



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

*(Incorporated in the Socialist Republic of Vietnam)*

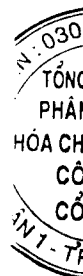
**AUDITED SEPARATE  
FINANCIAL STATEMENTS**

**For the year ended 31 December 2014**



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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 2014.

### **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
Ms. Nguyen Thi Hien	Vice Chairwoman
Mr. Cao Hoai Duong	Member
Mr. Nguyen Hong Vinh	Member
Mr. Dinh Quang Hoan	Member

#### **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
Mr. Duong Tri Hoi	Deputy General Director
Ms. Le Thi Thu Huong	Deputy General Director
Mr. Huynh Kim Nhan	Chief Accountant

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

The Board of General Directors of the 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.

**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 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.

For and on behalf of the Board of General Directors,



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

20 March 2015  
Ho Chi Minh City, S. R. Vietnam



No.: 766 /VNIA-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 balance sheet of the Holding Company - PetroVietnam Fertilizer and Chemicals Corporation - JSC (the "Company"), prepared on 20 March 2015, as set out from page 05 to page 35, which comprise the balance sheet as at 31 December 2014, 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").

### **Board of General Directors' Responsibility for the Separate Financial Statements**

The Board of General Directors of the Company 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 the Board of General Directors, 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.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### 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 2014, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



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**Khuc Thi Lan Anh**  
**Deputy General Director**  
Audit Practising Registration Certificate  
No. 0036-2013-001-1  
*For and on behalf of*  
**DELOITTE VIETNAM COMPANY LIMITED**

*20 March 2015*  
*Hanoi, S. R. Vietnam*



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

**BALANCE SHEET**

*As at 31 December 2014*

**FORM B 01-DN**

Unit: VND

ASSETS	Codes	Notes	31/12/2014	31/12/2013
<b>A. CURRENT ASSETS</b> (100=110+120+130+140+150)	<b>100</b>		<b>6,544,156,632,162</b>	<b>6,736,620,486,312</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>4,757,994,590,292</b>	<b>3,651,611,169,091</b>
1. Cash	111		77,994,590,292	276,611,169,091
2. Cash equivalents	112		4,680,000,000,000	3,375,000,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>71,245,382,915</b>	<b>1,734,861,214,549</b>
1. Short-term investments	121	6	71,245,382,915	1,734,861,214,549
<b>III. Short-term receivables</b>	<b>130</b>		<b>369,477,358,374</b>	<b>195,327,757,927</b>
1. Trade accounts receivable	131		141,279,226,421	81,263,163,664
2. Advances to suppliers	132		88,504,082,423	49,860,162,109
3. Other receivables	135	7	261,285,756,819	183,501,499,443
4. Provision of short-term doubtful receivables	139		(121,591,707,289)	(119,297,067,289)
<b>IV. Inventories</b>	<b>140</b>	<b>8</b>	<b>1,206,413,629,582</b>	<b>1,009,269,970,469</b>
1. Inventories	141		1,206,413,629,582	1,014,074,735,230
2. Provision for devaluation of inventories	149		-	(4,804,764,761)
<b>V. Other short-term assets</b>	<b>150</b>		<b>139,025,670,999</b>	<b>145,550,374,276</b>
1. Short-term prepayments	151	9	15,139,650,768	14,882,954,457
2. Value added tax deductibles	152		119,101,991,777	98,355,003,097
3. Taxes and other receivables from the State budget	154	19	4,512,840,739	30,491,537,283
4. Other short-term assets	158		271,187,715	1,820,879,439
<b>B. NON-CURRENT ASSETS</b> (200=220+240+250+260)	<b>200</b>		<b>3,094,226,227,660</b>	<b>3,493,331,459,249</b>
<b>I. Fixed assets</b>	<b>220</b>		<b>1,969,758,617,570</b>	<b>2,029,432,132,470</b>
1. Tangible fixed assets	221	10	921,539,345,696	1,037,404,686,720
- Cost	222		6,959,961,960,095	6,873,528,987,540
- Accumulated depreciation	223		(6,038,422,614,399)	(5,836,124,300,820)
2. Intangible assets	227	11	807,580,944,642	818,476,500,079
- Cost	228		1,037,801,033,508	1,033,389,567,608
- Accumulated amortization	229		(230,220,088,866)	(214,913,067,529)
3. Construction in progress	230	12	240,638,327,232	173,550,945,671
<b>II. Investment properties</b>	<b>240</b>	<b>13</b>	<b>344,282,761,982</b>	<b>374,830,072,746</b>
- Cost	241		391,906,232,192	412,458,750,831
- Accumulated depreciation	242		(47,623,470,210)	(37,628,678,085)
<b>III. Long-term financial investments</b>	<b>250</b>		<b>701,104,947,899</b>	<b>1,014,271,413,315</b>
1. Investment in subsidiaries	251	14	466,456,800,000	466,456,800,000
2. Investments in associates	252	15	662,700,000,000	634,137,000,000
3. Other long-term investments	258	16	20,502,000,000	77,875,067,921
4. Provision for impairment of long-term financial investments	259		(448,553,852,101)	(164,197,454,606)
<b>IV. Other long-term assets</b>	<b>260</b>		<b>79,079,900,209</b>	<b>74,797,840,718</b>
1. Long-term prepayments	261	17	25,208,466,648	49,240,935,229
2. Deferred tax assets	262	18	53,821,433,561	25,424,088,089
3. Other long-term assets	268		50,000,000	132,817,400
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>9,638,382,859,822</b>	<b>10,229,951,945,561</b>

*The notes set out on pages 10 to 35 are an integral part of these separate financial statements*



