

Deloitte

**PETROVIETNAM FERTILIZER AND
CHEMICALS CORPORATION - JSC**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2014

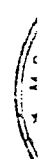
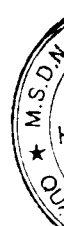


TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGES</u>
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 - 43

030
TÓN
PH
OAC
C
C
VT-

V
TRA
1
2016

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 2014.

THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS

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

Board of Management

Mr. Le Cu Tan	Chairman
Ms. Nguyen Thi Hien	Vice Chairwoman
Mr. 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 Corporation is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Corporation and of its consolidated results and consolidated 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.

For and on behalf of the Board of General Directors,



Nguyen Van Tong
Deputy General Director

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



No.: 769 /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 20 March 2015 as set out from page 5 to page 43, which comprise the consolidated balance sheet as at 31 December 2014, 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").

Board of General Directors' Responsibility for the Consolidated Financial Statements

The Board of General Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as the BOGD 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.

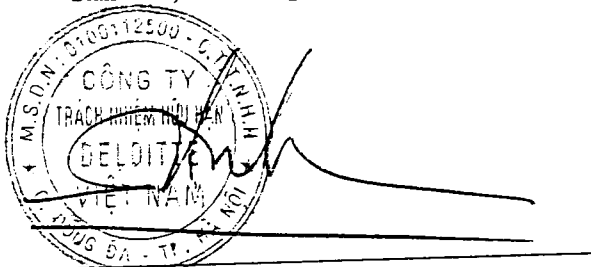
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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 the BOGD, 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)

Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view of, in all material respects, the consolidated financial position of the Corporation as at 31 December 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



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

20 March 2015
Hanoi, S.R. Vietnam

A handwritten signature in black ink, appearing to read 'Tran Huy Cong'.

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 2014

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

FORM B 01- DN/HN

Unit: VND

ASSETS	Codes	Notes	31/12/2014	31/12/2013
A. CURRENT ASSETS (100=110+120+130+140+150)	100		7,199,875,923,020	7,515,223,312,458
I. Cash and cash equivalents	110	5	5,078,299,954,021	4,032,386,358,314
1. Cash	111		151,773,287,354	435,859,691,647
2. Cash equivalents	112		4,926,526,666,667	3,596,526,666,667
II. Short-term financial investments	120		76,245,382,915	1,734,861,214,549
1. Short-term investments	121	6	76,245,382,915	1,734,861,214,549
III. Short-term receivables	130		404,397,880,251	246,097,665,217
1. Trade accounts receivable	131		174,789,878,438	105,080,054,904
2. Advances to suppliers	132		88,841,597,580	74,278,800,409
3. Other receivables	135	7	262,358,111,522	186,035,877,193
4. Provision for short-term doubtful debts	139		(121,591,707,289)	(119,297,067,289)
IV. Inventories	140	8	1,491,901,174,015	1,340,683,371,984
1. Inventories	141		1,492,182,549,952	1,353,397,692,080
2. Provision for devaluation of inventories	149		(281,375,937)	(12,714,320,096)
V. Other short-term assets	150		149,031,531,818	161,194,702,394
1. Short-term prepayments	151	9	16,540,850,938	16,754,134,505
2. Value added tax deductibles	152		126,299,049,017	110,241,258,017
3. Taxes and other receivables from the State budget	154	19	4,515,840,739	30,491,537,283
4. Other short-term assets	158		1,675,791,124	3,707,772,589
B. NON-CURRENT ASSETS (200 = 220+240+250+260)	200		2,911,134,578,679	3,290,087,917,426
I. Fixed assets	220		2,295,454,203,726	2,368,443,661,712
1. Tangible fixed assets	221	10	1,133,009,443,261	1,257,291,251,123
- Cost	222		7,325,619,743,462	7,212,931,208,323
- Accumulated depreciation	223		(6,192,610,300,201)	(5,955,639,957,200)
2. Intangible assets	227	11	915,607,931,380	927,348,585,669
- Cost	228		1,148,328,298,022	1,143,916,832,122
- Accumulated amortization	229		(232,720,366,642)	(216,568,246,453)
3. Construction in progress	230	12	246,836,829,085	183,803,824,920
II. Investment properties	240	13	274,190,461,027	284,964,579,592
- Cost	241		314,530,971,192	314,530,971,192
- Accumulated depreciation	242		(40,340,510,165)	(29,566,391,600)
III. Long-term financial investments	250		231,690,859,935	540,521,826,075
1. Investments in associates	252	14	209,850,965,127	463,076,061,761
2. Other long-term investments	258	15	22,175,765,094	77,875,067,921
3. Provision for impairment of long-term financial investments	259		(335,870,286)	(429,303,607)
IV. Other long-term assets	260		109,799,053,991	96,157,850,047
1. Long-term prepayments	261	16	43,566,513,172	66,360,451,576
2. Deferred tax assets	262	17	65,279,638,819	28,765,219,071
3. Other long-term assets	268		952,902,000	1,032,179,400
TOTAL ASSETS (270=100+200)	270		10,111,010,501,699	10,805,311,229,884

The notes set out on page 10 to 43 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2014

FORM B 01-DN/HN
Unit: VND

RESOURCES	Codes	Notes	31/12/2014	31/12/2013
A. LIABILITIES (300=310+330)	300		1,106,070,665,154	1,249,172,775,527
I. Current liabilities	310		1,043,910,949,400	1,223,123,387,061
1. Short-term loans and liabilities	311	18	93,520,912,889	65,405,536,332
2. Trade accounts payable	312		364,668,057,846	605,551,019,966
3. Advances from customers	313		39,360,737,225	111,417,518,731
4. Taxes and amounts payable to the State budget	314	19	52,084,947,515	13,565,487,134
5. Payables to employees	315		79,926,390,391	89,584,219,696
6. Accrued expenses	316	20	281,235,390,729	160,664,901,010
7. Other current payables	319	21	67,855,304,671	63,691,286,159
8. Short-term provisions	320		350,050,095	327,365,199
9. Bonus and welfare funds	323		64,909,158,039	112,916,052,834
II. Long-term liabilities	330		62,159,715,754	26,049,388,466
1. Other long-term payables	333		6,177,584,074	5,951,661,602
2. Long-term loans and liabilities	334	22	1,125,866,779	3,053,298,732
3. Unearned revenue	338		2,875,711,896	3,525,485,494
4. Scientific and technological development fund	339		51,980,553,005	13,518,942,638
B. EQUITY (400=410)	400		8,788,138,506,409	9,346,015,885,588
I. Shareholders' equity	410	23	8,788,138,506,409	9,346,015,885,588
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. Other shareholders' capital	413		2,397,482,187	977,787,044
4. Treasury shares	414		(2,296,824,120)	(2,296,824,120)
5. Foreign exchange reserve	416		(719,794)	(264,120,169)
6. Investment and development fund	417		2,527,751,504,123	2,526,156,314,757
7. Financial reserve fund	418		968,212,548,247	962,866,860,541
8. Other shareholders' funds	419		1,014,770,873	1,014,770,873
9. Retained earnings	420		1,469,879,831,035	2,036,381,182,804
C. MINORITY INTERESTS	439	24	216,801,330,136	210,122,568,769
TOTAL RESOURCES (440=300+400+439)	440		10,111,010,501,699	10,805,311,229,884

