



PETROVIETNAM FERTILIZER  
AND CHEMICALS CORPORATION

*New* CHALLENGES  
OPPORTUNITIES



# CONTENTS

- 04 Vision - Mission
- 06 Leader's message



08 - 19

## PVFCCO PROFILE

- 11 General information
- 12 Development milestones
- 14 Business lines
- 15 Governance model  
and Management structure
- 16 Related companies
- 18 Highlight events and awards in 2013



20 - 41

## BUSINESS PERFORMANCE 2013

- 22 Organizational chart
- 24 Board of Directors
- 26 Board of Management
- 32 Supervisory Board
- 34 Professional governance  
a mark of PVFCCo's key successful factor
- 37 Organization and human resources
- 40 Human resources policy



82 - 103

## SUSTAINABLE DEVELOPMENT REPORT

- 85 Overview on sustainable development
- 91 Report on safety, health  
and environmental protection
- 99 Report on corporate social responsibility in 2013

# New CHALLENGES OPPORTUNITIES

## Investing into TECHNOLOGY



42-57

### REPORT AND EVALUATION OF THE BOARD OF MANAGEMENT

- 44 Business performance indicators 2013
- 46 Business performance report 2013
- 54 BOM report 2013

## Improving PROCEDURES

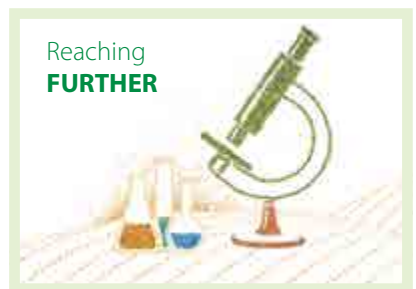


58-67

### EVALUATION OF THE BOARD OF DIRECTORS

- 60 BOD report 2013
- 64 Forecasted fertilizer market  
and challenges for PVFCCo in 2014

## Reaching FURTHER



68-81

### CORPORATE GOVERNANCE

- 70 Development objectives and orientations
- 72 Corporation governance
- 78 Risk Management Report

## Carrying on WITH SUCCESS



104-151

### CONSOLIDATED FINANCIAL STATEMENTS

- |     |                                      |     |  |
|-----|--------------------------------------|-----|--|
| 106 | Statement of the Board of Management | 112 | Consolidated income statement                  |
| 108 | Independent auditor's report         | 113 | Consolidated cash flow statement               |
| 110 | Consolidated balance sheet           | 114 | Notes to the consolidated financial statements |



## **VISION**

---

CONSTANTLY DEVELOP TO BECOME A TOP-RANKING ENTERPRISE IN VIETNAM AND IN SOUTH EAST ASIA, SPECIALIZING IN THE FERTILIZER AND CHEMICAL PRODUCTION FOR AGRICULTURE AND OIL & GAS INDUSTRY.



## **MISSION**

---

UNDERTAKE RESPONSIBILITY TO PROVIDE A SUFFICIENT AND RELIABLE SOURCE OF UREA AND CHEMICALS MATERIALS SUPPLY WITH COMPETITIVE PRICES AND BEST QUALITY FOR CUSTOMERS, THEREBY ASSURING THE BUSINESS PERFORMANCE AND CONTRIBUTING TO THE STABILIZATION OF THE COUNTRY'S AGRICULTURE AND ECONOMIC DEVELOPMENT.





“2013 WAS A MILESTONE FOR PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION (PVFCCO) ON ITS 10 YEARS JOURNEY – A REMARKABLE PERIOD WITH INCREDIBLE SUCCESSES AND BREAKTHROUGHS THANKS TO THE GREAT EFFORTS AND COMMITMENTS FROM SHAREHOLDERS, INVESTORS, PVFCCO'S LEADERSHIP AND STAFF.”

## Dear Valued Shareholders and Investors,

Last year, many of us have felt and experienced the difficulties and challenges to business and the economy, a situation in which various businesses have "taken the blow". These predictable issues have been increasingly serious, causing significant impacts on our 2013 business performance. In the last year Annual Report's message, we stated that our biggest challenge is the fierce competition in the market, when newly built urea plants are put into stable operations at full capacity, resulting in the oversupply. That has become a reality, and domestic price of urea has been dramatically reduced due to competitive factors: Under the plan, we forecast that urea prices will go down by 2% in 2013 compared with 2012, but the actual average price fell even more sharply, by 6%. Reduced price led to reduced sales price and this, in turn, caused reduction in revenue, put high pressure on targeted profit. The Corporation has put the best efforts and applied several measures to ensure the targets and plans could go as expected. Activities and measures can be summarized as follows:

Ensure the plant's safety and optimized, stable operation. Ensure the schedule and good quality of the periodical overhaul and maintenance of Phu My Fertilizer Plant. With this effort, in 2013, the plant achieved the production of 822,000 tons, higher than the design capacity and 7% higher than target.

Make outstanding efforts to reduce production cost, overheads and sales expenses.

Adjust business policy, efficiently exploit the distribution network in the new context in order to take advantage of the market, decrease opportunity cost.

With these efforts, despite the fact that the average sales price was lower than expected, the input, fuel prices increased, the Corporation fulfilled revenue targets and our

actual profit before tax was 16% higher than the planned profit.

### Dear Valued Shareholders and Investors,

The Corporation has reached and exceeded the plan in 2013. However, in reality, revenue and profit declined compared to those of the previous year. How will our Corporation be in 2014 and further? Huge challenges on market do not abate but grow.

Application of strict and effective control on production cost; Improvement of business policies and operating mechanisms to save distribution costs.

Investing drastic efforts to ensure timely implementing UFC85/ Formaldehyde chemical production projects, upgrading Ammonia workshop in Phu My Fertilizer Plant and a NPK Plant.

**822,000** tons/year in 2013  
Total production was 7% higher than its design capacity

The challenges is from oversupply of local urea and increasing supply from the Middle East and North America, where the urea production cost is low.

Besides continuous efforts and optimal solutions for Phu My urea, our traditional product, the following main measures have been identified for further implementation:

Preparation of a medium-term business plan for the period 2014 - 2017, in which production of other products under Phu My brand will be maintained and enhanced to ensure the revenue growth and significant contribution to the profit of the Corporation.

Although targets of 2014 were developed by the Management with thorough consideration and strong dedication, it can be seen that, 2014 is a tough year for revenue and profit targets.

With strong commitment and efforts by the Corporation's staff and great support from its shareholders, the Management firmly believes that PVFCCo will overcome difficulties and challenges to accomplish the targets of 2014, complete on-going projects on schedule to form a firm basis for the fast growth in the following years.

