649,142	-	-	-	-	-	104,330,563,000
(1)	-	-	-	-	-	1,437,212,009	151,522,709,608	488,572,680	(153,448,494,297)	-
Profit distribution (2)	-	-	-	-	-	-	-	-	(224,529,279,394)	(224,529,279,394)
Provision for bonus and welfare funds (2)	-	-	-	-	-	-	-	-	(1,709,704,170,000)	(1,709,704,170,000)
Dividends declared (3)	-	-	-	-	69,830,872,823	-	-	-	(2,144,587,421)	67,686,285,402
Others	-	-	-	-	-	(711,368,475)	(1,600,573,393)	(239,498,328)	(28,336,312,467)	(30,887,752,663)
Minority interest	-	-	-	-	-	-	-	-	-	-
Balance at 31/12/2013	3,800,000,000,000	977,787,044	21,179,913,858	(2,296,824,120)	(264,120,169)	2,526,156,314,757	962,866,860,541	1,014,770,873	2,036,381,182,804	9,346,015,885,588

(1) Represents amount received from selling 2,379,940 treasury shares during the year.

(2) In the year, amounts of VND 1,437,212,009, VND 151,522,709,608 and VND 488,572,680 were allocated to Investment and development fund, Financial reserve fund, Other shareholders' funds, and Bonus and welfare funds of the Corporation and its member units respectively under the Resolution passed at the general shareholders' meeting of the Corporation and its member units.

(3) Under Resolution No.17/NQ-DHDC passed at the general meeting of shareholders on 25 April 2013, the Corporation declared to pay dividends for the year ended 31 December 2012 amounting to VND 1,703,754,320,000, of which VND 566,331,480,000 (VND 1,500 per share) for the 1st dividend payment was made in advance in Quarter 3 of 2012; an amount of VND 377,554,320,000 for the 2nd dividend payment was paid in Quarter 4 of 2012 (VND 1,000 per share). On 18 June 2013, the Company declared to make the 3rd dividend payment of VND 759,868,520,000 (VND 2,000 per share).

Also on 30 October 2013, the Corporation made an advance for the 1st dividend payment for 2013 of VND 949,835,650,000 (VND 2,500 per share) according to the Resolution passed at the general meeting of shareholders on 25 April 2013.

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

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

**Consolidated financial statements**  
For the year ended 31 December 2013

**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. SHAREHOLDERS' EQUITY (Continued)**

Shares	31/12/2013	31/12/2012
- Number of shares issued to public	380,000,000	380,000,000
+ Common shares	380,000,000	380,000,000
+ Preferred shares	-	-
- Number of treasury shares	65,740	2,445,680
+ Common shares	65,740	2,445,680
+ Preferred shares	-	-
- Number of outstanding shares in circulation	379,934,260	377,554,320
+ Common shares	379,934,260	377,554,320
+ Preferred shares	-	-

A common share has par value of VND 10,000.

**Charter capital**

According to the Corporation's Business Registration Certificate No. 4103007696 dated 31 August 2007, the 11th amendment dated on 16 July 2013, issued by the Department of Planning and Investment of Ho Chi Minh City, the Corporation's charter capital is VND 3,800,000,000,000. The charter capital fully contributed by the shareholders as at 31 December 2013 was as follows:

Shareholders	Proportion (%)	31/12/2013 <u>VND</u>
Vietnam Oil and Gas Group	61.37	2,332,042,530,000
Others	38.63	1,467,957,470,000
	<u>100.00</u>	<u>3,800,000,000,000</u>

**25. MINORITY INTERESTS**

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

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

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

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

**Consolidated financial statements**  
For the year ended 31 December 2013

**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*

**25. MINORITY INTERESTS (Continued)**

Minority interests in net assets as at 31 December 2013 are as follows:

	31/12/2013 <u>VND</u>	31/12/2012 <u>VND</u>
Total assets	326,512,640,944	316,462,317,586
Total liabilities	(116,390,072,175)	(110,901,141,285)
<b>Net assets</b>	<b><u>210,122,568,769</u></b>	<b><u>205,561,176,301</u></b>
<i>In which:</i>		
Charter capital	162,791,200,000	162,791,200,000
Other funds	17,574,758,370	15,023,318,174
Retained earnings	<u>29,756,610,399</u>	<u>27,746,658,127</u>