**BALANCE SHEET (Continued)**


As at 31 December 2014

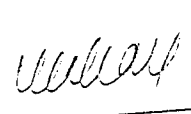
**FORM B 01-DN**  
 Unit: VND

RESOURCES	Codes	Notes	31/12/2014	31/12/2013
<b>A. LIABILITIES (300=310+330)</b>	<b>300</b>		<b>943,975,122,967</b>	<b>965,166,035,606</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>889,320,636,150</b>	<b>948,301,638,112</b>
1. Trade accounts payable	312		366,222,768,585	588,386,626,383
2. Advances from customers	313		60,340,273,284	4,886,187,897
3. Taxes and amounts payable to the State budget	314	19	37,919,588,000	1,753,657,036
4. Payables to employees	315		59,936,083,892	69,056,712,622
5. Accrued expenses	316	20	274,169,481,691	155,415,729,042
6. Other current payables	319	21	45,576,760,104	39,773,359,576
7. Bonus and welfare funds	323		45,155,680,594	89,029,365,556
<b>II. Long-term liabilities</b>	<b>330</b>		<b>54,654,486,817</b>	<b>16,864,397,494</b>
1. Unearned revenue	338		2,853,964,450	3,525,485,494
2. Scientific and technological development fund	339		51,800,522,367	13,338,912,000
<b>B. EQUITY (400=410)</b>	<b>400</b>		<b>8,694,407,736,855</b>	<b>9,264,785,909,955</b>
<b>I. Shareholders' equity</b>	<b>410</b>	<b>22</b>	<b>8,694,407,736,855</b>	<b>9,264,785,909,955</b>
1. Charter capital	411		3,800,000,000,000	3,800,000,000,000
2. Share premium	412		21,179,913,858	21,179,913,858
3. Treasury shares	414		(2,296,824,120)	(2,296,824,120)
4. Foreign exchange reserve	416		(719,794)	(264,120,169)
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	945,355,131,893
7. Retained earnings	420		1,430,710,509,070	2,001,352,082,545
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>9,638,382,859,822</b>	<b>10,229,951,945,561</b>


**OFF-BALANCE SHEET ITEMS**

	31/12/2014	31/12/2013
<b>1. Foreign currencies</b>		
- USD	1,808,468	6,222,194
- EUR	23,658	1,788,994

  
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**Hoang Thi Lan Anh**  
 Preparer

  
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**Huynh Kim Nhan**  
 Chief Accountant



  
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**Nguyen Van Tong**  
 Deputy General Director

20 March 2015

The notes set out on pages 10 to 35 are an integral part of these separate financial statements



# INCOME STATEMENT

For the year ended 31 December 2014

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

ITEMS	Codes	Notes	2014	2013
1. Gross revenue from goods sold and services rendered	01		7,627,863,121,528	7,967,854,970,712
2. Deductions	02		121,642,589,279	60,560,104,334
3. Net revenue from goods sold and services rendered (10=01-02)	10	23	7,506,220,532,249	7,907,294,866,378
4. Cost of goods sold and services rendered	11	23	5,455,955,933,263	4,948,044,370,128
5. Gross profit from goods sold and services rendered (20=10-11)	20		2,050,264,598,986	2,959,250,496,250
6. Financial income	21	25	466,062,614,665	485,609,014,961
7. Financial expenses	22	26	285,412,138,127	152,293,346,395
8. Selling expenses	24		595,315,677,630	510,506,259,755
9. General and administration expenses	25		458,312,137,579	437,165,897,954
10. Operating profit (30=20+(21-22)-(24+25))	30		1,177,287,260,315	2,344,894,007,107
11. Other income	31	27	28,524,556,404	8,973,783,410
12. Other expenses	32	28	25,338,875,964	1,513,570,631
13. Profit from other activities (40=31-32)	40		3,185,680,440	7,460,212,779
14. Accounting profit before tax (50=30+40)	50		1,180,472,940,755	2,352,354,219,886
15. Current corporate income tax expense	51	29	142,737,727,722	214,661,073,087
16. Deferred tax (income)/expense	52	18	(28,397,345,472)	27,722,396,722
17. Net profit after corporate income tax (60=50-51-52)	60		1,066,132,558,505	2,109,970,750,077

*Hoàng Thị Lan Anh*

**Hoang Thi Lan Anh**  
 Preparer

*Huỳnh Kim Nhan*

**Huynh Kim Nhan**  
 Chief Accountant



**Nguyen Van Tong**  
 Deputy General Director

20 March 2015

**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 2014**CASH FLOW STATEMENT**

For the year ended 31 December 2014

**FORM B 03-DN**

Unit: VND

ITEMS	Codes	2014	2013
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	01	1,180,472,940,755	2,352,354,219,886
2. Adjustments for:			
Depreciation and amortisation	02	233,938,186,757	219,251,512,522
Provisions	03	281,846,272,734	153,521,367,929
Unrealized foreign exchange loss/(gain)	04	104,776,992	(56,237,105)
(Gain) from investing activities	05	(465,326,399,498)	(483,913,396,458)
3. Operating profit before movements in working capital	08	1,231,035,777,740	2,241,157,466,774
Change in receivables	09	(200,021,974,409)	(25,835,522,587)
Change in inventories	10	(192,338,894,352)	(34,712,317,347)
Change in accounts payable (not including accrued interest and corporate income tax payable)	11	(20,229,415,766)	(43,774,953,192)
Change in prepaid expenses	12	23,775,772,270	15,772,354,969
Corporate income tax paid	14	(81,295,982,938)	(350,704,225,690)
Other cash inflows	15	1,632,509,124	74,909,204
Other cash outflows	16	(160,910,776,942)	(294,864,880,349)
Net cash from operating activities	20	601,647,014,727	1,507,112,831,782
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(196,031,053,519)	(227,747,027,282)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	18,044,367,201	-
3. Cash outflow for lending, buying debt instruments of other entities	23	-	(1,830,000,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	1,663,615,831,634	154,615,831,634
5. Investments in other entities	25	(28,563,000,000)	(35,137,000,000)
6. Cash recovered from investments in other entities	26	135,900,173,400	5,750,000,000
7. Interest earned, dividends and profits received	27	427,813,648,765	467,891,586,339
Net cash from/(used in) investing activities	30	2,020,779,967,481	(1,464,626,609,309)

The notes set out on pages 10 to 35 are an integral part of these separate financial statements



**CASH FLOW STATEMENT (Continued)**

*For the year ended 31 December 2014*

**FORM B 03-DN**

Unit: VND

ITEMS	Codes	2014	2013
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Dividends paid	36	(1,516,104,854,000)	(1,704,650,330,950)
2. Proceeds from sales of treasury shares	37	-	103,808,910,185
<i>Net cash used in financing activities</i>	<i>40</i>	<i>(1,516,104,854,000)</i>	<i>(1,600,841,420,765)</i>
Net increase/(decrease) in cash (50=20+30+40)	50	1,106,322,128,208	(1,558,355,198,292)
Cash and cash equivalents at the beginning of the year	60	3,651,611,169,091	5,209,946,797,179
Effect of changes in foreign exchange rates	61	61,292,993	19,570,204
Cash and cash equivalents at the end of the year (70=50+60+61)	70	4,757,994,590,292	3,651,611,169,091

*Hoang Thi Lan Anh*

**Hoang Thi Lan Anh**  
Preparer

20 March 2015

*Huynh Kim Nhan*

**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 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 5 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 2014 was 1,144 (31/12/2013: 1,155).