Sincerely,

Chairman of the Board of Directors

Chief Executive Officer



LE CU TAN

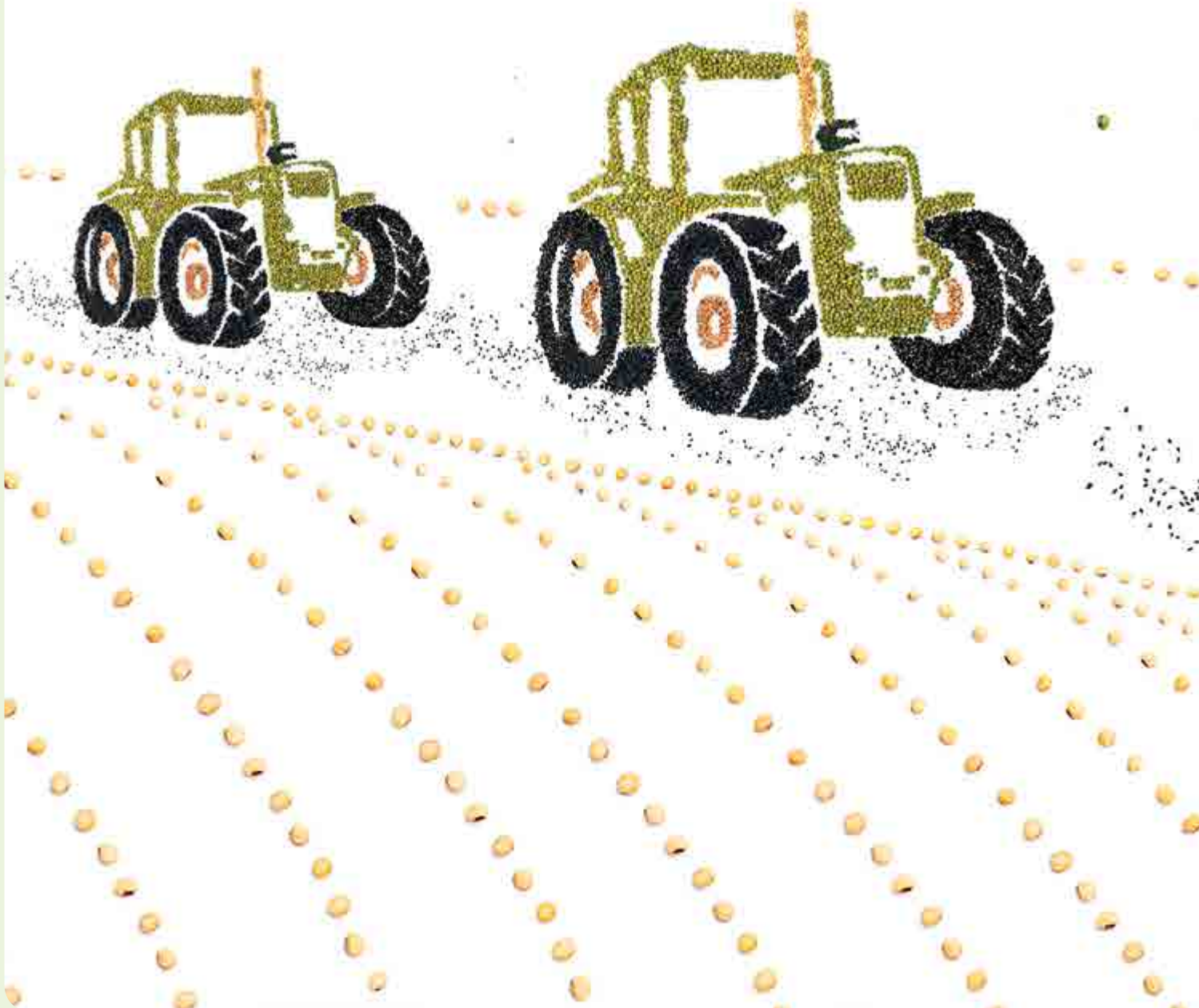


CAO HOAI DUONG

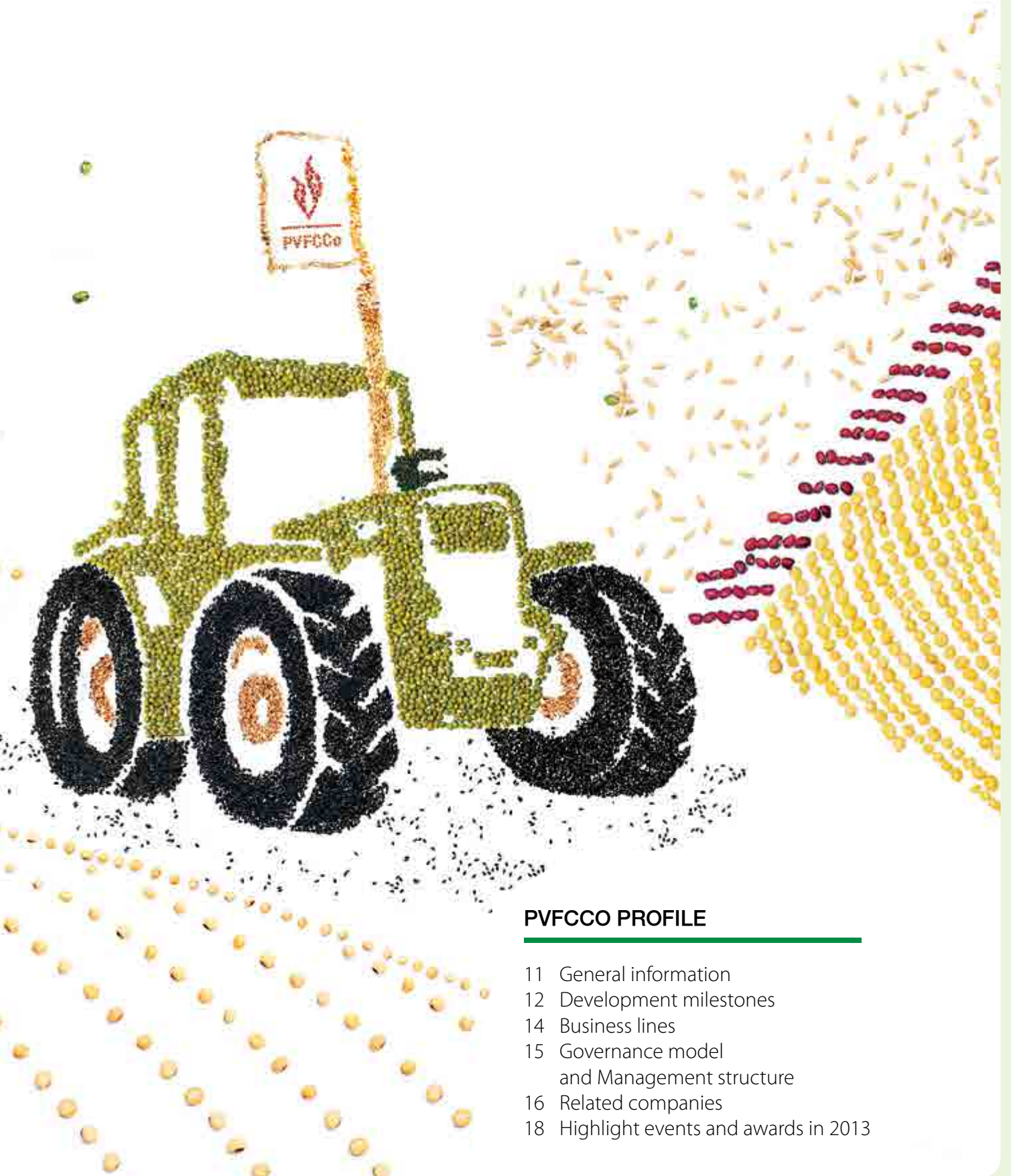
## Pioneering with **FIRM STEPS**

---

With the solid foundation and glorious achievements over the last 10 years, PVFCCo has always maintained a strong position and been ready for a new journey, overcoming challenges to enrich its history with more successes.







## PVFCO PROFILE

---

- 11 General information
- 12 Development milestones
- 14 Business lines
- 15 Governance model and Management structure
- 16 Related companies
- 18 Highlight events and awards in 2013



3,800  
billion dong  
Charter capital

## OVERVIEW

Transaction Name	PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION
Business Registration Certificate No.:	0303165480
Charter capital	3,800,000,000,000 dong
Owner's investment capital	3,800,000,000,000 dong
Address	43 Mac Dinh Chi, Da Kao Ward, District 1, Ho Chi Minh City
Telephone number	+ 84 - 8-3825 6258
Fax	+ 84 - 8-3825 6269
Website	www.dpm.vn
Stock code	<b>DPM</b>

## DEVELOPMENT HISTORY

### DATE OF ESTABLISHMENT

PetroVietnam Fertilizer and Chemicals Company (now PetroVietnam Fertilizer and Chemicals Corporation - JSC), is a member of PetroVietnam. The Corporation was established under Decision No. 02/2003/QĐ-VPCP, dated 28/03/2003 of the Minister, Head of the Government Office and officially inaugurated on 19/01/2004.

On 21/09/2004, PetroVietnam Fertilizer and Chemicals Corporation took possession of the Phu My Fertilizer Plant from the Technip-Samsung consortium, formally taking over operational management and launching the Phu My Urea brand.

### RENOVATION PROCESS

#### From a 100% State-owned Enterprise to a Joint Stock Company

On 15/03/2007, the Ministry of Industry issued Decision No. 793/QĐ-BCN approving the transformation of 100% State-owned PetroVietnam Fertilizer and Chemicals

Company into PetroVietnam Fertilizer and Chemicals Joint Stock Company.

On 21/04/2007, The company successfully issued 40% of its shares in an initial public offering on the HCMC Stock Exchange.