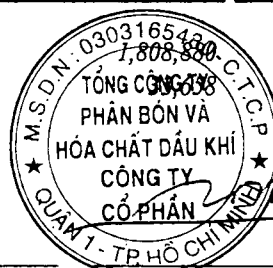
OFF BALANCE SHEET ITEMS

1. Foreign currencies

- USD

- EUR

31/12/2014 31/12/2013



Tran Xuan Thao
Preparer

Huynh Kim Nhan
Chief Accountant

Nguyễn Văn Tông
Deputy General Director

20 March 2015

The notes set out on page 10 to 43 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 2014


CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

FORM B 02- DN/HN

Unit VND

ITEMS	Codes	Notes	2014	2013
1. Gross revenue from goods sold and services rendered	01		9,642,700,730,426	10,410,922,862,176
2. Deductions	02		93,850,877,835	47,504,499,333
3. Net revenue from goods sold and services rendered (10=01-02)	10	26	9,548,849,852,591	10,363,418,362,843
4. Cost of goods sold and services rendered	11	26	7,121,096,149,422	7,011,191,021,409
5. Gross profit from goods sold and services rendered (20=10-11)	20	26	2,427,753,703,169	3,352,227,341,434
6. Financial income	21	28	406,506,623,868	428,637,014,880
7. Financial expenses	22	29	4,729,620,348	7,733,290,120
<i>In which: Interest expense</i>	23		2,931,385,121	3,269,463,805
8. Selling expenses	24		701,604,959,417	634,991,557,491
9. General and administration expenses	25		570,530,577,008	551,914,252,488
10. Operating profit (30=20+(21-22)-(24+25))	30		1,557,395,170,264	2,586,225,256,215
11. Other income	31		16,648,055,652	14,919,253,710
12. Other expenses	32		9,545,806,055	2,244,332,095
13. Profit from other activities (40=31-32)	40		7,102,249,597	12,674,921,615
14. (Loss) on investments in associates	45	14	(279,826,945,025)	(131,083,086,624)
15. Accounting profit before tax (50=30+40+45)	50		1,284,670,474,836	2,467,817,091,206
16. Current corporate income tax expense	51	30	186,726,498,683	261,984,915,425
17. Deferred tax (income)/expense	52	17	(36,514,419,748)	26,641,415,510
18. Net profit after corporate income tax (60=50-51-52)	60		1,134,458,395,901	2,179,190,760,271
18.1. Attributable to minority interests	61	24	38,182,555,531	36,861,411,945
18.2. Attributable to shareholders of the holding company	62		1,096,275,840,370	2,142,329,348,326
19. Basic earnings per share	70	31		5,644


Tran Xuan Thao
Preparer


Huynh Kim Nhan
Chief Accountant


Nguyen Van Tong
Deputy General Director



20 March 2015

The notes set out on page 10 to 43 are an integral part of these consolidated financial statements

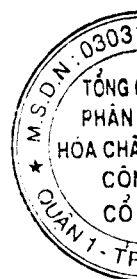
CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014

FORM B 03-DN/HN

Unit: VND

ITEMS	Codes	2014	2013
I. CASH FLOWS FROM OPERATING ACTIVITIES			
<i>1. Profit before tax</i>	01	1,284,670,474,836	2,467,817,091,206
<i>2. Adjustments for:</i>			
Depreciation and amortisation	02	268,667,500,841	249,516,494,079
Provisions	03	(10,231,737,480)	(1,321,158,287)
Unrealized foreign exchange loss/(gain)	04	104,776,992	(56,237,105)
(Gain) from investing activities	05	(125,057,581,292)	(296,237,041,638)
Interest expense	06	2,931,385,121	3,269,463,805
<i>3. Operating profit before movements in working capital</i>	08	1,421,084,819,018	2,422,988,612,060
Changes in receivables	09	(179,353,696,872)	(54,943,006,374)
Changes in inventories	10	(138,784,857,872)	(167,471,684,988)
Changes in accounts payable (not including accrued interest and corporate income tax payable)	11	(183,400,003,718)	43,387,734,131
Changes in prepaid expenses and other current assets	12	25,771,110,979	20,018,216,690
Interest paid	13	(3,041,817,704)	(3,834,386,165)
Corporate income tax paid	14	(122,523,463,954)	(388,790,598,996)
Other cash outflows	16	(212,149,839,874)	(342,779,557,701)
<i>Net cash from operating activities</i>	20	607,602,250,003	1,528,575,328,657
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(203,886,105,949)	(267,562,840,439)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	214,216,539	734,591,819
3. Cash outflow for lending, buying debt instruments of other entities	23	(5,873,765,094)	(1,830,000,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	1,663,615,831,634	157,215,831,634
5. Investments in other entities	25	(29,363,000,000)	(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	367,559,611,576	412,012,280,599
<i>Net cash from/(used in) investing activities</i>	30	1,928,166,962,106	(1,556,987,136,387)



The notes set out on page 10 to 43 are an integral part of these consolidated financial statements

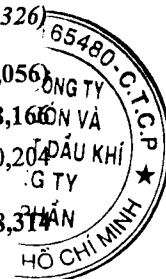
CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2014

FORM B 03-DN/HN

Unit: VND

ITEMS	Codes	2014	2013
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	260,870,891,673	273,334,163,652
2. Repayment of borrowings	34	(234,682,947,069)	(241,090,005,213)
3. Dividends paid	36	(1,516,104,854,000)	(1,704,650,330,950)
4. Proceeds from sales of treasury shares	37	-	103,808,910,185
<i>Net cash (used in) financing activities</i>	40	<i>(1,489,916,909,396)</i>	<i>(1,568,597,262,326)</i>
Net increase/(decrease) in cash (50=20+30+40)	50	1,045,852,302,714	(1,597,009,070,056)
Cash and cash equivalents at the beginning of the year	60	4,032,386,358,314	5,629,375,858,160
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	5,078,299,954,021	4,032,386,358,314



[Handwritten signature of Tran Xuan Thao]

Tran Xuan Thao
Preparer

20 March 2015

[Handwritten signature of Huynh Kim Nhan]

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, 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. Shares of the Holding Company – the Corporation 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); production, trading of electricity; trading of real estate; sales of agriculture and forestry products; goods transport services by inbound waterway and trucks; processing of oil and gas-related products and minerals, services of vocational training.

Subsidiaries

Details of subsidiaries consolidated to the Corporation's financial statements for the year ended 31 December 2014 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 and installation of industrial and civil works and services provision
Phu My Fertilizer Packaging JSC	Ba Ria - Vung Tau Province	51	51	Production of packages

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying consolidated financial statements, expressed in 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.