**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.

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.

**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*

**3. NEW ACCOUNTING GUIDANCE IN ISSUE NOT YET ADOPTED**

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC ("Circular 200") guiding the application of accounting regime for enterprises. This Circular is effective for financial years beginning on or after 01 January 2015. Circular 200 will supersede the regulations for accounting regime promulgated under Decision No. 15/2006/QĐ-BTC dated 20 March 2006 issued by the Ministry of Finance and Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance. The Board of General Directors is considering the extent of impact of the adoption on the Company's separate financial statements for future accounting periods.

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

***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 debts.

**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)**

**Provision for doubtful debts (Continued)**

As at 31 December 2014, the Company 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.

**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.

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

	<b>2014</b>
	<b>(Years)</b>
Buildings, structures	10 - 25
Machinery, equipment	3 - 6
Motor vehicles	6
Office equipment	3 - 5
Others	3

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.

**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)**

**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.

**Operating leases**

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

**Construction in progress**

Properties in the course of construction for production, rental and administrative purposes or for other purposes are carried at cost. The cost includes any costs that are necessary to form the asset including construction cost, equipment cost, other costs and related borrowing costs in accordance with the 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 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:

	<b>2014</b>
	<b>(Years)</b>
Land use rights	44 - 50
Buildings and structures	25

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

**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).

**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)**

**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 associates are initially measured at cost. 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 types of long-term prepayments.

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

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

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.

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

**Science and Technology Development Fund**

Science and Technology Development Fund 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.



**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)**

**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 buying exchange rates announced on the same date by the commercial bank where the Company opens its bank account. Exchange differences arising from the translation of these accounts are recognised in the income statement. Unrealised exchange gains as at the balance sheet date are not treated as part of distributable profit to shareholders.

The foreign exchange (loss) arising from translation of the financial statement of Cambodian as at 31 December 2014 was not recognized in profit or loss in the year, but presented in the "Foreign exchange reserve" line item in the Company's separate balance sheet instead.

**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 2014 is the last year the Company enjoys 50% corporate income tax reduction as it is the Company's eleventh 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 22% 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. CASH AND CASH EQUIVALENTS**

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Cash on hand	538,978,228	645,512,336
Cash in bank	77,455,612,064	275,965,656,755
Cash equivalents	4,680,000,000,000	3,375,000,000,000
	<u>4,757,994,590,292</u>	<u>3,651,611,169,091</u>

Cash equivalents represent time deposits for terms from 1 to 3 months at commercial banks and credit institutions at interest rates of 4.7% to 5.8% per annum.

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

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**6. SHORT-TERM INVESTMENTS**

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Time deposits at commercial banks	70,000,000,000	1,730,000,000,000
Time deposits at PVComBank (formerly known as PetroVietnam Finance Joint Stock Corporation - PVFC)	1,245,382,915	4,861,214,549
	<u>71,245,382,915</u>	<u>1,734,861,214,549</u>

Short-term investments as at 31 December 2014 represent time deposits for terms from 6 to 12 months at commercial banks with interest rates from 5.4% to 6% per annum.

**7. OTHER RECEIVABLES**

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Accrued interest income from term deposits	19,692,943,546	63,215,625,452
PetroVietnam Trade Union Finance Investment Corporation (PVFI) (i)	110,143,267,289	110,143,267,289
PetroVietnam Northern Gas Joint Stock Company (ii)	12,792,091,037	-
VAT refund of Phu My Factory	106,450,370,984	-
Others	12,207,083,963	10,142,606,702
	<u>261,285,756,819</u>	<u>183,501,499,443</u>

(i) The receivable from PetroVietnam Trade Union Finance Investment Corporation (PVFI) as at 31 December 2014 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.

(ii) The receivable from PetroVietnam Northern Gas Joint Stock Company ("PVGN") as at 31 December 2014 represented a damage insurance amount with regard to Da Nang Warehouse construction. This amount was paid by the insurance company but PVGN has not yet transferred to the Company.

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

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

**8. INVENTORIES**

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Goods in transit	288,454,892,852	90,132,442,877
Raw materials	480,536,280,351	485,111,397,326
Tools and supplies	4,617,257,639	4,195,087,000
Work in process	31,549,373,712	30,046,006,895
Finished goods	258,554,534,159	183,863,784,278
Merchandise	142,701,290,869	220,726,016,854
	<u>1,206,413,629,582</u>	<u>1,014,074,735,230</u>
Provision for devaluation of inventories	-	(4,804,764,761)
<b>Net realizable value</b>	<u><b>1,206,413,629,582</b></u>	<u><b>1,009,269,970,469</b></u>

**9. SHORT-TERM PREPAYMENTS**

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Asset insurance prepayment	9,518,700,811	11,461,045,219
Others	5,620,949,957	3,421,909,238
	<u>15,139,650,768</u>	<u>14,882,954,457</u>

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

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

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

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**10. TANGIBLE FIXED ASSETS**