On 30/06/2007, the Company held General Meeting of Shareholders on approval for the joint stock company establishment, Charter, election for the Board of Directors (BOD), Board of Supervisors (BOS) and approval for the business plan after the joint stock company is officially put into operation.

On 31/08/2007, The HCMC Department of Planning and Investment granted the Corporate Business Registration Certificate No. 4103007696, officially inaugurating the PetroVietnam Fertilizer and Chemicals Joint Stock Company.

#### Shares officially listed on the HCMC Stock Exchange (HOSE)

On 29/10/2007, the Company completed application procedures for share listing on HOSE and on 05/11/2007, 380 million of shares were listed on HOSE.

Share type	Common Stock
Stock code	DPM
Par value	VND 10,000/share
Number of listed shares	380,000,000 shares

#### From Joint Stock Company to Corporation

On 05/04/2008, the General Meeting of Shareholders approved a resolution to transform the Joint Stock Company into a Corporation (Parent - Subsidiary model).

On 15/05/2008, The HCMC Department of Planning and Investment granted PetroVietnam Fertilizer and Chemicals Corporation the amended Business Registration Certificate No. 4103007696.

2001

12/03/2001

Ground-breaking for the Phu My Fertilizer Plant.

2003

28/03/2003

Establishment of PetroVietnam Fertilizer and Chemicals Corporation (PVFCCo).

2004

21/09/2004

Launched Phu My Urea on the Vietnamese market.

15/12/2004

Inauguration of Phu My Fertilizer Plant.

2007

31/08/2007

Transformation into a Joint Stock Company.

05/11/2007

Listed on HCMC Stock Exchange.





WITH THE ACCUMULATED RESOURCES OF MORE THAN 10 YEARS, THE STRONG COMMITMENT AND DEDICATION OF OUR EMPLOYEES AS WELL AS THE TIMELY DIRECTION AND SUPPORT FROM VIETNAM NATIONAL OIL AND GAS GROUP, PVFCCO'S ACHIEVEMENTS WILL BE ENRICHED AND WE WILL OVERCOME DIFFICULTIES TO REACH HIGHER ACCOMPLISHMENT.

## 2008

15/05/2008

Transformation into PetroVietnam Fertilizer and Chemicals Corporation.

## 2010

14/09/2010

Completion of the CO<sub>2</sub> recovery system at Phu My Fertilizer Plant; increased urea production capacity to 800,000 tons/year.

## 2011

16/07/2011

Inauguration of PVFCCo Tower Headquarters.

## 2013

20/12/2013

Manufactured its 7 millionth tonne of urea.





“ SINCE 2011, THE CORPORATION EXPANDED TO SOUTHEAST ASIA, ESTABLISHED TRADE RELATIONS WITH REPUTABLE PARTNERS IN THE REGION AND THE WORLD TO PROMOTE FERTILIZER EXPORTS TO THE SOUTHEAST ASIA. BRANCH IN CAMBODIA, REPRESENTATIVE OFFICE IN MYANMAR WERE OPENED TO ENHANCE PRODUCT PROMOTION ACTIVITIES IN THESE MARKETS. ”

#### BUSINESS LINES

Main business lines of the Corporation are fertilizers and chemicals production and trading. Currently, the key product is prilled urea, in Phu My Urea brand, used in agriculture. The Corporation is investing in the production and trading of other fertilizers, chemicals towards product diversification, scale expansion and capacity enhancement for specific lines regulated in the registration certificate issued by HCMC Department of Planning and Investment.

#### MAIN BUSINESS LOCATION

Main production activities of the Corporation are conducted at Phu My Fertilizer Plant under the Corporation, located in Phu My 1 Industrial Zone, Tan Thanh District, Ba Ria – Vung Tau Province.

The business of the Corporation associates with agricultural areas and industrial plants along the territory of Vietnam, through a distribution network formed by subsidiary companies that headquarters in the North, Central & Highland, South East and South West.

Since 2011, the Corporation expanded its business to Southeast Asia, establishing trade relations with reputable partners in the region and the world to promote fertilizer exports in Southeast Asia market. Branch in Cambodia, Representative Office in Myanmar were opened for the product promotion in these markets.





**GOVERNANCE MODEL:**

The Corporation is a member company of PetroVietnam which is a state shareholder, accounting for over 61% of the Corporation's capital. The remaining amount is owned by thousands of shareholders including domestic and foreign organizations and individuals.

The parent company and subsidiaries of the Corporation are joint stock companies, of which, the parent company is a public company, listed on the stock exchange. Parent company shall comply with the regulations and governance standards of a listed company. Subsidiaries will become public companies and be listed on the stock market.

**MANAGEMENT STRUCTURE OF THE PARENT COMPANY**

» **GENERAL MEETING OF SHAREHOLDERS**

» **BOARD OF DIRECTORS**

Current Board of Directors of the Corporation consists of Chairman, Vice Chairman, 01 full-time member, and two part-time members, including the CEO.

» **BOARD OF SUPERVISORS (BOS)**

Current Board of Supervisors consists of the Head of BOS, one full-time member, and one part-time member.

» **BOARD OF MANAGEMENT**

Head of BOM is a member of the BoD and CEO. The CEO is assisted by Vice Presidents responsible for production, information technology; technology - engineering - investment and construction, finance - accounting - auditing; sales and distribution system; international cooperation, legal, research & development, financial investment and internal affairs.

At the headquarters of the parent company, the Board of Management is advised by functional divisions. Dependent accounting units include the branches, representative offices locating in other production and business areas of the Corporation.

## COMPANIES WITH OVER 50% SHAREHOLDINGS

No.	COMPANY	BUSINESS LINES
1	North PetroVietnam Fertilizer and Chemicals Corporation (PVFCCo - North) Address: 4 <sup>th</sup> Floor, VPI Tower, 173 Trung Kinh Str., Cau Giay District, Ha Noi.	Fertilizer and chemical production and trading
2	Central PetroVietnam Fertilizer and Chemicals Corporation (PVFCCo - Central) Address: Lot A2, Nhon Binh industrial complex, Nhon Binh ward, Quy Nhon city, Binh Dinh province.	Fertilizer and chemical production and trading
3	SouthEast PetroVietnam Fertilizer and Chemicals Corporation (PVFCCo - SE) Address: 9 <sup>th</sup> Floor, 27 Dinh Bo Linh Str., Ward 24, Binh Thanh District, Ho Chi Minh City.	Fertilizer and chemical trading
4	South West PetroVietnam Fertilizer and Chemicals Corporation (- SW) Address: PVFCCo 151/18 Tran Hoang Na Str., Hung Loi ward, Ninh Kieu district, Can Tho City.	Fertilizer and chemical trading
5	Dam Phu My Packaging Joint Stock Company (PVFCCo - Packaging) Address: Road 1B, Phu My 1 Industrial Zone, Tan Thanh district, Ba Ria – Vung Tau province.	Production and trading in packaging
6	PetroVietnam Southern Building and Development JSC– (PVFCCo - SBD) Address: 6 <sup>th</sup> Floor, 27 Dinh Bo Linh Str., ward 24, Binh Thanh district, HCM City.	Housing management, development, construction and transportation services

## COMPANIES WITH LESS THAN 50% SHAREHOLDINGS

No.	COMPANY	BUSINESS LINES
1	Drilling Mud Corporation Joint Stock Company (DMC) Address: 6F, 173 Trung Kinh, Cau Giay District, Hanoi	Chemical production and trading
2	PetroVietnam Petrochemicals and Textile Fiber Joint Stock Company (PVTEX) Address: Lot CN5.5 A Dinh Vu Industrial Park - Dong Hai 2 Ward - Hai An District - Hai Phong City	Textile fiber production and trading
3	PetroVietnam Information Technology, Telecom and Automation JSC (PAIC) Address: 10F, 173 Trung Kinh, Cau Giay District, Hanoi	IT, Telecom and Automation, clean energy
4	PetroVietnam Sport and Culture Joint Stock Company (PSCC) Address: 53 Quang Trung, Nguyen Du Ward - Hai Ba Trung District - Hanoi	Organization and Trading in sports- and cultural-related activities
5	PetroVietnam Urban Development JSC (PVC Mekong) Address: 131 Tran Hung Dao Street, Ninh Kieu District, Can Tho City	Consulting, construction, production of construction materials, real estate trading
6	PetroVietnam Packaging JSC (PSP) Address: Lot A1,-3, Tra Kha Industrial Park, Bac Lieu City, Bac Lieu Province	Production and Trading in packaging
7	Ut Xi Seafood Processing JSC Address: Provincial Road No. 2, Tran De District, Soc Trang Province	Aquaculture, seafood processing



CHARTER CAPITAL (MILLION DONGS)	% OF SHARE HOLDINGS
120,000	75%
100,000	75%
125,000	75%
170,000	75%
42,000	50.98%
72,248	81.38%

CHARTER CAPITAL (MILLION DONGS)	% OF SHARE HOLDINGS
500,000	10.27%
2,136,547	25%
42,352	8.5%
10,000	10%
280,869	35.63%
32,650	14.55%
295,000	6.78%

“ IN 2013, THE CORPORATION HAD 6 SUBSIDIARIES AND 7 AFFILIATES.