Minority interests in results of operations for the year ended 31 December 2013 are as follows:

	2013 <u>VND</u>	2012 <u>VND</u>
Profit for the year	140,155,072,628	193,655,983,195
Minority interest in profit for the year	36,861,411,945	50,796,229,783

Movement in minority interest in the year is as follows:

	Charter capital <u>VND</u>	Other shareholders' capital <u>VND</u>	Investment and development fund <u>VND</u>	Financial reserve fund <u>VND</u>	Other shareholders' funds <u>VND</u>	Retained earnings <u>VND</u>	Total <u>VND</u>
As at 01/01/2013	162,791,200,000	940,194,604	9,234,811,020	4,112,054,342	736,258,208	27,746,658,127	205,561,176,301
Profit for the year	-	-	-	-	-	36,861,411,945	36,861,411,945
Profit distribution to funds	-	-	711,368,475	1,600,573,393	239,498,328	(2,551,440,196)	-
Allocated to bonus and welfare funds	-	-	-	-	-	(5,936,595,710)	(5,936,595,710)
Dividends declared	-	-	-	-	-	(26,326,360,194)	(26,326,360,194)
Others	-	-	-	-	-	(37,063,573)	(37,063,573)
<b>As at 31/12/2013</b>	<b><u>162,791,200,000</u></b>	<b><u>940,194,604</u></b>	<b><u>9,946,179,495</u></b>	<b><u>5,712,627,735</u></b>	<b><u>975,756,536</u></b>	<b><u>29,756,610,399</u></b>	<b><u>210,122,568,769</u></b>

**Consolidated financial statements**  
For the year ended 31 December 2013

**FORM B 09-DN/HN**

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

### Business segments:

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

- Production and trading of fertilizer and chemicals: The Holding Company, Northern PetroVietnam Fertilizer and Chemicals JSC, Central PetroVietnam Fertilizer and Chemicals JSC, Southwest PetroVietnam Fertilizer and Chemicals JSC, and Southeast PetroVietnam Fertilizer and Chemicals JSC.
- Package production: Phu My Fertilizer Packaging JSC.
- Construction of civil works and rendering of other services: PetroVietnam Southern Building and Development JSC.

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

	Production and trading of fertilizer and chemicals VND	Packing production VND	Construction of civil works and rendering of other services VND	Consolidated adjustments VND	Total VND
<b>Assets</b>					
Segment assets	11,747,695,124,365	117,108,671,352	109,424,612,749	(1,631,993,240,343)	10,342,235,168,123
Investments in associates	634,137,000,000	-	-	(171,060,938,239)	463,076,061,761
Unallocated assets	-	-	-	-	-
<b>Total assets</b>	<b>12,381,832,124,365</b>	<b>117,108,671,352</b>	<b>109,424,612,749</b>	<b>(1,803,054,178,582)</b>	<b>10,805,311,229,884</b>
<b>Liabilities</b>					
Segment liabilities	2,380,233,639,185	61,268,579,003	26,246,645,326	(1,218,576,087,987)	1,249,172,775,527
Unallocated liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>2,380,233,639,185</b>	<b>61,268,579,003</b>	<b>26,246,645,326</b>	<b>(1,218,576,087,987)</b>	<b>1,249,172,775,527</b>