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. 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 and Circular No. 202/2014/TT-BTC (Circular 202) guiding the preparation and presentation of consolidated financial statements. These circulars are effective for financial years beginning on or after 01 January 2015. Circular 200 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. Circular 202 will supersede section XIII in Circular No. 161/2007/TT-BTC dated 31 December 2007 of the Ministry of Finance guiding the preparation and presentation of consolidated financial statements in accordance with Vietnamese Accounting Standard No. 25 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries".

The Board of General Directors is considering the extent of impact of the adoption of these circulars on the Corporation's consolidated financial statements for future accounting periods.

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

Basis of consolidation

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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

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.

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.

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 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 debts.

As at 31 December 2014, 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 falling due 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 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>2014</u> <u>(Years)</u>
Building, structures	5 - 25
Machinery, equipment	3 - 6
Motor vehicles	6 - 10
Office equipment	3 - 8
Others	3

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.

Operating leases

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

Construction in progress

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

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

Investment properties

Investment properties, 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>2014</u> <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 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).

CH
 N
 Y
 UK
 VA
 IV
 O

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 types of long-term prepayments.

Prepaid land rentals are charged to the consolidated 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 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 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 Corporation'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 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 year. 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.

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)

Revenue recognition (Continued)

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.

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 Corporation applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates" 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 Corporation opens its bank account. Exchange differences arising from the translation of these accounts are recognised in the consolidated 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 2014 was not recognized in profit or loss in the year, but presented in the "Foreign exchange reserve" line 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.

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

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

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

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

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

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

030
T
PH
10A
11

PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC43 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 2014**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. CASH AND CASH EQUIVALENTS**

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Cash on hand	1,451,261,470	1,407,479,185
Cash in bank	150,322,025,884	434,452,212,462
Cash equivalents	4,926,526,666,667	3,596,526,666,667
	<u>5,078,299,954,021</u>	<u>4,032,386,358,314</u>

Cash equivalents represent the 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.

As at 31 December 2014, Phu My Fertilizer Packaging Joint Stock Company - the Corporation's subsidiary pledged cash on hand, cash in bank saving accounts opened at Vietnam Propersity Joint Stock Commercial Bank - Vung Tau Branch with an amount of about 8.6 billion to secure short-term loans at the bank branch.

6. SHORT-TERM INVESTMENTS

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Time deposits at commercial banks	75,000,000,000	1,730,000,000,000
Time deposits at Vietnam Public Joint Stock Commercial Bank	1,245,382,915	4,861,214,549
	<u>76,245,382,915</u>	<u>1,734,861,214,549</u>

Short-term investments as at 31 December 2014 represent time deposits for terms from 6 months 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	20,177,721,324	63,567,708,786
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	12,794,660,888	12,324,901,118
	<u>262,358,111,522</u>	<u>186,035,877,193</u>

(i) The receivable balance 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 regards to Da Nang Warehouse construction. This amount was paid by the insurance company but PVGN has not yet transferred to the Corporation.

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 2014

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. INVENTORIES**

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Goods in transit	288,454,892,852	92,540,186,877
Raw materials	499,192,205,959	493,812,401,373
Tools and supplies	4,852,076,337	4,443,958,641
Work in process	46,750,905,139	42,033,767,857
Finished goods	344,320,570,248	229,724,768,898
Merchandise	308,611,899,417	490,842,608,434
	<u>1,492,182,549,952</u>	<u>1,353,397,692,080</u>
Provision for devaluation of inventories	(281,375,937)	(12,714,320,096)
Net realizable value	<u>1,491,901,174,015</u>	<u>1,340,683,371,984</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	7,022,150,127	5,293,089,286
	<u>16,540,850,938</u>	<u>16,754,134,505</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 2014

FORM B 09-DN/H

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

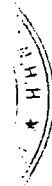
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

10. TANGIBLE FIXED ASSETS

COST	Buildings, structures VND	Machinery, equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
As at 01/01/2014	1,600,141,472,467	5,390,852,326,430	123,045,759,924	96,566,147,502	2,325,502,000	7,212,931,208,323
Purchases	145,000,000	27,616,438,348	6,131,584,791	18,815,995,561	448,330,000	53,157,348,700
Transfer from construction in progress	38,042,967,032	12,571,218,345	-	9,181,961,073	4,585,829,975	64,381,976,425
Other increase	92,187,700	1,151,868,758	-	-	-	1,244,056,458
Disposals	-	-	(2,969,675,034)	(1,716,195,084)	-	(4,685,870,118)
Reclassification into long-term prepaid expenses	(1,019,036,426)	-	-	(389,939,900)	-	(1,408,976,326)
As at 31/12/2014	1,637,402,590,773	5,432,191,851,881	126,207,669,681	122,457,969,152	7,359,661,975	7,325,619,743,462
ACCUMULATED DEPRECIATION						
As at 01/01/2014	742,261,053,901	5,081,500,674,702	73,722,647,925	57,352,880,074	802,700,598	5,955,639,957,200
Charge for the year	94,149,517,877	114,215,433,256	10,163,079,215	21,090,871,322	2,122,360,417	241,741,262,087
Disposals	-	-	(2,377,655,219)	(1,716,195,084)	-	(4,093,850,303)
Reclassification into long-term prepaid expenses	(606,589,039)	-	-	(70,479,744)	-	(677,068,783)
As at 31/12/2014	835,803,982,739	5,195,716,107,958	81,508,071,921	76,657,076,568	2,925,061,015	6,192,610,300,201
NET BOOK VALUE						
As at 31/12/2014	801,598,608,034	236,475,743,923	44,699,597,760	45,800,892,584	4,434,600,960	1,133,009,443,261
As at 31/12/2013	857,880,418,566	309,351,651,728	49,323,111,999	39,213,267,428	1,522,801,402	1,257,291,251,123

The cost of the Corporation's tangible fixed assets as at 31 December 2014 included VND 5,363,972,216,156 (31 December 2013: VND 5,336,498,737,902) of tangible assets which have been fully depreciated but are still in use.

By 31 December 2014, 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 18 and 22).



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 2014

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

11. INTANGIBLE ASSETS

	Land use rights VND	Patent rights VND	Computer Software VND	Others VND	Total VND
COST					
As at 01/01/2014	913,888,881,862	171,736,726,176	47,956,027,688	10,335,196,396	1,143,916,832,122
Purchases	-	-	4,411,465,900	-	4,411,465,900
As at 31/12/2014	913,888,881,862	171,736,726,176	52,367,493,588	10,335,196,396	1,148,328,298,022
ACCUMULATED AMORTIZATION					
As at 01/01/2014	11,373,778,498	166,511,841,428	28,715,380,474	9,967,246,053	216,568,246,453
Charge for the year	5,005,600,203	2,523,846,619	8,375,769,245	246,904,122	16,152,120,189
As at 31/12/2014	16,379,378,701	169,035,688,047	37,091,149,719	10,214,150,175	232,720,366,642
NET BOOK VALUE					
As at 31/12/2014	897,509,503,161	2,701,038,129	15,276,343,869	121,046,221	915,607,931,380
As at 31/12/2013	902,515,103,364	5,224,884,748	19,240,647,214	367,950,343	927,348,585,669

The cost of the Corporation's intangible assets as at 31 December 2014 includes VND 178,805,688,555 (31 December 2013: VND 172,997,702,521) 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
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
UFC 85/Formaldehyde factory project	75,732,962,614	-
Other projects	41,488,073,597	39,499,480,375
	246,836,829,085	183,803,824,920

(*) On 17 June 2014, the Corporation'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 Corporation 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.