ALSO IN THIS YEAR, THE CORPORATION EXITED ALL THE CAPITAL CONTRIBUTED IN PETROVIETNAM PACKAGING JSC AND PETROVIETNAM SPORT AND CULTURE JSC THROUGH CAPITAL TRANSFER AND COMPANY LIQUIDATION, RECOVERING ALL THESE INVESTMENTS ”

**PVFCCO AWARDED FIRST-CLASS  
LABOR MEDAL**

2013 was a memorable milestone marking the PVFCCo's 10-year journey of development. During the past 10 years, with our strong commitment and dedication, the Corporation has step by step developed; Phu My Fertilizer brand has been built and we have provided for more than 40% of fertilizer demand

**PVFCCO RECEIVED CERTIFICATE ON  
EXCELLENT OPERATION OF PHU MY  
FERTILIZER PLANT**

With the stable, safe operation of Phu My Fertilizer Plant which have met and exceeded the design capacity for years, and its 2<sup>nd</sup> ranked record on 188 non-stop operation days, Haldor Topsoe – the Amoniac production technology licenser of Phu My Fertilizer Plant and



Month **3**  
2013

in the agricultural sector, contributing significantly to national food security, fertilizer market stabilization. On 26/3/2013, PVFCCo was honored to be awarded the First-Class Labor Medal by the Party and State. This valuable award has confirmed No.1 position in the chemical and fertilizer manufacturing and trading sector.



**5**  
2013

technical service, catalyst provider of the Corporation granted Certificate on Excellent Operation of Phu My Fertilizer Plant to PVFCCo.

**PVFCCO OFFICIALLY RECEIVED  
THE LICENSE FOR MYANMAR  
REPRESENTATIVE OFFICE**

On 13/5/2013, Enterprise and Investment Management Agency (Myanmar Ministry of National Planning and Economic Development) granted the license for PVFCCo's representative office in Myanmar. In the near future, this office will focus on building the relationship with the government and local partners, promoting its brand name, product, boosting the export to this country and participating in the two countries' trading promotion activities.



**6**  
2013

**PVFCCO RANKED AMONG  
VIETNAM'S TOP 50 MOST  
EFFECTIVE COMPANIES**

On 28/6/2013, Nhip Cau Dau Tu Magazine issued "Vietnam's TOP 50 most effective companies", in which PVFCCo ranked 8/50. This is the second continuous year PVFCCo has been in this list.

### PVFCCO WON VIET NAM GOLDEN STAR AWARD

On 2/9/2013, PVFCCo was presented with the Viet Nam Golden Star Award for the two titles namely, Top 10 Brands in Vietnam and Top 10 CSR Enterprises in Vietnam. This prize was presented by Young Enterprises Association and is currently among the most prestigious awards. Viet Nam Golden Star Award



9  
2013

### PVFCCO IS AMONG TOP 3 LISTED COMPANIES IN VIETNAM

On 6/9/2013, Forbes Vietnam Magazine published the list of 50 best listed companies on Vietnam's Stock Exchange, PVFCCo was ranked at Top 3 in the list.



### PHU MY FERTILIZER PLANT HIT 7 MILLION-TON MILESTONE

At 10.05 am on 20/12/2013, Phu My Fertilizer Plant has incredibly hit the production of 7 million tons. This achievement was one of the proud milestones in the 10-year journey of the Plant in general and PVFCCo in particular. This demonstrated the strong development of the Corporation as well as Vietnam agricultural industry.



12  
2013

is the social recognition for PVFCCo's recent outstanding achievements in business performance, CSR and environmental protection.

### PVFCCO SUCCESSFULLY COMPLETED THE PERIODICAL OVERHAUL OF PHU MY FERTILIZER PLANT AHEAD OF SCHEDULE

Phu My Fertilizer Plant's overhaul is done every 2 years. This year overhaul starts on 05/09/2013 and met all 4 criteria of safety, quality, schedule and cost. The plant officially released urea product at full capacity at 06h13 pm on 29/09/2013, 38 hours earlier than the schedule. This has brought about billions dongs to PVFCCo and contributed to timely supply of fertilizer.



### PVFCCO'S ANNUAL REPORT GAINED VARIOUS IMPORTANT LOCAL AND INTERNATIONAL PRIZES

2013 was a "golden harvest" of PVFCCo's Annual Report with important global prizes:

**Prize by the League of American Communications Professionals (LACP), including:** Platinum (The highest & only prize) for excellent Annual Report in agriculture; Golden Prize for the most innovative Annual Report in Asia – Pacific; Top 100 Global Annual Reports (ranked 30/100); Top 50 Asia - Pacific Annual Reports (ranked 12/50);

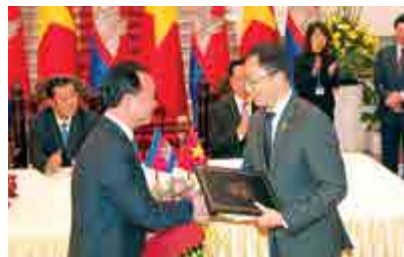
**ARC Awards:** Among Top 10 Vietnam's Annual Reports; Golden Prize for financial data item in agriculture (ARC Award).

**The Best Annual Report Prize** by Ho Chi Minh Stock Exchange and Securities - Investment Newspaper:

Top 10 Annual Reports (ranked 4/10)