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

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

Consolidated financial statements  
For the year ended 31 December 2013

**FORM B 09-DN/HN**

**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*

**26. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)**

**Consolidated income statement**

	Production and trading of fertilizer and chemicals VND	Packing production VND	Construction of civil works and rendering of other services VND	Consolidated adjustment VND	Total VND
Gross revenue from good sold and services rendered	24,077,507,048,910	187,198,361,313	173,534,955,787	(14,027,317,503,834)	10,410,922,862,176
Deductions	109,893,552,670	-	-	(62,389,053,337)	47,504,499,333
Net revenue from good sold and services rendered	23,967,613,496,240	187,198,361,313	173,534,955,787	(13,964,928,450,497)	10,363,418,362,843
Cost of good sold and services rendered	20,696,719,112,206	153,831,840,738	145,233,380,481	(13,984,593,312,016)	7,011,191,021,409
Gross profit from good sold and services rendered	3,270,894,384,034	33,366,520,575	28,301,575,306	19,664,861,519	3,352,227,341,434
Financial income	499,686,616,289	1,029,238,991	2,589,025,247	(74,667,865,647)	428,637,014,880
Financial expenses	154,527,958,039	1,492,631,642	-	(148,287,299,561)	7,733,290,120
Selling expenses	635,545,476,626	4,440,331,897	2,215,033,460	(7,209,284,492)	634,991,557,491
General and administration expenses	533,636,989,021	17,913,884,105	17,774,052,594	(17,410,673,232)	551,914,252,488
Operating profit	2,446,870,576,637	10,548,911,922	10,901,514,499	117,904,253,157	2,586,225,256,215
Profit from other activities	10,301,423,152	1,521,652,402	788,292,212	63,553,849	12,674,921,615
Loss on investments in associates	-	-	-	(131,083,086,624)	(131,083,086,624)
Accounting profit before tax	2,457,171,999,789	12,070,564,324	11,689,806,711	(13,115,279,618)	2,467,817,091,206
Current corporate income tax expense	256,216,364,188	2,299,110,731	3,469,440,506	-	261,984,915,425
Deferred corporate tax income	27,722,396,722	-	-	(1,080,981,212)	26,641,415,510
Net profit after corporate income tax	2,173,233,238,879	9,771,453,593	8,220,366,205	(12,034,298,406)	2,179,190,760,271

**Geographical segments:**

The Corporation distributes fertilizer, chemicals, packages, and services nationwide via its subsidiaries in each region, including the North, Central Region - Central Highlands, Southeast, Southwest and Ho Chi Minh City. In the year, the Corporation exported Phu My fertilizer to the markets in Cambodia and southeast regions. Sales in Cambodia reached about VND 50 billion, accounting for insignificant proportion of total sales from goods sold and services renders of the Corporation. Therefore, almost all operating activities of the Corporation were performed in Vietnam.

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

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

**Consolidated financial statements**  
For the year ended 31 December 2013

**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*

**27. REVENUE AND COST OF GOODS SOLD**

	Locally-produced products VND	Imported goods VND	Total VND
<b>2013</b>			
Net revenue	7,769,884,555,606	2,593,533,807,237	10,363,418,362,843
Cost of goods sold	(4,479,754,137,332)	(2,531,436,884,077)	(7,011,191,021,409)
<i>In which: Provision (made)/reversed</i>	<i>(161,444,387)</i>	<i>1,911,906,281</i>	<i>1,750,461,894</i>
<b>Gross profit</b>	<b>3,290,130,418,274</b>	<b>62,096,923,160</b>	<b>3,352,227,341,434</b>
<b>2012</b>			
Net revenue	12,266,371,295,753	1,055,480,759,218	13,321,852,054,971
Cost of goods sold	(7,946,960,435,896)	(1,050,406,017,608)	(8,997,366,453,504)
<i>In which: Provision (made)/reversed</i>	<i>(2,378,232,612)</i>	<i>(1,863,689,430)</i>	<i>(4,241,922,042)</i>
<b>Gross profit</b>	<b>4,319,410,859,857</b>	<b>5,074,741,610</b>	<b>4,324,485,601,467</b>

Revenue from locally-produced products is as follows:

	2013 VND	2012 VND
Sales of Urea Phu My	7,105,995,304,152	8,276,212,412,521
Sales of Ca Mau Urea	522,216,939,091	3,535,949,440,237
Sales of electricity	1,991,296,831	3,934,678,565
Others	181,752,723,295	562,284,713,016
	<b>7,811,956,263,369</b>	<b>12,378,381,244,339</b>
Sales discounts	42,071,707,763	112,009,948,586
	<b>7,769,884,555,606</b>	<b>12,266,371,295,753</b>

**28. PRODUCTION COST BY NATURE**

	2013 VND	2012 VND
Raw materials and consumables	3,411,455,860,911	3,435,431,008,397
Labour	447,887,406,792	432,001,285,618
Depreciation and amortisation	249,516,494,079	212,835,006,048
Out-sourced services	1,053,681,045,081	1,089,868,917,039
Other expenses	153,238,029,011	351,694,809,540
	<b>5,315,778,835,874</b>	<b>5,521,831,026,642</b>