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 2014

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

13. INVESTMENT PROPERTIES

	Land use rights <u>VND</u>	Buildings and structures <u>VND</u>	Total <u>VND</u>
COST			
As at 01/01/2014	84,498,516,000	230,032,455,192	314,530,971,192
As at 31/12/2014	<u>84,498,516,000</u>	<u>230,032,455,192</u>	<u>314,530,971,192</u>
ACCUMULATED DEPRECIATION			
As at 01/01/2014	4,610,177,080	24,956,214,520	29,566,391,600
Charge for the year	1,482,325,638	9,291,792,927	10,774,118,565
As at 31/12/2014	<u>6,092,502,718</u>	<u>34,248,007,447</u>	<u>40,340,510,165</u>
NET BOOK VALUE			
As at 31/12/2014	<u>78,406,013,282</u>	<u>195,784,447,745</u>	<u>274,190,461,027</u>
As at 31/12/2013	<u>79,888,338,920</u>	<u>205,076,240,672</u>	<u>284,964,579,592</u>

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 at the balance sheet date is required to be disclosed. However, the Corporation 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 consolidated financial statements.

14. INVESTMENTS IN ASSOCIATES

	31/12/2014 <u>VND</u>	31/12/2013 <u>VND</u>
Investments in associates	662,700,000,000	634,137,000,000
Loss arising after the investment date	(471,339,638,567)	(184,928,891,009)
Difference between acquisition price and share of the Corporation in the associate's net assets at the purchase date (*)	18,490,603,694	13,867,952,770
	<u>209,850,965,127</u>	<u>463,076,061,761</u>
In which:		
PetroVietnam Urban Development JSC	11,461,412,775	11,250,837,108
PetroVietnam Petrochemical and Textile Fiber JSC	198,389,552,352	451,825,224,653
	<u>209,850,965,127</u>	<u>463,076,061,761</u>

(*) 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.

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 2014

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. INVESTMENTS IN ASSOCIATES (Continued)

Details of the Corporation's associates at 31 December 2014 are as follows:

Name of associates	Place of incorporation and operation	Proportion of ownership interest and voting power (%)	31/12/2014 VND	Principal activity
Petrovietnam Urban Development JSC (PVC-Mekong)	Ca Mau City	35.63	11,461,412,775	Construction and installation of civil and industrial works
Petrovietnam Petrochemical and Textile Fiber JSC (PVTEX)	Hai Phong City	25.99	198,389,552,352	Manufacturing and trading polyester fiber
			209,850,965,127	

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

	31/12/2014	31/12/2013
	VND	VND
Total assets	7,708,562,833,077	7,915,024,355,348
Total liabilities	6,895,234,946,959	6,046,983,353,656
Net assets	813,327,886,118	1,868,041,001,692
The Corporation's share of associates' net assets	209,850,965,127	463,076,061,761
	2014	2013
	VND	VND
Net revenue	1,259,636,585,728	575,737,275,580
Net (loss)	(1,083,276,115,574)	(490,638,192,635)
The Corporation's share of associates' net (loss)	(279,826,945,025)	(131,083,086,624)

15. OTHER LONG-TERM INVESTMENTS

Companies	Proportion of ownership interest (%)	31/12/2014 VND	31/12/2013 VND
Drilling Mud Joint Stock Corporation (DMC) (*)		-	57,373,067,921
Petroleum Information Technology Telecom and Automation Joint Stock Company (PAIC)	8.50%	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
Others		1,673,765,094	-
		22,175,765,094	77,875,067,921
Provision for impairment of long-term financial investments			
<i>In which:</i>			
Petroleum Information Technology Telecom and Automation Joint Stock Company (PAIC)		(335,870,286)	(429,303,607)
		(335,870,286)	(429,303,607)
Net investment		21,839,894,808	77,445,764,314

PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC43 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 2014**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. OTHER LONG-TERM INVESTMENTS (Continued)**

(*) During the year, the Corporation sold all of its shares at Drilling Mud Joint Stock Corporation ("DMC") for about VND 78 billion which is presented in the consolidated income statement (as stated in Note 28).

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.

16. LONG-TERM PREPAYMENTS

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Prepaid land rentals	9,573,023,571	10,287,631,936
Spare parts	15,734,967,845	31,202,705,600
Others	18,258,521,756	24,870,114,040
	<u>43,566,513,172</u>	<u>66,360,451,576</u>

17. DEFERRED TAX ASSETS

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

	Provision of short-term doubtful debts	Accrued expenses not yet invoiced	Retained earnings	Others	Total
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
As at 01/01/2014	13,767,908,411	11,656,179,678	3,341,130,982	-	28,765,219,071
Charge for the year	<u>(6,498,452,770)</u>	<u>30,179,691,223</u>	<u>5,681,380,012</u>	<u>7,151,801,283</u>	<u>36,514,419,748</u>
As at 31/12/2014	<u>7,269,455,641</u>	<u>41,835,870,901</u>	<u>9,022,510,994</u>	<u>7,151,801,283</u>	<u>65,279,638,819</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 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

18. SHORT-TERM LOANS AND LIABILITIES

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Short-term loans	91,740,870,923	63,597,620,515
JSC Bank for Foreign Trade of Vietnam - Vung Tau Branch	21,455,796,223	16,587,977,180
Vietnam Prosperity JSC Bank - Vung Tau Branch	5,308,574,700	1,557,998,400
Military Com. JS Bank	12,476,500,000	24,451,644,935
JSC Bank for Investment and Development of Vietnam-Binh Dinh Branch	52,500,000,000	21,000,000,000
Current portion of long-term loans	1,780,041,966	1,807,915,817
Vietnam Public JSC Bank	1,115,831,634	1,807,915,817
JSC Bank for Foreign Trade of Vietnam - Vung Tau Branch	664,210,332	-
	<u>93,520,912,889</u>	<u>65,405,536,332</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:

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Loans in VND	89,592,465,059	63,597,620,515
Loans in USD	2,148,405,864	-
	<u>91,740,870,923</u>	<u>63,597,620,515</u>

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Unsecured loans	64,976,500,000	26,009,643,335
Secured by assets Loans	26,764,370,923	37,587,977,180
	<u>91,740,870,923</u>	<u>63,597,620,515</u>