### MEMORANDUM OF UNDERSTANDING SIGNED COOPERATION WITH PARTNERS IN CAMBODIA

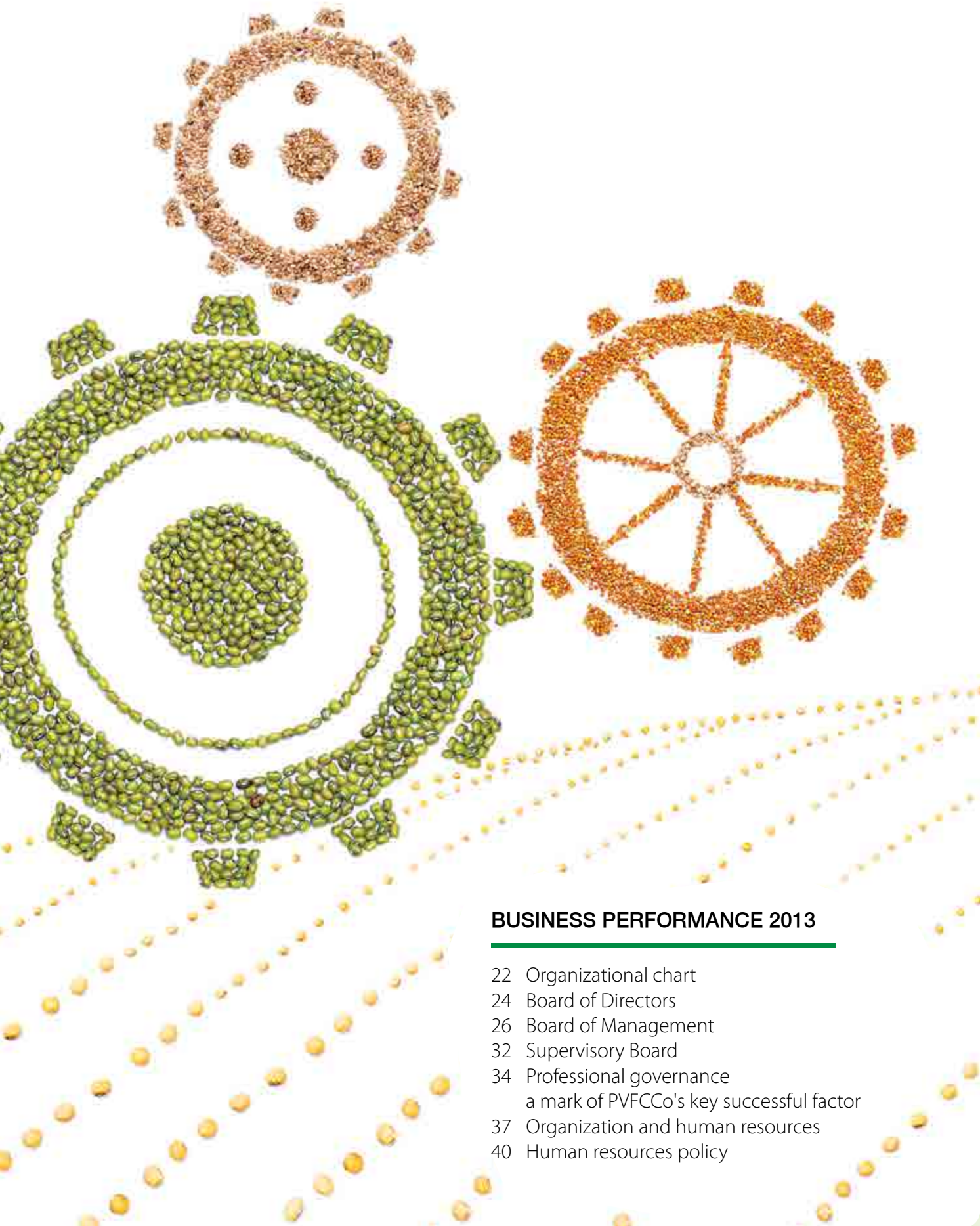
On 26/12/2013, PVFCCo signed memorandum of understanding with Nitrogen Chemicals and Fertilizer Cambodia Ltd. (NCFC) to promote business cooperation this market. Under the MOU, PVFCCo and NCFC will work closely to distribute high quality My fertilizer at reasonable price in Cambodia.



## Enhancing **INTERNAL STRENGTH**

Great achievements of PVFCCo in years have been significantly contributed by the talented and knowledgeable leaders and staff. Enhancing these outcomes, PVFCCo has continuously consolidated, enhanced resources, being ready for the future development.

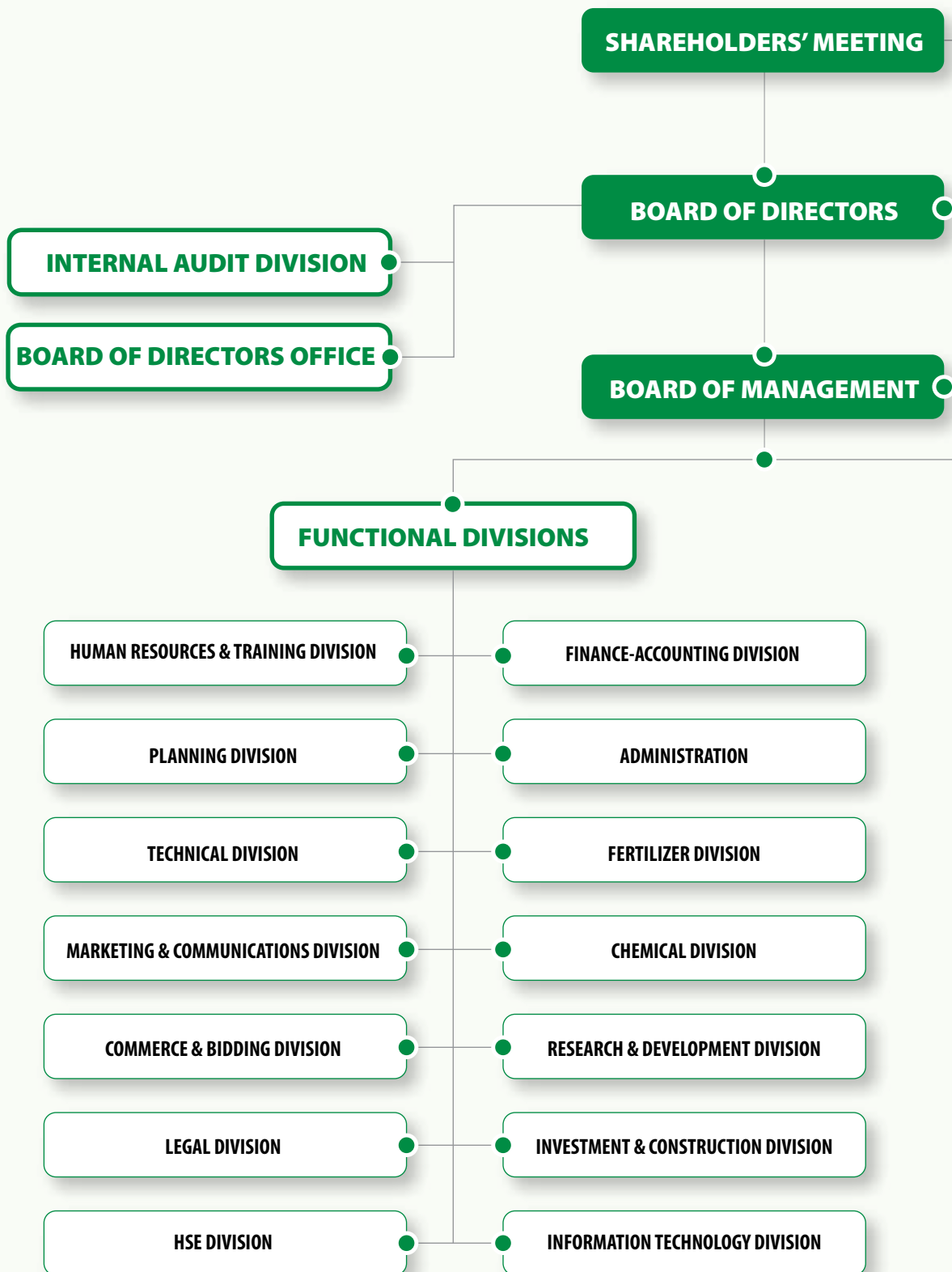




## **BUSINESS PERFORMANCE 2013**

---

- 22 Organizational chart
- 24 Board of Directors
- 26 Board of Management
- 32 Supervisory Board
- 34 Professional governance  
a mark of PVFCCo's key successful factor
- 37 Organization and human resources
- 40 Human resources policy



**SUPERVISORY BOARD**

**DEPENDENT UNITS**

**PHU MY FERTILIZER PLANT**

**PVFCCO – BRANCH IN HO CHI MINH CITY**

**PVFCCO - BRANCH IN CAMBODIA**

**REPRESENTATIVE OFFICE IN MYANMAR**

**SUBSIDIARIES**

**NORTH PETROVIETNAM FERTILIZER  
& CHEMICALS JOINT STOCK COMPANY**

**CENTRAL PETROVIETNAM FERTILIZER  
& CHEMICALS JOINT STOCK COMPANY**

**SOUTH EAST PETROVIETNAM FERTILIZER  
& CHEMICALS JOINT STOCK COMPANY**

**SOUTH WEST PETROVIETNAM FERTILIZER  
& CHEMICALS JOINT STOCK COMPANY**

**DAM PHU MY PACKAGING JOINT STOCK COMPANY**

**PETROVIETNAM SOUTHERN BUILDING  
AND DEVELOPMENT JOINT STOCK COMPANY**



### Mr. CAO HOAI DUONG

#### Member of the BOD

Year of birth : 1972

Qualifications: Master of Petrochemical Technology

#### PROFESSIONAL HISTORY

He was appointed as President & CEO of PetroVietnam Fertilizer and Chemicals Corporation since 15 November 2010 and member of the BOD since February 2011. Earlier, he had worked many years in the oil refinery and petrochemical industry; especially he served as Deputy Head of the Nghi Son Refinery Project Management Board - PetroVietnam's second refinery project. He was Head of Nghi Son Refinery Project Management Board, and Deputy Director of Nghi Son Refinery Co. Ltd (a joint venture between Vietnam, Kuwait and Japan).