	<b>Buildings, structures VND</b>	<b>Machinery, equipment VND</b>	<b>Motor vehicles VND</b>	<b>Office equipment VND</b>	<b>Others VND</b>	<b>Total VND</b>
<b>COST</b>						
As at 01/01/2014	1,389,131,342,152	5,338,307,293,213	55,957,498,272	87,807,351,903	2,325,502,000	6,873,528,987,540
Purchases	145,000,000	11,866,182,000	700,000,000	17,294,668,190	448,330,000	30,454,180,190
Transfer from construction in progress	37,448,192,838	9,193,282,797	-	9,181,961,073	4,042,536,775	59,865,973,483
Disposals	-	-	(2,170,986,034)	(1,716,195,084)	-	(3,887,181,118)
As at 31/12/2014	1,426,724,534,990	5,359,366,758,010	54,486,512,238	112,567,786,082	6,816,368,775	6,959,961,960,095
<b>ACCUMULATED DEPRECIATION</b>						
As at 01/01/2014	687,278,818,311	5,052,790,301,228	43,821,077,705	51,431,402,978	802,700,598	5,836,124,300,820
Charge for the year	76,165,633,385	104,896,937,039	2,830,524,429	19,735,644,229	2,088,125,504	205,716,864,586
Disposals	-	-	(1,702,355,923)	(1,716,195,084)	-	(3,418,551,007)
As at 31/12/2014	763,444,451,696	5,157,687,238,267	44,949,246,211	69,450,852,123	2,890,826,102	6,038,422,614,399
<b>NET BOOK VALUE</b>						
As at 31/12/2014	663,280,083,294	201,679,519,743	9,537,266,027	43,116,933,959	3,925,542,673	921,539,345,696
As at 31/12/2013	701,852,523,841	285,516,991,985	12,136,420,567	36,375,948,925	1,522,801,402	1,037,404,686,720

The cost of the Company's tangible fixed assets as at 31 December 2014 includes VND 5,350,216,967,540 (31 December 2013: VND 5,327,792,613,969) 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*

**11. INTANGIBLE ASSETS**

	Land use rights VND	Patent rights VND	Computer software VND	Others VND	Total VND
<b>COST</b>					
As at 01/01/2014	803,964,779,348	171,736,726,176	47,706,107,688	9,981,954,396	1,033,389,567,608
Purchases	-	-	4,411,465,900	-	4,411,465,900
As at 31/12/2014	803,964,779,348	171,736,726,176	52,117,573,588	9,981,954,396	1,037,801,033,508
<b>ACCUMULATED AMORTIZATION</b>					
As at 01/01/2014	10,114,941,025	166,511,841,428	28,567,437,512	9,718,847,564	214,913,067,529
Charge for the year	4,303,568,201	2,523,846,619	8,337,545,912	142,060,605	15,307,021,337
As at 31/12/2014	14,418,509,226	169,035,688,047	36,904,983,424	9,860,908,169	230,220,088,866
<b>NET BOOK VALUE</b>					
As at 31/12/2014	789,546,270,122	2,701,038,129	15,212,590,164	121,046,227	807,580,944,642
As at 31/12/2013	793,849,838,323	5,224,884,748	19,138,670,176	263,106,832	818,476,500,079

The cost of the Company's intangible assets as at 31 December 2014 includes VND 178,361,196,555 (31 December 2013: VND 172,942,452,521) of intangible assets which have been fully amortized but are still in use.

**12. CONSTRUCTION IN PROGRESS**

	31/12/2014 VND	31/12/2013 VND
UFC 85/Formaldehyde Factory	75,732,962,614	1,135,473,272
Ammonia project	46,248,899,367	46,248,899,367
Apartment buildings for employees	36,342,070,618	36,342,070,618
Tay Ninh warehouse	23,573,596,728	23,573,596,728
Da Nang warehouse (*)	-	22,875,662,950
NH3 and NPK project	23,451,226,161	15,264,114,882
Other projects	35,289,571,744	28,111,127,854
	<b>240,638,327,232</b>	<b>173,550,945,671</b>

(\*) On 17 June 2014, the Company's Board of General Directors issued Official Letter No. 289/PHBC-DTXD on halting Da Nang Warehouse construction due to some problems in November 2012. If continuing this construction, the progress would be prolonged while there would be no effectiveness.

Under the working minutes with the insurance company, total insurance amount of VND 21.4 billion was paid in full to PetroVietnam Northern Gas Joint Stock Company ("PVGN"). Accordingly, the Company decided to recognize a decrease in the entire cost of the construction and an increase in the receivable from PVGN by an insurance amount of VND 12.79 billion which was based on the ration specified in the Capital Contribution Contract (see Note 7). The remainder was charged to expenses for the year.

**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*

**13. 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 01/01/2014	136,405,727,000	276,053,023,831	412,458,750,831
Disposals	(12,406,575,000)	(8,145,943,639)	(20,552,518,639)
As at 31/12/2014	<u>123,999,152,000</u>	<u>267,907,080,192</u>	<u>391,906,232,192</u>
<b>ACCUMULATED DEPRECIATION</b>			
As at 01/01/2014	4,610,177,080	33,018,501,005	37,628,678,085
Charge for the year	1,482,325,638	11,431,975,196	12,914,300,834
Disposals	-	(2,919,508,709)	(2,919,508,709)
As at 31/12/2014	<u>6,092,502,718</u>	<u>41,530,967,492</u>	<u>47,623,470,210</u>
<b>NET BOOK VALUE</b>			
As at 31/12/2014	<u>117,906,649,282</u>	<u>226,376,112,700</u>	<u>344,282,761,982</u>
As at 31/12/2013	<u>131,795,549,920</u>	<u>243,034,522,826</u>	<u>374,830,072,746</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 which were held to earn rentals.

According to VAS No. 05 - *Investment Properties*, fair value of investment properties at the balance sheet date is required to be disclosed. However, the Company has not determined the fair value as at 31 December 2014; 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  
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**NOTES TO SEPARATE THE FINANCIAL STATEMENTS (Continued)**

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

**14. INVESTMENTS IN SUBSIDIARIES**

Name of subsidiaries	Place of incorporation and operation	Proportion of ownership interest		Proportion of voting power held (%)	31/12/2014 VND	31/12/2013 VND	Principal activity
		(%)	(%)				
Central Petro Vietnam Fertilizer and Chemicals JSC	Binh Dinh Province	75	75	75	75,000,000,000	75,000,000,000	Trading of fertilizer and chemicals
SouthWest Petro Vietnam Fertilizer and Chemicals JSC	Can Tho City	75	75	75	127,500,000,000	127,500,000,000	Trading of fertilizer and chemicals
SouthEast Petro Vietnam Fertilizer and Chemicals JSC	Ho Chi Minh City	75	75	75	93,750,000,000	93,750,000,000	Trading of fertilizer and chemicals
Northern Petro Vietnam Fertilizer and Chemicals JSC	Ha Noi City	75	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	51	21,410,000,000	21,410,000,000	Production of packages
Petro Vietnam Southern Building and Development JSC	Ho Chi Minh City	81.38	81.38	81.38	58,796,800,000	58,796,800,000	Construction and installation of civil and industrial works and services
					<u>466,456,800,000</u>	<u>466,456,800,000</u>	