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Floating interest rate loans	26,764,370,923	18,145,975,580
Fixed interest rate loans	64,976,500,000	45,451,644,935
	<u>91,740,870,923</u>	<u>63,597,620,515</u>

35480
 NG TY
 ON VA
 DAU K
 TY
 IAN
 O CHI

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 2014

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. TAX AND AMOUNTS PAYABLE TO THE STATE BUDGET

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Value added tax	462,406,107	12,186,769
Corporate income tax	48,951,016,887	9,922,734,971
Personal income tax	2,615,904,322	3,614,144,457
Other taxes	55,620,199	16,420,937
	<u>52,084,947,515</u>	<u>13,565,487,134</u>

IMPLEMENTATION OF TAX OBLIGATIONS TO THE STATE BUDGET

Items	Payables	During the year		Payables
	31/12/2013	Tax payable	Tax paid	31/12/2014
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
VAT on domestic goods	12,186,769	23,301,955,640	22,851,736,302	462,406,107
VAT on imports	-	79,105,922,787	79,105,922,787	-
Import - export duties	-	23,834,006,734	23,834,006,734	-
Corporate income tax	(18,404,836,616)	186,726,498,683	122,523,463,954	45,798,198,113
Personal income tax	1,450,178,761	51,145,394,458	51,339,690,862	1,255,882,357
Natural resource tax	-	456,986,762	426,686,922	30,299,840
Foreign contractor withholding tax	-	1,994,896,068	1,970,073,709	24,822,359
Business tax	-	33,000,000	36,000,000	(3,000,000)
Other taxes	16,420,937	5,641,107,400	5,657,030,337	498,000
Total	(16,926,050,149)	372,239,768,532	307,744,611,607	47,569,106,776
<i>In which</i>				
- Taxes and amounts payable to the State budget	13,565,487,134			52,084,947,515
- Taxes and other receivables from the State budget	30,491,537,283			4,515,840,739
+) <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
+) <i>Other taxes</i>	-			3,000,000

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	32,071,320,177	69,692,956,915
	<u>281,235,390,729</u>	<u>160,664,901,010</u>

- (i) During 2014, the Corporation 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 Corporation accrued social security expenses of VND 90 billion in order to implement the social security program for the whole Group. As at 31 December 2014, the social security expenses of VND 32,058,808,019 has not been transferred to the beneficiaries yet.

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 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

21. OTHER CURRENT PAYABLES

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Dividend payables	25,188,468,714	21,556,282,714
Others	42,666,835,957	42,135,003,445
	<u>67,855,304,671</u>	<u>63,691,286,159</u>

22. LONG-TERM LOANS AND LIABILITIES

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Vietnam Public Joint Stock Commercial Bank (i)	1,245,382,915	4,861,214,549
Vietcombank - Vung Tau Branch (ii)	1,660,525,830	-
	<u>2,905,908,745</u>	<u>4,861,214,549</u>
Less: Amount due for settlement within 12 months (Note 18)	1,780,041,966	1,807,915,817
	<u>1,125,866,779</u>	<u>3,053,298,732</u>

(i) Represents an unsecured long-term loan under the credit contract No.2011/HDTD-DPMP-CNSG signed with Vietnam Public Joint Stock Commercial Bank. The loan has the credit limit of VND 25,310,821,434 and the term of 7 years from the contract date. The loan interest rate is determined at the 12-month-term deposit interest rate in VND applicable to economic organizations announced by JSC Bank for Foreign Trade of Vietnam ("Vietcombank") - Ho Chi Minh City Branch plus (+) 1% p.a. The loan balance as at 31 December 2014 was VND 1,245,382,915.

(ii) Represents a long-term loan under the credit contract No.01-2014/HDTD/BBDPM dated on 8 April 2014 signed with Vietcombank - Vung Tau Branch with the credit limit of USD 94,370.4 and the term of 36 months from the contract date. The loan is used for the purpose of machinery purchases. The effective loan interest rate is determined at the medium-term loan interest rate announced by Vietcombank - Vung Tau Branch at the disbursement date, subject to changes as announced by Vietcombank - Vung Tau Branch, and payable from the 26th to 30th of each month. The loan is secured by all machinery, equipment, buildings and structures on land of Phu My Fertilizer Packaging Joint Stock Company in Phu My I Industrial Zone, Phu My Town, Tan Thanh District, Ba Ria - Vung Tau province. The loan balance as at 31 December 2014 was VND 1,660,525,830.

Long-term loans are repayable as follows:

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Within one year	1,780,041,966	1,807,915,817
In the second year	793,761,613	3,053,298,732
In the third to fifth year inclusive	332,105,166	-
	<u>2,905,908,745</u>	<u>4,861,214,549</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	1,780,041,966	1,807,915,817
Amount due for settlement after 12 months	<u>1,125,866,779</u>	<u>3,053,298,732</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 2014

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

23. 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 01/01/2013	3,800,000,000,000		977,787,044		-	(85,447,473,262)		2,525,430,471,223		812,944,724,326		765,696,521		1,975,353,266,112		2,179,190,760,271		8,959,929,478,972		2,179,190,760,271
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	104,330,563,000
Sales of treasury shares for the year	-	-	-	21,179,913,858	-	83,150,649,142	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit distribution	-	-	-	-	-	-	1,437,212,009	-	-	151,522,709,608	-	488,572,680	-	-	-	-	-	-	-	-
Allocation to bonus and welfare funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(224,529,279,394)
Dividends declared	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,709,704,170,000)
Others increase/(decrease)	-	-	-	-	-	-	69,830,872,823	-	-	-	-	-	-	-	-	-	-	-	-	67,686,285,402
Minority interest	-	-	-	-	-	-	-	(711,368,475)	-	(1,600,573,393)	-	(239,498,328)	-	(28,336,312,467)	-	-	-	-	-	(30,887,752,663)
Balance as at 01/01/2014	3,800,000,000,000		977,787,044		21,179,913,858	(2,296,824,120)		2,526,156,314,757		962,866,860,541		1,014,770,873		2,036,381,182,804		1,134,458,395,901		9,346,015,885,588		1,134,458,395,901
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit distribution (1)	-	-	-	-	-	-	4,019,846,012	-	-	7,069,821,834	-	-	-	-	-	-	-	-	-	-
Allocation to bonus and welfare funds (1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(136,238,745,321)
Dividends declared (2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,519,737,040,000)
Others increase/(decrease)	-	-	2,784,808,048	-	-	-	263,400,375	(2,784,808,048)	-	-	-	-	-	-	-	-	-	-	-	(1,902,593,760)
Minority interest	-	-	(1,365,112,905)	-	-	-	-	360,151,402	-	(1,724,134,128)	-	-	-	(31,991,700,743)	-	-	-	-	-	(34,720,796,374)
Balance at 31/12/2014	3,800,000,000,000		2,397,482,187		21,179,913,858	(2,296,824,120)		2,527,751,504,123		968,212,548,247		1,014,770,873		1,469,879,831,035		8,788,138,506,409		8,788,138,506,409		8,788,138,506,409

(1) In the year, amounts of VND 4,019,846,012, VND 7,069,821,834 and VND 136,238,745,321 were respectively allocated to Investment and development fund, Financial reserve fund, and Bonus and welfare funds of the Corporation and its member units under the Resolution passed at the general shareholders' meeting of the Corporation and its member units.