### Mr. LE CU TAN

#### Chairman of the BOD

Year of birth : 1967

Qualifications: Marine Engineering Engineer, Business Administration Engineer, Master of Automation.

#### PROFESSIONAL HISTORY

He joined Oil and Gas industry since 1992, holding various management positions of Petrovietnam Technical Services Corporation (PTSC) before serving as Chairman of the BOD of PetroVietnam Fertilizer and Chemicals Corporation since 12/2013.





**Ms. NGUYEN THI HIEN**

**Vice Chairwoman**

Year of birth : 1974

Qualifications: Bachelor of Foreign Trade Economics

**PROFESSIONAL HISTORY**

She worked for Electricity Construction and Investment Advisory Company 2, Ca Mau Gas - Power - Fertilizer Project Management Board, PVFCCo as economic analysis specialist, manager of planning, etc. From 07/2007 to 03/2009, she was elected to be Head of the PVFCCo Board of Supervisors and member of BOD, Vice Chairwoman since 3/2009.

**Mr. NGUYEN HONG VINH**

**BOD Member**

Year of birth : 1960

Qualifications: Agricultural Engineer

**PROFESSIONAL HISTORY**

He has profound agricultural chemical industry in foreign joint-ventures. From 12/2009 - 7/2013, he was Vice President of PVFCCo. Since 12/2009, Mr. Nguyen Hong Vinh was a full-time BOD member of PVFCCo.

**Mr. DINH QUANG HOAN**

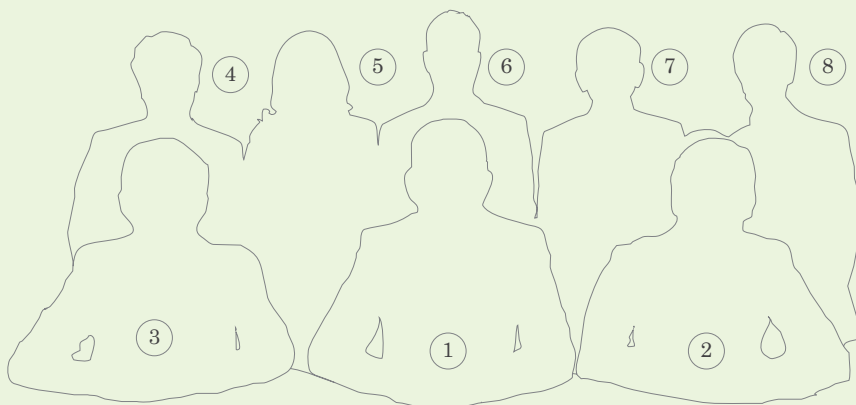
**BOD Member**

Year of birth: 1976

Qualifications: Master of Economics, ACCA

**PROFESSIONAL HISTORY**

Since 1998, he worked for leading auditing companies, namely Arthur Andersen and KPMG. In 2007, he joined Viet Capital Securities Joint Stock Company, in charge of financial, securities consulting. Currently, he is holding the position of VCSC Vice President and he was appointed by DPM shareholders to be concurrent BOD member for the period 2013 - 2018 of the Corporation.





“PVFCCO’S BOARD OF MANAGEMENT CONSISTS OF 8 MEMBERS, INCLUDING 1 CEO, 6 VICE PRESIDENTS AND 1 CHIEF ACCOUNTANT.”

1. Mr. **CAO HOAI DUONG**  
CEO
2. Mr. **DUONG TRI HOI**  
Vice President
3. Mr. **HUYNH KIM NHAN**  
Chief Accountant
4. Mr. **LE VAN QUOC VIET**  
Vice President
5. Ms. **LE THI THU HUONG**  
Vice President
6. Mr. **HOANG VIET DUNG**  
Vice President
7. Mr. **NGUYEN VAN TONG**  
Vice President
8. Mr. **TU CUONG**  
Vice President cum  
Director of Phu My  
Fertilizer Plant



### Mr. **LE VAN QUOC VIET**

#### **Vice President of Internal Affairs**

Year of birth : 1962

Qualifications: Bachelors Degree in Economic Planning

#### **PROFESSIONAL HISTORY**

After leaving the army in 1984, he joined the Youth Union, Communist Party, and took part in personnel organization in the District of Vung Tau-Con Dao and Vietsovetro Joint Venture. Since 5/2007, he served as Head of Personnel Organization for PVFCCo and then was appointed as Vice President since 2/2009.

### Mr. **CAO HOAI DUONG**

#### **CEO, BOD Member**

Year of birth : 1972

Qualifications: Master of Petrochemical Technology

#### **PROFESSIONAL HISTORY**

He was appointed as President & CEO of PetroVietnam Fertilizer and Chemicals Corporation since 15/11/2010 and member of the BOD since 2/2011. Earlier, he had worked many years in the oil refinery and petrochemical industry; especially he served as Deputy Head of the Nghi Son Refinery Project Management Board - PetroVietnam's second refinery project. He was Head of Nghi Son Refinery Project Management Board, and Deputy Director of Nghi Son Refinery Co. Ltd (a joint venture between Vietnam, Kuwait and Japan).



**Mr. TU CUONG**

**Vice President of Production,  
Director of Phu My Fertilizer Plant**

Year of birth: 1960

Qualifications: Organic Chemistry and Technology Engineer

**PROFESSIONAL HISTORY**

Jobs and positions assigned: Interpreter, Czechoslovakia Labor Management Board, Ministry of Labor, War Invalids and Social Affairs; Technician, Department of Toxic, Bach Mai Hospital, Hanoi; Engineer of Technology Department, Head of Gas Distribution, Sales Manager, etc. of PetroVietnam Gas Corporation (PV Gas), Director of PV Gas processing Factory. From 2008, he served as Director of Phu My Fertilizer Plant and Vice President of PVFCCo cum Director of Phu My Fertilizer Plant.

**Mr. HOANG VIET DUNG**

**Vice President of Technology, Investment and  
Construction**

Year of birth : 1972

Qualifications: Petrochemical Technology Engineer

**PROFESSIONAL HISTORY**

From 1/1996 - 10/2002: Specialist of Vietnam Oil and Gas Corporation (PetroVietnam) and was sent to study at UOP - United States. He was a Specialist of Dung Quat Oil Refinery Project Management Board, Deputy Head of Dung Quat Oil Refinery Project Management Board before being appointed as Vice President of PVFCCo since 03/ 2011.



Mr. **NGUYEN VAN TONG**

**Vice President of Finance, Accounting and Auditing**

Year of birth: 1958

Qualifications: Bachelor of Finance and Accounting, Reconstruction Banking

**PROFESSIONAL HISTORY**

He worked at the General Department of Taxation (Office No. 2 in Ho Chi Minh City), in charge of finance and accounting work in Vietnam Oil and Gas Company II, PetroVietnam Exploration and Production Company, PetroVietnam Environment and Safety Center. He was Head of Board of Supervisors - PetroVietnam Drilling and Well Services JSC (PVD), and Vice President and concurrently HCMC Branch Director - PetroVietnam Securities Joint Stock Company (PSI) before being appointed as Vice President of PVFCCo since 04/2009.

Mr. **DUONG TRI HOI**

**Vice President of Sales and Distribution**

Year of birth: 1978

Qualifications: : Industrial Electrical Engineer, Bachelor of Economics, Investment Planning.

**PROFESSIONAL HISTORY**

He represents the young staff generation, trained in the Oil and Gas working environment. In 2007, he joined PVFCCo and gone through several positions such as CEO's Assistant, Director of PVFCCo Central, Director of PVFCCo SE. Mr. Hoi was appointed as Vice President of PVFCCo in 7/2013.



Ms. **LE THITHU HUONG**

**Vice President of international cooperation, legal, R&D, and financial investment.**

Year of birth: 1975

Qualifications: Master of Business Administration

**PROFESSIONAL HISTORY**

In 1996, she started to work in Hanoi Trade Department, then Department of Trade and Services - Ministry of Planning and Investment. In 05/2008, she took the position of Head of the International Law and Cooperation Department, PetroVietnam Power Corporation. Before being appointed as Vice President of PetroVietnam Fertilizer and Chemicals Corporation on 01/03/2013, she was Deputy Director of Investment and Development Division – Vietnam National Petroleum Corporation from 2009 - 2013.