**29. FINANCIAL INCOME**

	2013 VND	2012 VND
Interest income	421,692,807,649	562,452,007,455
Dividends and profits received	5,133,202,000	4,128,043,400
Gain from foreign exchange rate difference	1,693,536,938	-
Others	117,468,293	1,766,263,644
	<b>428,637,014,880</b>	<b>568,346,314,499</b>

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

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

**Consolidated financial statements**  
For the year ended 31 December 2013

**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. FINANCIAL EXPENSES**

	<b>2013</b>	<b>2012</b>
	<b><u>VND</u></b>	<b><u>VND</u></b>
Loan interest	3,269,463,805	1,548,926,458
Loss from exchange difference	4,034,522,708	4,966,604,584
Provision for impairment of long-term investments	429,303,607	-
Others	-	487,213,820
	<b><u>7,733,290,120</u></b>	<b><u>7,002,744,862</u></b>

**31. CURRENT CORPORATE INCOME TAX EXPENSE**

	<b>2013</b>	<b>2012</b>
	<b><u>VND</u></b>	<b><u>VND</u></b>
Current corporate income tax calculated on the current taxable income	256,561,351,045	482,588,578,713
Additional tax adjustments in previous years	5,423,564,380	47,008,541,958
Tax reduction/exemption	-	(14,450,420,669)
<b>Current corporate income tax expense</b>	<b><u>261,984,915,425</u></b>	<b><u>515,146,700,002</u></b>

For fertilizer production at Phu My Fertilizer Plant, the Holding Company - the Corporation is obliged to pay corporate income tax at the rate of 15% of its assessable income. The Holding Company - the Corporation is entitled to corporate income tax exemption for four years from the first profit-making year (2004) and a 50% reduction in tax payable for the seven years thereafter (from 2008). The year 2013 is the sixth year the Holding Company - the Corporation enjoys 50% corporate income tax reduction as it is the Holding Company - the Corporation's tenth profit-making year (since the Corporation's commencement of operation).

For other business activities, the Corporation is obliged to pay corporate income tax at the rate of 25% of its taxable income.

**32. BASIC EARNINGS PER SHARE**

	<b>2013</b>	<b>2012</b>
	<b><u>VND</u></b>	<b><u>VND</u></b>
Earnings for the purpose of calculating basic earnings per share	2,142,329,348,326	3,016,851,199,591
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	379,587,933	377,555,209
<b>Basic earnings per share</b>	<b><u>5,644</u></b>	<b><u>7,990</u></b>

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*

33. OPERATING LEASE COMMITMENTS

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

	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
Within one year	13,472,300,184	11,674,082,976
In the second to fifth years inclusive	41,286,818,880	36,810,578,339
After five years	69,544,238,329	76,660,432,816
	<u>124,303,357,393</u>	<u>125,145,094,131</u>

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

- On 03 September 2005, the Corporation was handed over with a land-subleasing Contract No. 178/HD/TLĐ/UDEC.2001 dated 01 June 2001 signed between the PMU of Phu My Fertilizer Plant and Ba Ria-Vung Tau Urban Development and Construction Company for long-term lease of land and infrastructure in Phu My I Industrial Zone, Tan Thanh Commune, Ba Ria - Vung Tau Province. The contract is valid for 17 years from 03 September 2004 with the lease charge and infrastructure use fee of USD 378,392 per annum.
- On 01 November 2013, the Corporation signed the office lease contract in Cambodia with the lease period of 3 years and the monthly lease fee of USD 1,800.
- On 10 June 2011, Northern PetroVietnam Fertilizer and Chemicals Joint Stock Company, the Corporation's subsidiary, signed Contract No. 1521/2011/HD-VDKVN/PVFCCo North on office lease at VPI Tower for 3 years from 01 July 2011, in which the total lease area is 623 m<sup>2</sup> and the monthly lease charge is 11,001 USD.
- On 20 May 2008, Phu My Fertilizer Packaging Joint Stock Company entered into a land lease contract in Phu My 1 Industrial Zone, Tan Thanh district, Ba Ria - Vung Tau province with annual lease charge of USD 70,000 p.a. Under Contract Appendix No. 1, the lease charge is changed to USD 1.65/m<sup>2</sup>, equivalent to USD 82,500 p.a. from 10 January 2013. The lease contract has a term of 40 years from the lease date.
- On 07 March 2013, Southeast PetroVietnam Fertilizer and Chemicals Joint Stock Company entered into a contract on lease of chemicals mixing workshop of Tay Nam Industry Company Limited with the total lease charge of VND 167,360,000 per month (VAT exclusive). Such contract has a term of 5 years and will end on 07 March 2018.