(2) Under Resolution No. 21/NQ-DHDCH passed at the general meeting of shareholders on 25 April 2014, the Corporation 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 paid in Quarter 2 of 2014 (VND 2,500 per share).

On 20 October 2014, the Corporation made an advance for the 1st dividend payment for 2014 with a total amount of VND 569,901,390,000 (VND 1,500 per share) according to Resolution No. 383/NQ-PBHC passed at the general meeting of shareholders.



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 2014

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. SHAREHOLDERS' EQUITY (Continued)

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

Shareholders	Proportion (%)	31/12/2014 VND
Vietnam Oil and Gas Group	61.37	2,332,042,530,000
Others	38.63	1,467,957,470,000
	100.00	3,800,000,000,000

24. 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 VND	SouthWest PetroVietnam Fertilizer and Chemicals JSC VND	SouthEast PetroVietnam Fertilizer and Chemicals JSC VND	Northern PetroVietnam Fertilizer and Chemicals JSC VND	Phu My Fertilizer Packaging JSC VND	PetroVietnam Southern Building and Development JSC VND
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 2014

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. MINORITY INTERESTS (Continued)

Minority interests in net assets as at 31 December 2014 are as follows:

	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Total assets	324,412,998,407	326,512,640,944
Total liabilities	(107,611,668,271)	(116,390,072,175)
Net assets	<u>216,801,330,136</u>	<u>210,122,568,769</u>
<i>In which:</i>		
Charter capital	162,791,200,000	162,791,200,000
Other funds	20,303,854,001	17,574,758,370
Retained earnings	<u>33,706,276,135</u>	<u>29,756,610,399</u>

Minority interests in results of operations for the year ended 31 December 2014 are as follows:

	2014	2013
	<u>VND</u>	<u>VND</u>
Profit for the year	144,650,586,652	140,155,072,628
Minority interest in profit for the year	38,182,555,531	36,861,411,945

Movement in minority interests in the year is as follows:

	Charter capital	Other shareholders' capital	Investment and development fund	Financial reserve fund	Other shareholders' funds	Retained earnings	Total
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
As at 01/01/2014	162,791,200,000	940,194,604	9,946,179,495	5,712,627,735	975,756,536	29,756,610,399	210,122,568,769
Profit for the year	-	-	-	-	-	38,182,555,531	38,182,555,531
Profit distribution to funds	-	-	1,004,961,503	1,724,134,128	-	(2,729,095,631)	-
Allocated to bonus and welfare funds	-	-	-	-	-	(3,490,631,739)	(3,490,631,739)
Dividends declared	-	-	-	-	-	(28,042,035,007)	(28,042,035,007)
Others increases/(decreases)	-	1,365,112,905	(1,365,112,905)	-	-	28,872,582	28,872,582
As at 31/12/2014	<u>162,791,200,000</u>	<u>2,305,307,509</u>	<u>9,586,028,093</u>	<u>7,436,761,863</u>	<u>975,756,536</u>	<u>33,706,276,135</u>	<u>216,801,330,136</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 2014**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***FORM B 09-DN/HN****25. BUSINESS AND GEOGRAPHICAL SEGMENTS****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:

Consolidated balance sheet as at 31 December 2014:

	Production and trading of fertilizer and chemicals		Package production		Construction of civil works and rendering of other services		Consolidated adjustments		Total VND
	VND	VND	VND	VND	VND	VND	VND		
Assets									
Segment assets	11,232,900,456,471		109,408,677,670		112,906,345,255		(1,554,055,942,824)		9,901,159,536,572
Unallocated assets	662,700,000,000		-		-		(452,849,034,873)		209,850,965,127
Total assets	11,895,600,456,471		109,408,677,670		112,906,345,255		(2,006,904,977,697)		10,111,010,501,699
Liabilities									
Segment liabilities	2,448,508,871,467		49,082,480,203		30,638,787,200		(1,422,159,473,716)		1,106,070,665,154
Unallocated liabilities	-		-		-		-		-
Total liabilities	2,448,508,871,467		49,082,480,203		30,638,787,200		(1,422,159,473,716)		1,106,070,665,154

ÔNG
ON V
DẦU
ITY
HÀN
100

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 2014

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

FORM B 09-DN/HN

25. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Consolidated income statement for 2014

	Production and trading of fertilizer and chemicals <u>VND</u>	Package production <u>VND</u>	Construction of civil works and rendering of other services <u>VND</u>	Consolidated adjustments <u>VND</u>	Total <u>VND</u>
Gross revenue from goods sold and services rendered	22,014,815,825,012	228,494,154,060	181,010,851,072	(12,781,620,099,718)	9,642,700,730,426
Deductions	215,454,093,538	39,373,576	-	(121,642,589,279)	93,850,877,835
Net revenue from goods sold and services rendered	21,799,361,731,474	228,454,780,484	181,010,851,072	(12,659,977,510,439)	9,548,849,852,591
Cost of goods sold and services rendered	19,402,514,379,030	190,702,469,172	154,264,313,191	(12,626,385,011,971)	7,121,096,149,422
Selling expenses	701,482,830,582	6,216,191,279	1,516,392,454	(7,610,454,898)	701,604,959,417
General and administration expenses	551,405,488,123	18,183,389,748	18,975,237,431	(18,033,538,294)	570,530,577,008
Gross profit from good sold and services rendered	1,143,959,033,739	13,352,730,285	6,254,907,996	(7,948,505,276)	1,155,618,166,744
Loss on investments in associates				(279,826,945,025)	406,506,623,868
Financial income					4,729,620,348
Financial expenses					7,102,249,597
Profit from other activities					<u>1,284,670,474,836</u>
Accounting profit before tax					186,726,498,683
Current corporate income tax expense					(36,514,419,748)
Deferred corporate tax income					<u>1,134,458,395,901</u>

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. Sales in Cambodia reached about VND 27 billion, accounting for insignificant proportion of total revenue from goods sold and services rendered by 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 2014

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

26. REVENUE AND COST OF GOODS SOLD

	Locally-produced products <u>VND</u>	Imported goods <u>VND</u>	Total <u>VND</u>
2014			
Net revenue	7,071,728,592,529	2,477,121,260,062	9,548,849,852,591
Cost of goods sold	(4,731,082,695,058)	(2,390,013,454,364)	(7,121,096,149,422)
<i>In which: Provision reversed</i>	<i>2,539,676,996</i>	<i>9,893,267,163</i>	<i>12,432,944,159</i>
Gross profit	<u>2,340,645,897,471</u>	<u>87,107,805,698</u>	<u>2,427,753,703,169</u>
2013			
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>
Gross profit	<u>3,290,130,418,274</u>	<u>62,096,923,160</u>	<u>3,352,227,341,434</u>