**15. INVESTMENTS IN ASSOCIATES**

Name of associates	Place of incorporation and operation	Proportion of ownership interest		Proportion of voting power held (%)	31/12/2014 VND	31/12/2013 VND	Principal activity
		(%)	(%)				
Petro Vietnam Urban Development JSC (PVC-Mekong) (1)	Can Tho City	35.63	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	25.99	25.99	25.99	562,700,000,000	534,137,000,000	Manufacturing and trading polyester fiber
					<u>662,700,000,000</u>	<u>634,137,000,000</u>	
<b>Provision for impairment of investments in associates</b>							
<i>In which:</i>							
Petro Vietnam Urban Development JSC (PVC-Mekong)					(88,530,185,091)	(88,740,740,775)	
Petro Vietnam Petrochemical and Textile Fiber JSC (PVTEX)					(359,687,796,724)	(75,027,410,224)	
					<u>(448,217,981,815)</u>	<u>(163,768,150,999)</u>	
<b>Net investment</b>					<u>214,482,018,185</u>	<u>470,368,849,001</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*

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

- (1) According to the audited financial statements for the year ended 31 December 2014 of PetroVietnam Urban Development Joint Stock Company ("PVC-Mekong"), PVC-Mekong's net assets of more than VND 32 billion is VND 248 billion less than the capital contributed by its shareholders. Therefore, the Company made provision of more than VND 88 billion for impairment of the investment in PVC - Mekong.
- (2) According to the audited separate financial statements for the year ended 31 December 2014 of PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX"), PVTEX's net assets of more than VND 781 billion is VND 1,383 billion less than the capital contributed by its shareholders. Therefore, the Company made provision of more than VND 359 billion for impairment of the investment in PVTEX.

**16. OTHER LONG-TERM INVESTMENTS**

<u>Name of investees</u>	<u>Proportion of ownership</u>	<u>31/12/2014 VND</u>	<u>31/12/2013 VND</u>
Drilling Mud Joint Stock Corporation (DMC) (i)		-	57,373,067,921
Petroleum Information Technology Telecom and Automation Joint Stock Company (PAIC)	8.5%	3,600,000,000	3,600,000,000
UTXI Aquatic Product Processing Joint Stock Company	6.78%	16,902,000,000	16,902,000,000
		<u>20,502,000,000</u>	<u>77,875,067,921</u>

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

*In which:*

Petroleum Information Technology Telecom and Automation Joint Stock Company (PAIC)	(335,870,286)	(429,303,607)
	<u>(335,870,286)</u>	<u>(429,303,607)</u>
<b>Net investment</b>	<u>20,166,129,714</u>	<u>77,445,764,314</u>

- (i) During the year, the Company sold all of its shares at Drilling Mud Joint Stock Corporation ("DMC") for about VND 78 billion, which is presented in the income statement (as stated in Note 25).

The Board of General Directors prudently evaluated other long-term investments as at 31 December 2014 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 no provision for impairment of such investments should be made.

**17. LONG-TERM PREPAYMENTS**

	<u>31/12/2014 VND</u>	<u>31/12/2013 VND</u>
Prepaid land rentals	3,932,776,045	4,494,601,195
Spare parts	15,734,967,858	31,202,705,600
Others	5,540,722,745	13,543,628,434
	<u>25,208,466,648</u>	<u>49,240,935,229</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*

**18. DEFERRED TAX ASSETS**

The following are the major deferred tax assets recognized by the Company, and the movements thereon, in 2014 and prior years.

	Provision of short-term doubtful debts <u>VND</u>	Provision for impairment of long-term financial investments <u>VND</u>	Accrued expenses not yet invoiced <u>VND</u>	Others <u>VND</u>	Total <u>VND</u>
As at 01/01/2013	27,535,816,822	3,870,212,860	21,740,455,129	-	53,146,484,811
Charge for the year	(13,767,908,411)	(3,870,212,860)	(10,084,275,451)	-	(27,722,396,722)
As at 01/01/2014	13,767,908,411	-	11,656,179,678	-	25,424,088,089
Charge for the year	(6,498,452,770)	-	29,469,242,576	5,426,555,666	28,397,345,472
As at 31/12/2014	7,269,455,641	-	41,125,422,254	5,426,555,666	53,821,433,561

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

	31/12/2014 <u>VND</u>	31/12/2013 <u>VND</u>
Corporate income tax	36,266,991,971	-
Personal income tax	1,621,798,189	1,737,236,099
Natural resource tax	30,299,840	11,987,600
Other taxes	498,000	4,433,337
	<u>37,919,588,000</u>	<u>1,753,657,036</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. TAXES AND AMOUNTS PAYABLE TO STATE BUDGET (Continued)**

Implementation of tax obligation to the State budget for the year:

Items	Tax payables	During the year		Tax payables
	31/12/2013	Tax payables	Tax paid	31/12/2014
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
VAT on domestic goods	-	3,974,997,854	3,974,997,854	-
VAT on imports	-	60,640,237,608	60,640,237,608	-
Import-export duties	-	23,190,428,953	23,190,428,953	-
Corporate income tax	(28,327,571,587)	142,737,727,722	81,295,982,938	33,114,173,197
Personal income tax	(426,729,597)	42,945,097,840	42,256,592,019	261,776,224
Natural resource tax	-	456,986,762	426,686,922	30,299,840
Environmental protection tax	11,987,600	58,302,000	69,791,600	498,000
Business tax	-	6,000,000	6,000,000	-
Foreign contractor withholding tax	-	750,354,801	750,354,801	-
Other taxes	4,433,337	1,023,058,298	1,027,491,635	-
<b>Total</b>	<b>(28,737,880,247)</b>	<b>275,783,191,838</b>	<b>213,638,564,330</b>	<b>33,406,747,261</b>
<i>In which:</i>				
- Taxes and amounts payable to the State budget	1,753,657,036			37,919,588,000
- Taxes and other receivables from the State budget	30,491,537,283			4,512,840,739
+) <i>Personal income tax</i>	2,163,965,696			1,360,021,965
+) <i>Corporate income tax</i>	28,327,571,587			3,152,818,774

**20. ACCRUED EXPENSES**

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Fixed assets overhaul expenses for 2015 (i)	217,105,262,533	43,421,052,000
Social security expenses (ii)	32,058,808,019	47,550,892,095
Others	25,005,411,139	64,443,784,947
	<b>274,169,481,691</b>	<b>155,415,729,042</b>

(i) During 2014, the Company accrued an additional amount of VND 173,684,210,533 for fixed assets overhaul expenses under the plan of repair and maintenance of Phu My Fertilizer Plant in 2015.