34. OTHER COMMITMENT

Under Gas Sales and Purchase Agreement No. 82/2010/PVGas-KTTT/TM-PVFCCo/B1 dated 07 May 2010 and supplemental appendices signed with PetroVietnam Gas Corporation - Joint Stock Company, the gas purchasing price for the year ended 31 December 2013 is USD 6.69 per MMBTU (for the year ended 31 December 2012: USD 6.56 per MMBTU).



**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

43 Mac Dinh Chi Street, Da Kao Ward, District 1

Ho Chi Minh City, S.R. Vietnam

**Consolidated financial statements**

For the year ended 31 December 2013

**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***35. FINANCIAL INSTRUMENTS****Capital risk management**

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

The capital structure of the Corporation consists of net debt (borrowings as disclosed in Note 18 an 22 offset by cash and cash equivalents) and shareholder's equity of the holding company (comprising capital, reserves and retained earnings), and equity attributable to minority shareholders of subsidiaries.

*Gearing ratio*

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

	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>VND</u>	<u>VND</u>
Borrowings	68,458,835,064	36,214,676,625
Less: Cash and cash equivalents	4,032,386,358,314	5,629,375,858,166
Net debt	(3,963,927,523,250)	(5,593,161,181,541)
Equity	9,346,015,885,588	8,959,929,478,972
<b>Net debt to equity ratio (*)</b>	<b>-</b>	<b>-</b>

(\*) Net debt to equity ratio is nil since the Corporation's operations are mainly based on equity.

**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**

	<b>Carrying amounts</b>	
	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>VND</u>	<u>VND</u>
<b>Financial assets</b>		
Cash and cash equivalents	4,032,386,358,314	5,629,375,858,166
Trades and other receivables	171,818,864,808	94,525,586,860
Short-term investments	1,734,861,214,549	62,077,046,183
Long-term investments	77,445,764,314	83,625,067,921
Other financial assets	1,074,179,400	359,886,496
<b>Total</b>	<b>6,017,586,381,385</b>	<b>5,869,963,445,626</b>
<b>Financial liabilities</b>		
Borrowings	68,458,835,064	36,214,676,625
Trade and other payables	668,495,853,812	443,807,357,430
Accruals	160,664,901,010	305,890,305,764
<b>Total</b>	<b>897,619,589,886</b>	<b>785,912,339,819</b>

**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*

**35. FINANCIAL INSTRUMENTS (Continued)**

**Categories of financial instruments (Continued)**

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

**Financial risk management objectives**

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

Financial risks include market risk (including foreign currency risk 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. The Company does not hedge these risk exposures upon its assessment that the cost of hedging foreign exchange risk or interest rate risk might be higher than that incurred from market risk of fluctuation in foreign exchange rates of these instruments in the future.

***Foreign currency risk management***

The Corporation undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the financial year are as follows:

	<b>Liabilities</b>		<b>Assets</b>	
	<b>31/12/2013</b>	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b><u>VND</u></b>	<b><u>VND</u></b>	<b><u>VND</u></b>	<b><u>VND</u></b>
United States Dollar (USD)	121,915,416,471	301,172,880	135,424,559,029	64,381,819,563
Euro (EUR)	51,641,681,399	-	52,505,301,977	6,940,940,363

***Interest rate sensitivity***

The Company is mainly exposed to United States Dollar and Euro.

2% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates. For a 2% increase/decrease in the following foreign currencies against Vietnam Dong, the profit before tax in the year would increase/decrease by the following amounts:

	<b>2013</b>	<b>2012</b>
	<b><u>VND</u></b>	<b><u>VND</u></b>
United States Dollar (USD)	270,182,851	1,281,612,934
Euro (EUR)	17,272,412	138,818,807

**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*

**35. FINANCIAL INSTRUMENTS (Continued)**

***Market risk (Continued)***

***Share price risk management***

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

Investments in equity instruments are held for long-term strategic investments rather than trading purposes. The Corporation does not have intention to trade these investments in the foreseeable future. As at 31 December 2013, the Board of General Directors has assessed investments in shares and noted that except for the impairment of the investment in Petroleum Information Technology Telecom and Automation Joint Stock Company (PAIC), there was no impairment of other investments. Therefore, the Corporation only made provision for these investments with an amount of VND 429,303,607.