Revenue from locally-produced products is as follows:

	2014 <u>VND</u>	2013 <u>VND</u>
Sales of Phu My Urea	6,313,603,683,900	7,105,995,304,152
Sales of Ca Mau Urea	398,611,030,574	522,216,939,091
Sales of Ammonia	181,463,231,525	-
Sales of electricity	1,422,244,336	1,991,296,831
Others	256,984,586,198	181,752,723,295
	<u>7,152,084,776,533</u>	<u>7,811,956,263,369</u>
Sales discounts	80,356,184,004	42,071,707,763
	<u>7,071,728,592,529</u>	<u>7,769,884,555,606</u>

27. PRODUCTION COST BY NATURE

	2014 <u>VND</u>	2013 <u>VND</u>
Raw materials and consumables	3,736,969,200,487	3,411,455,860,911
Labour	480,836,113,801	447,887,406,792
Depreciation and amortisation	268,667,500,841	249,516,494,079
Out-sourced services	859,123,476,692	1,053,681,045,081
Other expenses	187,615,021,863	153,238,029,011
	<u>5,533,211,313,684</u>	<u>5,315,778,835,874</u>

PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC43 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 2014**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***28. FINANCIAL INCOME**

	2014	2013
	<u>VND</u>	<u>VND</u>
Interest income	321,129,781,714	421,692,807,649
Dividends and profits received	5,605,442,400	5,133,202,000
Gain from foreign exchange rate difference	748,735,235	1,693,536,938
Gain from selling shares of Drilling Mud Joint Stock Corporation	78,527,105,479	-
Others	495,559,040	117,468,293
	<u>406,506,623,868</u>	<u>428,637,014,880</u>

29. FINANCIAL EXPENSES

	2014	2013
	<u>VND</u>	<u>VND</u>
Loan interest	2,931,385,121	3,269,463,805
(Resersal of)/Provision for impairment of long-term investments	(93,433,321)	429,303,607
Loss from exchange difference	1,679,680,768	4,034,522,708
Others	211,987,780	-
	<u>4,729,620,348</u>	<u>7,733,290,120</u>

30. CURRENT CORPORATE INCOME TAX EXPENSE

	2014	2013
	<u>VND</u>	<u>VND</u>
Current corporate income tax calculated on the current taxable income	170,117,932,414	256,561,351,045
Additional tax adjustments in previous years	17,942,670,148	5,423,564,380
Tax reduction/exemption	(1,334,103,879)	-
Current corporate income tax expense	<u>186,726,498,683</u>	<u>261,984,915,425</u>

The Corporation is obliged to pay corporate income tax at the rate from 15% to 22% of its assessable income. The Corporation is entitled to receive the following tax incentives:

- For fertilizer production at Phu My Fertilizer Plant, the Holding Company - the Corporation is obliged to pay corporate income tax at the rate 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 2014 is the last year the Holding Company - the Corporation enjoys 50% corporate income tax reduction with regard to its principal activities as it is the Holding Company - the Corporation's eleventh profit-making year (since the Corporation's commencement of operation).
- Dam Phu My Packaging Joint Stock Company ("DPMP") - the Corporation's subsidiary received the investment project from Huong Phong Company Limited, hence DPMP is allowed to enjoy corporate income tax incentives applicable to the project. Accordingly, DPMP is entitled to corporate income tax exemption for four years from the first year the project is completed and starts its operations (i.e. 2014) and a 50% reduction in tax payable for the next seven years and obliged to pay corporate income tax at the rate of 22% for the years thereafter. The year 2014 is the seventh year DPMP enjoys 50% corporation tax reduction.

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

0303
TỔNG
PHÂN
Á CH
C
C
17-7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

31. BASIC EARNINGS PER SHARE

	<u>2014</u>	<u>2013</u>
Earnings for the purpose of calculating basic earnings per share (VND)	1,096,275,840,370	2,142,329,348,326
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (share)	379,934,260	379,587,933
Basic earnings per share (VND/share)	<u>2,885</u>	<u>5,644</u>

32. COMMITMENTS

Operating lease commitments

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

	<u>31/12/2014</u>	<u>31/12/2013</u>
	<u>VND</u>	<u>VND</u>
Within one year	13,289,572,233	13,472,300,184
In the second to fifth years inclusive	42,176,346,831	41,286,818,880
After five years	<u>61,028,977,554</u>	<u>69,544,238,329</u>
	<u>116,494,896,618</u>	<u>124,303,357,393</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 Holding Company was handed over with a land-subleasing Contract No. 178/HD/TLD/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 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 Corporation signed the office lease contract in Myanmar with the term of 1 year from 01 August 2014 to 31 July 2015 and the lease charge of USD 2,700 per month.
- 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 and Appendix No. 2 on 14 May 2014 on office lease at VPI Tower for 3 years from 01 July 2011, in which the total lease area is 655 m² and the monthly lease charge is VND 274,300/m² per annum.
- On 20 May 2008, Phu My Fertilizer Packaging Joint Stock Company entered into a land lease contract to lease 50,000-square-meter land lot 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/m², equivalent to USD 82,500 p.a. and applicable from 10 January 2013. The lease contract has a term of 40 years from 20 May 2008.
- 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.

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

32. COMMITMENT (Continued)

Capital commitment

- Under Decision No. 254/QD-PHBC dated 12 August 2013, the Corporation'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 Corporation's Board of Management approved the project on investment and construction to enhance productivity of NH3 workshop of Phu My Fertilizer Plant and construction of NPK Fertilizer Production Plant, supplying and meeting domestic demand for NH3 and NPK fertilizer consumption with total investment cost of VND 4,987,200,000,000. The project is expected to be completed in Quarter 2 of 2017. As at 31 December 2014, the cost of the project was VND 23,451,226,161 (Note 12).

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 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 Corporation 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).

33. SUBSEQUENT EVENTS

On 23 January 2015, the Corporation received Official Letter No. 527/DKVN-TCKT from Vietnam Oil and Gas Group (the "Group") requesting the Corporation 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 Corporation 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 Corporation 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 Corporation'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 Corporation to repay the above amounts. This commitment takes effect from the signing date to 31 December 2014.



1546
NGT
ON V
DÁU
TY
HÁN
10 C

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. 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 Corporation 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 Corporation’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 Corporation 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 Corporation is required to repay the Group an amount of VND 100.9 billion, corresponding to the Corporation’s capital contributed to PVTEX, within 45 days from 23 January 2015. By the issue date of the audited consolidated financial statements, the Corporation 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 Corporation is only obligated to repay the Group the amount of VND 100.9 billion as mentioned above.