(ii) In accordance with Resolution No. 420/NQ-DKVN dated 24 February 2014 of Vietnam Oil and Gas Group, the Company accrued social security expenses of VND 90 billion in order to implement social security program for the whole Group. By 31 December 2014, the social security expenses of VND 32,058,808,019 has not been transferred to the beneficiaries yet.

**21. OTHER CURRENT PAYABLES**

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Discount payables to subsidiaries	289,900,000	1,140,303,491
Dividend payables	25,188,468,714	21,556,282,714
Others	20,098,391,390	17,076,773,371
	<b>45,576,760,104</b>	<b>39,773,359,576</b>

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION – JSC**

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

**Separate financial statements**  
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**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

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

**FORM B 09-DN**

**22. SHAREHOLDERS' EQUITY**

	Charter capital YND	Share premium YND	Treasury shares YND	Foreign exchange reserve YND	Investment and development fund YND	Financial reserve fund YND	Retained earnings YND	Total YND
Balance as at 01/01/2013	3,800,000,000,000	-	(85,447,473,262)	(78,903,497)	2,499,459,725,948	800,339,607,731	1,947,885,783,434	8,962,158,740,354
Profit for the year	-	-	-	-	-	-	2,109,970,750,077	2,109,970,750,077
Sales of treasury shares for the year	-	21,179,913,858	83,150,649,142	-	-	-	-	104,330,563,000
Profit distribution	-	-	-	-	-	145,015,524,162	(145,015,524,162)	-
Allocation to bonus and welfare funds	-	-	-	-	-	-	(201,784,316,811)	(201,784,316,811)
Dividends declared	-	-	-	-	-	-	(1,709,704,170,000)	(1,709,704,170,000)
Other increase	-	-	-	(185,216,672)	-	-	(439,993)	(185,656,665)
<b>Balance as at 01/01/2014</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>
Profit for the year	-	-	-	-	-	-	1,066,132,558,505	1,066,132,558,505
Profit distribution	-	-	-	-	-	-	-	-
Allocation to bonus and welfare funds (1)	-	-	-	-	-	-	(117,037,091,980)	(117,037,091,980)
Dividends declared (2)	-	-	-	-	-	-	(1,519,737,040,000)	(1,519,737,040,000)
Other increase	-	-	-	263,400,375	-	-	-	263,400,375
<b>Balance at 31/12/2014</b>	<b>3,800,000,000,000</b>	<b>21,179,913,858</b>	<b>(2,296,824,120)</b>	<b>(719,794)</b>	<b>2,499,459,725,948</b>	<b>945,355,131,893</b>	<b>1,430,710,509,070</b>	<b>8,694,407,736,855</b>

(1) Under Resolution No. 21/NQ-DHDCD passed at the General Meeting of Shareholders on 25 April 2014, the Company's shareholders approved the plan to provide for Bonus and Welfare funds at the rate of 8% of the 2013 profit after tax and 12% of the 2014 profit after tax. Accordingly, the Company made an additional distribution of VND 43,650,062,250 from 2013 profit after tax; and made an interim distribution of VND 73,387,029,730 from the 2014 profit after tax.

(2) Under the Resolution No. 21/NQ-DHDCD passed at the General Meeting of Shareholders on 25 April 2014, the Company declared to pay dividends of VND 1,899,671,300,000 from the 2013 profit after tax, of which VND 949,835,650,000 (VND 2,500 per share) for the 1st dividend payment was made in advance in 2013; an amount of VND 949,835,650,000 for the 2nd dividend payment for 2013 was made in Quarter 2 of 2014 (VND 2,500 per share).

On 20 October 2014, the Company made in advance for the 1st dividend payment of year 2014 with total amount of VND 569,901,390,000 (VND 1,500 per share) under Resolution No. 383/NQ-PBHC of the Board of Management.

**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*

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

	<u>31/12/2014</u>	<u>31/12/2013</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	65,740
+ Preferred shares	-	-
- <b>Number of outstanding shares in circulation</b>		
+ Common shares	379,934,260	379,934,260
+ 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 2014 was as follows:

<b>Shareholders</b>	<b>Per Business Registration Certificate</b>		<b>Capital contribution</b>	
	<u>VND</u>	<u>(%)</u>	<u>31/12/2014</u> <u>VND</u>	<u>31/12/2013</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>

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

	<b>Locally-produced products and services</b> <u>VND</u>	<b>Imported goods</b> <u>VND</u>	<b>Total</b> <u>VND</u>
<b>2014</b>			
Net revenue	6,639,843,915,107	866,376,617,142	7,506,220,532,249
Cost of goods sold	4,614,907,947,051	841,047,986,212	5,455,955,933,263
<b>Gross profit</b>	<u>2,024,935,968,056</u>	<u>25,328,630,930</u>	<u>2,050,264,598,986</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>

**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 2014**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. NET REVENUE AND COST OF SALES (Continued)**

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

	<b>2014</b>	<b>2013</b>
	<b><u>VND</u></b>	<b><u>VND</u></b>
Sales of Urea	6,058,201,550,510	6,885,602,542,846
Sales of Ca Mau Urea Products	11,480,236,000	15,879,957,938
Sales of Ammonia	181,463,231,525	-
Sales of Electricity	1,422,244,336	1,991,296,831
Others	508,919,242,015	497,009,475,462
	<b>6,761,486,504,386</b>	<b>7,400,483,273,077</b>
Sales discounts	121,642,589,279	60,560,104,334
	<b>6,639,843,915,107</b>	<b>7,339,923,168,743</b>