Mr. **HUYNH KIM NHAN**

**Chief Accounting Officer**

Year of birth: 1976

Qualifications: Bachelor Degree in Economics - Finance and Accounting

**PROFESSIONAL HISTORY**

From 1998 to 2007, he was Accounting Specialist of PetroVietnam Construction and Investment Consultancy Company; Specialist and Deputy Head of PVFCCo Finance and Accounting Department. He was appointed as Chief Accountant of PVFCCo since 06/2007.



### Mr. NGUYEN VAN HOA

#### Member of the Board of Supervisors

Year of birth : 1969

Qualifications: Bachelor of Economics majoring in Banking

#### PROFESSIONAL HISTORY

He worked as Accountant in Asia Commercial Bank (ACB), Chief Accountant in Asia Commercial Bank Da Nang branch, Deputy Chief Accountant in Asia Commercial Bank Head Office since 2002. He was elected into the PVFCCo's Board of Supervisors (BOS) 2007.

### Ms. TRAN THI PHUONG THAO

#### Head of the Board of Supervisors

Year of birth : 1970

Qualifications: Bachelor of Foreign Trade Economics

#### PROFESSIONAL HISTORY

She worked at PETEC - Ministry of Trade, PetroVietnam Contract Supervision Company PSC in business, contract management, finance, accounting and auditing. Since 2001, she was Deputy Head of Finance and Accounting, Phu My Fertilizer Plant Project Management Board; Deputy Head of Commerce, PVFCCo. She was appointed to the Board of Supervisors and was PVFCCo's Head of the Board of Supervisors since 03/2009.

### Mr. LE VINH VAN

#### Member of the Board of Supervisors

Year of birth : 1969

Qualifications: Bachelor of Economics, majoring in Finance and Accounting

#### PROFESSIONAL HISTORY

He was Accounting Specialist in Petroleum Services Joint Venture Company OSC - SOS International; Chief Accountant in Classic Services and Trading Company Limited, Trading Specialist in PVFCCo; and Member of PVFCCo's Board of Supervisors. He was appointed as PVFCCo Member of Board of Supervisors since 11/2008.







“FROM A 100% STATE-OWNED ENTERPRISE IN 2007, PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION WAS EQUITIZED AND ITS GOVERNANCE WAS CHANGED TO A JOINT STOCK COMPANY AND PARENT - SUBSIDIARY MODEL.”

The first term of the BOD (2007 - 2012) marked the initial success of the professional, improved corporate governance, contributing to the Corporation's performance in the post-equitization period.

The Board of Directors was elected at the General Meeting of Shareholders on the company establishment, dated 30/06/2007. Until on 31/08/2007, was PVFCCo officially inaugurated as a joint stock company. However, upon the election of the BOD, preparation for the corporate governance has been

carried out. Policies on governance, BOD operation, coordination among the BOD, BOS, and BOM and other important regulations on financial management, business management, remuneration, etc. have been developed and approved.

Being a listed company which was eligible for share listing right upon the IPO, the BOD was fully aware of the importance of share listing to the shareholders and the governance of the Corporation. One of the very first task carried by the BOD was directing

the completion of the listing plan in a short time, only 2 months since the JSC establishment. On 05/11/2007, the company's stocks under the code DPM were listed on HOSE and immediately became very hot in the market with the market cap of nearly USD2 billion. The BOD paid high attention on information disclosure to meet investor's expectation and requirements of stock exchange authorities. High-ranking officers were appointed as in charge of information disclosure, information disclosure system and procedure as well as investor relation (IR). During the term, DPM's IR and information disclosure has been highly evaluated by both investors and market authorities. Sufficient governance reports, annual reports have been timely issued, relevant to the legal regulations. These reports have been awarded with many valuable prizes and rewards by reputable agencies. Regular and non-regular information disclosures have been seriously complied with the regulation. Besides, the Corporation also issues quarterly e-investment review with various, updated investment information.

Annual General Meeting of Shareholders have been successfully held with the high percentage of participating investors. Resolutions have been approved with almost 100% agreement.

**“ GENERAL MEETING OF SHAREHOLDERS IS THE HIGHEST MANAGEMENT BODY OF THE CORPORATION. EACH YEAR THOROUGH PREPARATION IS CARRIED OUT BY THE BOD TO ENSURE THAT AGM IS WELL-ORGANIZED, EFFICIENT AND SHAREHOLDERS' RIGHTS ARE FULFILLED, SHAREHOLDERS CAN CONTRIBUTE TO THE CORPORATION'S GOVERNANCE AND MANAGEMENT. ”**

Strategic orientation of the Corporation: During the term, the BOD approved the development strategy in 2008-2015 with a vision to 2025 and upon the Annual General Meeting of Shareholders' approval, the BOD has directed the strategy deployment with remarkable results. Typical projects are transformation of the company into corporation under parent company - subsidiary model in 5/2008; research and development of large projects such as DAP Plant project in Morocco, NH<sub>3</sub> and urea plant project in the Federal Republic of Russia, project of CO<sub>2</sub> recovery for urea production in Phu My Fertilizer Plant, NH<sub>3</sub> and ammonium nitrate cluster project, Ca Mau Fertilizer Plant project, Hydrogen peroxide, Glyphosate plant project, Corporation's headquarters building project, warehouse – port project for distribution system, etc. Under objective difficulties, especially the economic crisis of 2008, 2011, the Corporation has spent great efforts to complete CO<sub>2</sub> recovery project, headquarters building project and port, warehouse system project. Other projects have been halted, delayed and further considered for investment in accordance with the actual conditions in the coming period.

Production monitoring and direction: The BOD has directed the development and approval of essential economic – technical norms for Phu My Fertilizer Plant and supervised, directed the application, improvement and upgradation of these norms. Periodic overhaul and maintenance were planned to have the highest quality, safe and time-saving implementation. Quality management system ISO 9001, health and safety management system ISO 14001, OHSAS 18001 have been successfully developed and certified by prestigious organizations such as AFAQ, DNV, etc. Therefore Phu My Fertilizer Plant has exceeded its design capacity since 2008 and this record has been maintained for 7 continuous years while secure, stable operation and product quality have been maintained.

Sales and marketing direction: In addition to the development of an extensive distribution system to bring products to the consuming regions, business policies have been, updated regularly to optimize the business performance, meeting customer needs. Phu My brand has been promoted, marketing activities have been enhanced and combined with social security activities to improve the company's image to the society and community. Besides the sales of products of the Corporation, it also expanded the product portfolio with other imported fertilizers to increase the revenue, profit and strengthen the Corporation's position in fertilizer industry and create the market for the sales of products to be produced by its future projects.

In the first term, in line with the corporate governance improvement, the Board has directed the continuous restructuring of the management structure to gain optimal efficiency. A set of capacity

manual, staff capacity framework has been developed. The KPI project and ERP system have been deployed in order to apply advanced management tools. Simultaneously, cultural standards have been built, widely communicated and applied.

Ending 2012, after the first 5 year term, the BOD has successfully fulfilled the tasks assigned by the first AGM 2013. The AGM elected the Board of Directors for the next term 2013-2018. In this term, the Board will face new challenges and opportunities in context of turbulent fertilizer market, and significant changes in the Corporation's core business. These requires a new development step of the Corporation. The BOD's critical task is to promote the implementation of on-going fertilizer, chemical projects decided in the first term; adjust the investments of pending projects; study on projects to be developed in the period after 2020; realize the

vision specified in the Corporation's development strategy. Regarding business management, policy and procedure systems must be relevant to the market requirements in the new context while ensuring business efficiency and minimizing risk. Business plan must be prepared for medium term of 3 - 5 years which includes fertilizers, chemicals produced, outsourced by the Corporation, or imported. This plan must also be updated annually.

Regarding production, Phu My Fertilizer Plant has been more than 10 years of operation, thus, it's required that maintenance must be focused and done systematically; capacity building for management, operation and maintenance must be carried out in order to maintain the good operation of the plant. At the same time, further implementation of the restructuring, governance plans is also an important task of the Board in this term.