***Commodity price risk management***

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

***Credit risk***

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. As at 31 December 2013, the Corporation has some credit risks, including: the amount receivable from PetroVietnam Trade Union Finance Investment JSC (PVFI) for the trusted investment and trust interest with the total amount of VND 110,143,267,289; the amount receivable from Ngoc Lan Private Enterprise regarding advance to buy goods with an amount of VND 9,153,800,000. The recovery of these amounts is uncertainty based on the Board of General Directors' assessment. Therefore, the Board of General Directors decided to make provision for all these receivables.

***Liquidity risk management***

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

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Corporation's liquidity risk management as the liquidity is managed on a net asset and liability basis.

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

43 Mac Dinh Chi Street, Da Kao Ward, District 1

Ho Chi Minh City, S.R. Vietnam

**Consolidated financial statements**

For the year ended 31 December 2013

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

	Less than 1 year <u>VND</u>	Over 1 year <u>VND</u>	Total <u>VND</u>
<b>31/12/2013</b>			
Cash and cash equivalents	4,032,386,358,314	-	4,032,386,358,314
Trade and other receivables	171,818,864,808	-	171,818,864,808
Short-term investments	1,734,861,214,549	-	1,734,861,214,549
Long-term investments	-	77,445,764,314	77,445,764,314
Other financial assets	42,000,000	1,032,179,400	1,074,179,400
<b>Total</b>	<b>5,939,108,437,671</b>	<b>78,477,943,714</b>	<b>6,017,586,381,385</b>
<b>31/12/2013</b>			
Borrowings	65,405,536,332	3,053,298,732	68,458,835,064
Trade and other payables	668,495,853,812	-	668,495,853,812
Accruals	160,664,901,010	-	160,664,901,010
<b>Total</b>	<b>894,566,291,154</b>	<b>3,053,298,732</b>	<b>897,619,589,886</b>
<b>Net liquidity gap</b>	<b>5,044,542,146,517</b>	<b>75,424,644,982</b>	<b>5,119,966,791,499</b>
	Less than 1 year <u>VND</u>	Over 1 year <u>VND</u>	Total <u>VND</u>
<b>31/12/2012</b>			
Cash and cash equivalents	5,629,375,858,166	-	5,629,375,858,166
Trade and other receivables	94,525,586,860	-	94,525,586,860
Short-term investments	62,077,046,183	-	62,077,046,183
Long-term investments	-	83,625,067,921	83,625,067,921
Other financial assets	66,630,852	293,255,644	359,886,496
<b>Total</b>	<b>5,786,045,122,061</b>	<b>83,918,323,565</b>	<b>5,869,963,445,626</b>
<b>31/12/2012</b>			
Borrowings	27,737,630,442	8,477,046,183	36,214,676,625
Trade and other payables	443,807,357,430	-	443,807,357,430
Accruals	305,890,305,764	-	305,890,305,764
<b>Total</b>	<b>777,435,293,636</b>	<b>8,477,046,183</b>	<b>785,912,339,819</b>
<b>Net liquidity gap</b>	<b>5,008,609,828,425</b>	<b>75,441,277,382</b>	<b>5,084,051,105,807</b>

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

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

43 Mac Dinh Chi Street, Da Kao Ward, District 1

Ho Chi Minh City, S.R. Vietnam

**Consolidated financial statements**

For the year ended 31 December 2013

**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***36. TRANSACTIONS AND BALANCES WITH RELATED PARTIES****List of related parties**