**24. PRODUCTION COST BY NATURE**

	<b>2014</b>	<b>2013</b>
	<b><u>VND</u></b>	<b><u>VND</u></b>
Raw materials and consumables	3,619,695,520,975	3,255,542,782,475
Labour	326,457,107,178	306,811,936,450
Depreciation and amortisation	233,938,186,757	219,251,512,522
Out-sourced services	871,340,524,382	835,787,244,408
Other expenses	156,557,615,828	115,465,733,573
	<b>5,207,988,955,120</b>	<b>4,732,859,209,428</b>

**25. FINANCE INCOME**

	<b>2014</b>	<b>2013</b>
	<b><u>VND</u></b>	<b><u>VND</u></b>
Interest income	306,485,412,459	404,112,328,811
Dividends and profits received	80,371,154,400	79,801,067,647
Gain from foreign exchange rate difference	612,865,291	1,673,966,734
Gain from selling Drilling Mud Joint Stock Corporation's shares	78,527,105,479	-
Others	66,077,036	21,651,769
	<b>466,062,614,665</b>	<b>485,609,014,961</b>

**26. FINANCIAL EXPENSES**

	<b>2014</b>	<b>2013</b>
	<b><u>VND</u></b>	<b><u>VND</u></b>
Loss from exchange difference	850,879,848	3,576,743,227
Provision for impairment of long-term investments	284,356,397,495	148,716,603,168
Others	204,860,784	-
	<b>285,412,138,127</b>	<b>152,293,346,395</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*

**27. OTHER INCOME**

	2014 <u>VND</u>	2013 <u>VND</u>
Proceeds from disposal of fixed assets	18,044,367,201	1,794,073,531
Proceeds from customers due to their breaches of contracts	1,029,475,330	6,449,340,533
Others	9,450,713,873	730,369,346
	<u>28,524,556,404</u>	<u>8,973,783,410</u>

**28. OTHER EXPENSES**

	2014 <u>VND</u>	2013 <u>VND</u>
Expenses for disposal of fixed assets and net book value of disposed assets	18,219,704,003	88,782,039
Others	7,119,171,961	1,424,788,592
	<u>25,338,875,964</u>	<u>1,513,570,631</u>

**29. CORPORATE INCOME TAX**

	2014 <u>VND</u>	2013 <u>VND</u>
Current corporate income tax calculated on the current year's taxable incomes	126,214,508,456	209,237,508,707
Tax adjustments in previous years	16,523,219,266	5,423,564,380
<b>Current corporate income tax expense</b>	<u>142,737,727,722</u>	<u>214,661,073,087</u>

**30. COMMITMENTS**

**Operating lease commitments**

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

	31/12/2014 <u>VND</u>	31/12/2013 <u>VND</u>
Within one year	7,351,605,933	7,352,825,720
In the second to fifth years inclusive	27,800,226,131	27,969,088,880
After five years	11,583,427,555	18,393,039,254
	<u>46,735,259,619</u>	<u>53,714,953,854</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 for the long-term lease of land and infrastructure in Phu My I Industrial Zone, Tan Thanh district, Ba Ria - Vung Tau province. The contract is valid for 17 years from 03 September 2004 with the lease charge and infrastructure use fee of USD 378,392 per annum.
- On 10 June 2014, the Company signed the Office lease contract in Myanmar with the term of 01 year, from 01 August 2014 to 31 July 2015; and the lease charge of USD 2,700 per month.

**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. COMMITMENTS (Continued)**

**Capital commitments**

- Under Decision No. 254/QD-PHBC dated 12 August 2013, the Company's Board of Management approved the project on construction of UFC85/Formaldehyde production workshop for the purpose of providing materials for Phu My Fertilizer Plant, Ninh Binh Fertilizer Plant, and Ca Mau Fertilizer Plant to produce Urea fertilizer, and meeting domestic demand for UFC85/Formaldehyde consumption in industrial areas and life with total investment cost of VND 496,534,873,048. The project is expected to be implemented for 27.5 months. As at 31 December 2014, the cost of the project was VND 75,732,962,614 (Note 12).
- Under Decision No. 115/QD-PHBC dated 8 April 2014, the Company's Board of Management approved the project on investment and construction to enhance productivity of NH<sub>3</sub> workshop of Phu My Fertilizer Plant and construction of NPK Fertilizer Production Plant, supplying and meeting domestic demand for NH<sub>3</sub> and NPK fertilizer consumption with total investment cost of VND 4,987,200,000,000. The project is expected to be completed in Quarter 2 of 2017. As at 31 December 2014, the cost of the project was VND 23,451,226,161.

**Other commitments**

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 2014 is classified into 2 periods. From 01/01/2014 to 31/3/2014 gas purchasing price is USD 6.69 per MMBTU; from 01/4/2014 to 31/12/2014 gas purchasing price at a gas delivery place is calculated using the formula to calculate gas price traded at a gas delivery place as follows: VAT exclusive gas price (USD/MMBTU) = 46% \* average oil price MFOC + 0.63 (USD/MMBTU) (for the year ended 31 December 2013: USD 6.56 per MMBTU).

On 14 January 2015, the Company and PetroVietnam Gas Corporation – JSC jointly signed another appendix to amend the term of gas price. Accordingly, from 01/01/2015 to 31/12/2015 gas purchasing price at a gas delivery place = 46% \* average oil price MFOC + 0.92 (USD/MMBTU).