34. 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 Corporation as at the balance sheet date was as follows:

	31/12/2014	31/12/2013
	VND	VND
Borrowings	94,646,779,668	68,458,835,064
Less: Cash and cash equivalents	5,078,299,954,021	4,032,386,358,314
Net debt	(4,983,653,174,353)	(3,963,927,523,250)
Equity	8,788,138,506,409	9,346,015,885,588
Net debt to equity ratio (*)	-	-

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

34. FINANCIAL INSTRUMENTS (Continued)

Significant accounting policies

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

Categories of financial instruments

	Carrying amounts	
	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>
Financial assets		
Cash and cash equivalents	5,078,299,954,021	4,032,386,358,314
Trades and other receivables	315,556,282,671	171,818,864,808
Short-term investments	76,245,382,915	1,734,861,214,549
Long-term investments	21,839,894,808	77,445,764,314
Other financial assets	1,000,902,000	1,074,179,400
Total	<u>5,492,942,416,415</u>	<u>6,017,586,381,385</u>
Financial liabilities		
Borrowings	94,646,779,668	68,458,835,064
Trade and other payables	431,030,994,513	668,495,853,812
Accruals	281,235,390,729	160,664,901,010
Total	<u>806,913,164,910</u>	<u>897,619,589,886</u>

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

Financial risk management objectives

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

Financial risks include market risk (including foreign currency risk 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 and prices. The Corporation 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.

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

34. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

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:

	Liabilities		Assets	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
United States Dollar (USD)	-	121,915,416,471	49,165,136,455	135,424,559,029

Interest rate sensitivity

The Corporation is mainly exposed to United States Dollar.

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

	2014	2013
	<u>VND</u>	<u>VND</u>
United States Dollar (USD)	983,302,729	270,182,851

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. As at 31 December 2014, the Board of General Directors assessed investments in shares and noted that except for the impairment of the investment in Petroleum Information Technology Telecom and Automation Joint Stock Company (PAIC), there was no impairment of other investments. Therefore, the Corporation only made provision for these investments with an amount of VND 335,870,286.

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.

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

34. FINANCIAL INSTRUMENTS (Continued)

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 2014, the Corporation had 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 and the amount receivables 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 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.

	Less than 1 year <u>VND</u>	Over 1 year <u>VND</u>	Total <u>VND</u>
31/12/2014			
Cash and cash equivalents	5,078,299,954,021	-	5,078,299,954,021
Trade and other receivables	315,556,282,671	-	315,556,282,671
Short-term investments	76,245,382,915	-	76,245,382,915
Long-term investments	-	21,839,894,808	21,839,894,808
Other financial assets	48,000,000	952,902,000	1,000,902,000
Total	5,470,149,619,607	22,792,796,808	5,492,942,416,415
31/12/2014			
Borrowings	93,520,912,889	1,125,866,779	94,646,779,668
Trade and other payables	431,030,994,513	-	431,030,994,513
Accruals	281,235,390,729	-	281,235,390,729
Total	805,787,298,131	1,125,866,779	806,913,164,910
Net liquidity gap	4,664,362,321,476	21,666,930,029	4,686,029,251,505

PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC43 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 2014**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***34. FINANCIAL INSTRUMENTS (Continued)***Liquidity risk management (Continued)*

	Less than 1 year <u>VND</u>	Over 1 year <u>VND</u>	Total <u>VND</u>
31/12/2013			
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
Total	5,939,108,437,671	78,477,943,714	6,017,586,381,385
31/12/2013			
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
Total	894,566,291,154	3,053,298,732	897,619,589,886
Net liquidity gap	5,044,542,146,517	75,424,644,982	5,119,966,791,499

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

31/12/2013
CÔNG
BÓN
T DẦU
NG TY
PHẦN
HỒ CH

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 2014

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. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

List of related parties

<u>Related parties</u>	<u>Relationship</u>
Vietnam Oil and Gas Group (PetroVietnam)	Parent Company
Fellow subsidiaries, Dependent units and Associates	

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

	2014 <u>VND</u>	2013 <u>VND</u>
Vietnam Oil and Gas Group (PetroVietnam)	971,385,707,473	1,086,913,797,776
- Dividends	932,817,012,000	1,049,419,138,500
- Management fee payables	38,568,695,473	37,494,659,276
Sales of goods and rendering of services	149,609,588,343	199,921,344,519
Drilling Mud Joint Stock Corporation (DMC)	58,222,097,606	62,791,699,995
PetroVietnam General Services Joint Stock Corporation (Petrosetco)	37,250,000	6,361,904,762
PetroVietnam Gas Joint Stock Corporation (PV Gas)	53,571,853,658	71,009,436,905
Binh Son Refining and Petrochemical Company Limited	4,930,623,863	19,520,214,800
PetroVietnam Oil Corporation (PV Oil)	8,950,009,524	14,497,214,286
Bien Dong Petroleum Operating Company (Bien Dong POC)	19,652,376,961	19,770,303,213
PetroVietnam Ca Mau Fertilizer Company limited (PVCFC)	4,245,376,731	1,164,794,134
Purchases of goods and services		
PetroVietnam Gas Joint Stock Corporation (PV Gas)	3,002,896,859,715	2,788,210,950,691
PetroVietnam Ca Mau Fertilizer Company limited (PVCFC)	307,760,541,483	469,994,146,315
PetroVietnam General Services Joint Stock Corporation (Petrosetco)	12,265,617,541	52,771,424,059
PetroVietnam Energy Technology Joint Stock Corporation (PVEIC)	29,064,546,643	44,494,944,824
PetroVietnam Insurance Corporation (PVI)	76,595,931,867	113,543,371,316
PetroVietnam Oil Corporation (PV Oil)	4,256,136,075	1,983,744,700
PetroVietnam Technical Services Corporation (PTSC)	52,688,745,829	5,055,021,027
PetroVietnam Transportation Corporation (PVTrans)	10,710,672,552	10,892,889,669
PetroVietnam Urban Development Joint Stock Company (PVC Mekong)	45,059,393,790	5,566,759,700
Vietnam Petroleum Institute (VPI)	13,163,032,566	28,457,895,695

Related party balances at the balance sheet date 31/12/2014 were as follows:

	31/12/2014 <u>VND</u>	31/12/2013 <u>VND</u>
Trade accounts payable		
PetroVietnam Gas Joint Stock Corporation (PV Gas)	200,708,559,394	281,533,038,085
PetroVietnam Construction Joint Stock Corporation (PVC)	11,979,477,462	17,077,966,511
PetroVietnam Technical Services Corporation (PTSC)	13,246,125,090	6,190,393,397
Advances to suppliers		
PetroVietnam Ca Mau Fertilizer Company limited (PVCFC)	-	19,172,400,000
PetroVietnam Urban Development Joint Stock Company (PVC-Mekong)	5,022,403,817	-
Other receivables		
PetroVietnam Trade Union Finance Investment Corporation	110,143,267,289	110,143,267,289
PetroVietnam Northern Gas Joint Stock Corporation	12,792,091,037	-

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 2014

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. COMPARATIVE FIGURES

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



Tran Xuan Thao
Preparer



Huynh Kim Nhan
Chief Accountant



Nguyen Van Tong
Deputy General Director

20 March 2015