<b>Related party</b>	<b>Relationship</b>
Vietnam Oil and Gas Group (PetroVietnam)	Parent Company
Drilling Mud Joint Stock Corporation (DMC)	Fellow subsidiary
PetroVietnam General Services Joint Stock Corporation (Petrosetco)	Parent Company's member
PetroVietnam Gas Joint Stock Corporation (PV Gas)	Fellow subsidiary
Binh Son Refining and Petrochemical Company Limited	Fellow subsidiary
PetroVietnam Oil Corporation (PV Oil)	Fellow subsidiary
Bien Dong Petroleum Operating Company (Bien Dong POC)	Parent Company's Joint venture
PetroVietnam Power Corporation (PVPower)	Fellow subsidiary
PetroVietnam Ca Mau Fertilizer Company limited (PVCFC)	Fellow subsidiary
PetroVietnam Energy Technology Joint Stock Corporation (PVEIC)	Parent Company's member
PetroVietnam Construction Joint Stock Corporation (PVC)	Fellow subsidiary
PetroVietnam Trade Union Finance Investment Corporation	Parent Company's member

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

	<b>2013</b>	<b>2012</b>
	<b><u>VND</u></b>	<b><u>VND</u></b>
<b>Vietnam Oil and Gas Group (PetroVietnam)</b>	1,086,913,797,776	1,214,420,050,375
- Dividends	1,049,419,138,500	1,166,021,265,000
- Management fee payables	37,494,659,276	48,398,785,375
<b>Sales of urea and chemicals to PetroVietnam's member units</b>	<b>199,921,344,519</b>	<b>409,405,971,213</b>
Drilling Mud Joint Stock Corporation (DMC)	62,791,699,995	112,688,034,930
PetroVietnam General Services Joint Stock Corporation (Petrosetco)	6,361,904,762	137,787,125,631
PetroVietnam Gas Joint Stock Corporation (PV Gas)	71,009,436,905	13,730,053,549
Binh Son Refining and Petrochemical Company Limited	19,520,214,800	94,726,476
PetroVietnam Oil Corporation (PV Oil)	14,497,214,286	20,981,904,763
Bien Dong Petroleum Operating Company (Bien Dong POC)	19,770,303,213	1,457,972,313
PetroVietnam Power Corporation (PVPower)	3,697,918,690	6,512,293,829
	<b>2013</b>	<b>2012</b>
	<b><u>VND</u></b>	<b><u>VND</u></b>
<b>Purchases of goods and services from PetroVietnam's member units</b>		
PetroVietnam Gas Joint Stock Corporation (PV Gas)	2,788,210,950,691	2,693,346,460,631
PetroVietnam Ca Mau Fertilizer Company limited (PVCFC)	469,994,146,315	1,350,160,602,745
PetroVietnam General Services Joint Stock Corporation (Petrosetco)	52,771,424,059	2,547,521,956
PetroVietnam Energy Technology Joint Stock Corporation (PVEIC)	44,494,944,824	3,792,920,781
PVI Insurance Ho Chi Minh Company	113,543,371,316	28,827,043,945
PetroVietnam Oil Corporation (PV Oil)	1,983,744,700	9,653,025,001
Petroleum Industrial and Civil Construction Joint Stock Company (PVC-IC)	3,891,587,441	101,231,043,027
Ca Mau Gas-Power-Fertilizer Project Management Unit	-	1,940,297,422,598
PetroVietnam Construction Joint Stock Corporation (PVC)	5,566,759,700	115,226,579,044

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

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

**Consolidated financial statements**  
For the year ended 31 December 2013

**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*

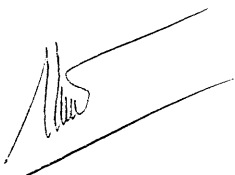
**36. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**


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


	31/12/2013	31/12/2012
	<u>VND</u>	<u>VND</u>
<b>Trade accounts payable</b>		
PetroVietnam Gas Joint Stock Corporation (PV Gas)	281,533,038,085	260,220,695,802
PetroVietnam Construction Joint Stock Corporation (PVC)	17,077,966,511	28,263,134,703
<b>Advances to suppliers</b>		
PetroVietnam Ca Mau Fertilizer Company limited (PVCFC)	19,172,400,000	-
<b>Other receivables</b>		
PetroVietnam Trade Union Finance Investment Corporation	110,143,267,289	110,143,267,289

**37. COMPARATIVE FIGURES**

Comparative figures are figures of the Corporation's audited consolidated financial statements for the year ended 31 December 2012.

  
\_\_\_\_\_  
**Tran Xuan Thao**  
Preparer

  
\_\_\_\_\_  
**Huynh Kim Nhan**  
Chief Accountant

  
\_\_\_\_\_  
**Nguyen Van Tong**  
Deputy General Director



31 March 2014