**31. SUBSEQUENT EVENTS**

On 23 January 2015, the Company received Official Letter No. 527/DKVN-TCKT from Vietnam Oil and Gas Group (the "Group") requesting the Company to repay the Group an amount of VND 100.9 billion under counter-guarantee commitments with regard to short-term and mid-term loans granted to PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX"). This payment obligation results from the event that the Company signed two counter-guarantee commitments to the Group regarding the Group's guarantee obligations with regard to short-term and mid-term loans granted to PVTEX. Details are as follows:

- In case that PVTEX fails to repay the loan principal, interest and other financial obligations to Lien Viet Post Joint Stock Commercial Bank–Dong Do branch (the "Lender") regarding a short-term loan for the purpose of trial operation of Dinh Vu Polyester Plant under Credit Contract No. 12013/043/HDTD-LienVietPostBank-PVTEX dated 15 May 2013, and the Group shall be responsible for guarantee obligations, then the Company commits itself to repaying the Group the entire short-term loan principal, interest, fees, charges, losses and expenses incurred and paid by the Group to the Lender corresponding to the proportion of the Company's capital contributed to PVTEX. Such repayment is made within 45 days from the date of an Official Letter issued by the Group requesting the Company to repay the above amounts. This commitment takes effect from the signing date to 31 December 2014.



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

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

**31. SUBSEQUENT EVENTS (Continued)**

- In case that PVTEX fails to repay the loan principal, interest and other financial obligations to Joint Stock Commercial Bank for Investment and Development of Vietnam–Hai Ba Trung branch (the “Lender”) regarding a mid-term loan for the purpose of construction of Dinh Vu Polyester Plant under Credit Contract No. 01/2009/DV-HDTD dated 10 August 2009 and the Group shall be responsible for guarantee obligations, then the Company commits itself to repaying the Group the entire loan principal, interest, fees, charges, losses and expenses incurred and paid by the Group to the Lender corresponding to the proportion of the Company’s capital contributed to PVTEX. Such repayment is made within 45 days from the date of an Official Letter issued by the Group requesting the Company to repay the above amounts. This commitment takes effect from the signing date to the time when all guarantee obligations have been fulfilled.

In 2014, the Group implemented its guarantee obligations by paying, on behalf of PVTEX, a part of the mid-term loan for the plant construction purpose and the short-term loan for the trial operation purpose amounting to VND 388.5 billion. Accordingly, the Company is required to repay the Group an amount of VND 100.9 billion, corresponding to the Company’s capital contributed to PVTEX, within 45 days from 23 January 2015. By the issue date of the audited separate financial statements, the Company has repaid the above amount to the Group.

Since the Official Letter was issued on 23 January 2015 with the payment term of 45 days from the date of the Official Letter, the Board of General Directors decides to disclose effects of this event in the financial statements for the year ended 31 December 2015.

Under Official Letter No. 9792/CV-KHDN dated 31 December 2014 issued by Joint Stock Commercial Bank for Investment and Development of Vietnam on restructure of the loan for the purposes of construction of Dinh Vu Polyester Plant, the next date for principal repayment is 21 June 2017; therefore, in 2015 the Company is only obligated to repay the Group the amount of VND 100.9 billion as mentioned above.

**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***32. 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 Holding 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, financial liability and equity instrument are disclosed in Note 4.

**Categories of financial instruments**

	<b>Carrying amounts</b>	
	<b>31/12/2014</b>	<b>31/12/2013</b>
	<b><u>VND</u></b>	<b><u>VND</u></b>
<b>Financial assets</b>		
Cash and cash equivalents	4,757,994,590,292	3,651,611,169,091
Trade and other receivables	280,973,275,951	145,467,595,818
Short-term investments	71,245,382,915	1,734,861,214,549
Long-term investments	20,166,129,714	77,445,764,314
<b>Total</b>	<b><u>5,130,379,378,872</u></b>	<b><u>5,609,385,743,772</u></b>
<b>Financial liabilities</b>		
Trade and other payables	410,929,485,107	627,953,913,833
Accruals	274,169,481,691	155,415,729,042
<b>Total</b>	<b><u>685,098,966,798</u></b>	<b><u>783,369,642,875</u></b>

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

**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*

**32. FINANCIAL INSTRUMENTS (Continued)**

**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:

	<b>Liabilities</b>		<b>Assets</b>	
	<b>31/12/2014</b>	<b>31/12/2013</b>	<b>31/12/2014</b>	<b>31/12/2013</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	44,648,551,110	135,424,559,029
Euro (EUR)	-	51,641,681,399	859,697,601	51,783,058,477

**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:

	<b>2014</b>	<b>2013</b>
	<b><u>VND</u></b>	<b><u>VND</u></b>
United States Dollar (USD)	892,971,022	270,182,851
Euro (EUR)	17,193,952	2,827,542

**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***32. FINANCIAL INSTRUMENTS (Continued)*****Market risk (Continued)******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. As at 31 December 2014, the Board of General Directors assessed investments in shares and noted that except for the impairment of the investments in PetroVietnam Petrochemical and Textile Fiber Joint Stock Company (PVTEX), PetroVietnam Urban Development Joint Stock Company (PVC-Mekong) 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 total amount of VND 448 billion as at 31 December 2014.

***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 2014, the Company had some credit risks, including: the amount receivable from PetroVietnam Trade Union Finance Investment Joint Stock Company (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 and the amount receivable from Sai Gon-Can Tho Industrial Park Joint Stock Company of VND 2,294,640,000. The recoverability of these amounts is uncertainty based on the Board of General Directors' assessment. Therefore, the Board of 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 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 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.

**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*

**32. 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>31/12/2014</b>			
Cash and cash equivalents	4,757,994,590,292	-	4,757,994,590,292
Trade and other receivables	280,973,275,951	-	280,973,275,951
Short-term investments	71,245,382,915	-	71,245,382,915
Long-term investments	-	20,166,129,714	20,166,129,714
<b>Total</b>	<b>5,110,213,249,158</b>	<b>20,166,129,714</b>	<b>5,130,379,378,872</b>
<b>31/12/2014</b>			
Trade and other payables	410,929,485,107	-	410,929,485,107
Accruals	274,169,481,691	-	274,169,481,691
<b>Total</b>	<b>685,098,966,798</b>	<b>-</b>	<b>685,098,966,798</b>
<b>Net liquidity gap</b>	<b>4,425,114,282,360</b>	<b>20,166,129,714</b>	<b>4,445,280,412,074</b>
<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>

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

**33. COMPARATIVE FIGURES**

Comparative figures are figures of the Company's audited separate financial statements for the year ended 31 December 2013.

  
 Hoang Thi Lan Anh  
 Preparer

  
 Huynh Kim Nhan  
 Chief Accountant

  
 Nguyen Van Tong  
 Deputy General Director



20 March 2015