**“BASING ON ACHIEVEMENTS IN THE CORPORATION'S 10 - YEAR DEVELOPMENT, AND RESULTS OF THE BOD IN ITS FIRST TERM, THE HIGHLY COMMITTED AND DEDICATED BOD OF 2013-2018 SHALL LEAD THE CORPORATION TO OVER COME CHALLENGES, TAKE OPPORTUNITIES TO REACH THE NEW LEVEL, CONTINUE TO FULFIL COMMITMENTS TO SHAREHOLDERS, CUSTOMERS, EMPLOYEES AND THE COMMUNITY AS SPECIFIED IN THE MISSION.”**



## LIST OF MEMBERS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT, BOARD OF SUPERVISORS

No.	FULL NAME	POSITION	NUMBER OF DPM STOCKS	
			INDIVIDUAL	OWNERSHIP
<b>BOARD OF DIRECTORS</b>				
1	Le Cu Tan	Chairman of the BOD, full-time, non-executive, term 2013-2018, appointed since 12/12/2013	77,404,253	50,000
2	Nguyen Thi Hien	Vice Chairwoman of the BOD, full-time, non-executive, re-elected, term 2013-2018	55,100,000	5,500
3	Cao Hoai Duong	Member of the BOD and CEO, re-elected, term 2013-2018	55,100,000	2,000
4	Nguyen Hong Vinh	Member of the BOD, full-time, non-executive, term 2013-2018	45,600,000	-
5	Dinh Quang Hoan	Member of the BOD, concurrent, non-executive, term 2013-2018	-	-
<b>BOARD OF MANAGEMENT</b>				
1	Cao Hoai Duong	CEO	55,100,000	2,000
2	Le Van Quoc Viet	Vice President	-	-
3	Tu Cuong	Vice President	-	-
4	Nguyen Van Tong	Vice President	-	-
5	Duong Tri Hoi	Vice President (appointed on 01/07/2013)	-	-
6	Hoang Viet Dung	Vice President	-	-
7	Le Thi Thu Huong	Vice President (appointed on 01/03/2013)	-	-
<b>BOARD OF SUPERVISORS</b>				
1	Tran Thi Phuong Thao	Head of BOS	-	-
2	Nguyen Van Hoa	BOS Member – concurrent	-	-
3	Le Vinh Van	BOS Member – full-time	-	-
<b>CHIEF ACCOUNTANT</b>				
1	Huynh Kim Nhan	Chief Accountant	-	-

(\*) **Note:** The numbers of State-owned DPM shares which the Members of the Board of Directors represent as proxies are based on the Decisions of PetroVietnam.

**CHANGES IN THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT, BOARD OF SUPERVISORS**

Personnel changes in the BOD, BOS, and BOM in 2013 are as follows:

**BOARD OF DIRECTORS:**

At the AGM dated 25/04/2013, the General Meeting of Shareholders re-elected the Board of Directors for the term 2013 - 2018 term as follows:

- |                         |   |                       |
|-------------------------|---|-----------------------|
| 1. Mr. Bui Minh Tien    | - | BOD Chairman          |
| 2. Ms. Nguyen Thi Hien  | - | BOD Deputy Chairwoman |
| 3. Mr. Cao Hoai Duong   | - | BOD Member            |
| 4. Mr. Nguyen Hong Vinh | - | BOD Member            |
| 5. Mr. Dinh Quang Hoan  | - | BOD Member            |

Mr. Nguyen Duc Hoa, Mr. Bui Quang Hung - BOD Member for the term 2007 - 2012 didn't participate in the election of the BOD, term 2013-2018.

On 12/12/2013, under the staff transfer, rotation decision of PetroVietnam, the BOD elected and appointed Mr. Le Cu Tan to be the BOD Chairman, replacing Mr. Bui Minh Tien.

**BOARD OF SUPERVISORS:**

\* At the AGM dated 25/04/2013, the General Meeting of Shareholders re-elect the BOS for the term 2013-2018 and the following members were elected:

- |                             |   |                 |
|-----------------------------|---|-----------------|
| 1. Ms. Tran Thi Phuong Thao | - | Head of the BOS |
| 2. Mr. Le Vinh Van          | - | BOS Member      |
| 3. Mr. Nguyen Van Hoa       | - | BOS Member      |

**BOARD OF MANAGEMENT:**

In 2013 the Board of Directors approved decisions on the BOM personnel as follows:

1. Mr. Nguyen Hong Vinh resigned the Vice President position since 01/07/2013 to take on the role of full-time BOD member.
2. Ms. Chu Thi Hien resigned the Vice President position and retired since 01/03/2013.
3. Ms. Le Thi Thu Huong was appointed as Vice President since 01/03/2013.
4. Mr. Duong Tri Hoi was appointed as Vice President since 01/07/2013.

## HUMAN RESOURCES

The number of staff of the whole Corporation as of 31/12/2013 (include parent and subsidiary companies): 1,919 employees

### STAFF CLASSIFICATION BY QUALIFICATION

QUALIFICATIONS	NUMBER (employees)	PERCENTAGE
University; College or higher	1,030	53.7%
Professional high school	102	5.3%
Technical and others	787	41.0%
Total	1,919	100%

### STAFF CLASSIFICATION BY POSITION

POSITION	NUMBER (employees)	PERCENTAGE (%)
Leader, management staff	247	12.9%
Technical staff	576	30.0%
Supporting staff	272	14.2%
Workers	824	42.9%
Total	1,919	100%



“ IN CONTEXT OF  
DIFFICULT SOCIO-ECONOMY  
IN 2012, THE CORPORATION  
HAS MANAGED EFFORTS  
TO MAINTAIN LABOR  
POLICIES AS THE PREVIOUS  
YEAR ”

#### HUMAN RESOURCES POLICY

Since 2008, the Corporation has created, issued and applied new compensation tiers and salary scale, appropriate for a joint stock company, in accordance with the Labor Code, which orients to pay proper remuneration to reduce brain drain and attract qualified talent. Since then, the payroll system is frequently amended and modified in accordance with provisions of the law as well as the actual business situation. The Corporation has Social Security, Health and Accident Insurance policies in place for all employees in compliance with the Social Insurance Law and other regulations of the Government.

Besides, our staff policy has been in place since 01/01/2009 and revised annually in accordance with the actual situation. This includes a welfare policy for all employees and a number of policies on employee benefits and managerial skills consisting of: salary and

bonus packages, training and study privileges, leisure, retention and other welfare schemes.

These policies and schemes are directed at retaining key staff with high technical and professional skills. PVFCCo has put regulations in place to recognize expertise and applies a tiered remuneration scheme for specialists and workers. In this regard, senior experts are remunerated at levels comparable with section managers or Director of the Subsidiaries. Currently, PVFCCo has 13 staff ranked at the expert level. 8 candidates for this level are now being considered by the Expert Council. Besides regulations on expert title, in 2013, the Corporation has put in place the regulation on “Skilled worker” to build a team of highly qualified technical workers, ready to meet operation and maintenance tasks for large plants of the Corporation at present and in the future.

In 2013, the Corporation initiated two important projects on human resource management and salary policy. These are project on KPI and project on salary policy improvement, development of capacity framework which are expected to be completed and applied in 2014. Accordingly, HR organization, management and staffing will ensure the rationality, right people, accurate measurement capability and results of the work of staff and the salaries and bonuses will fair and accurate.

#### TRAINING POLICY

Recognizing that continual improvement in the professional expertise of our employees plays a vital role in the management and business operations of the organization, we have paid particular attention to creating a training policy and regulatory system which motivates employees to improve their professional and educational skills, knowledge and expertise.

Training quality has been improved. Proper trainings have been provided for the right positions, tasks. Trainings on management skills, professional knowledge and technical expertise have been focused. There was a good balance between internal, domestic and overseas training; short-term and long-term training. Attention has been paid to training for younger personnel who have the potential to be promoted to managers and experts. A reward policy has been available to motivate and encourage employees to improve their own levels of expertise and professional knowledge.

Recently, internal training was the focus of the Corporation’s training objectives and this was undertaken effectively and efficiently. Thanks to this, our staff have been trained and their capacity has been improved significantly. Phu My Fertilizer Plant has been safely and efficiently operated; business and distribution systems have been well operated also.





Overseas training or training courses with international standard formula have been reviewed to ensure suitability and effectiveness (foreign language skills, training objectives, etc.). The Management is always ready to invest in staff. Skilled technical workers participate in intensive overseas training courses with specific objectives to acquire up-to-date experience and knowledge to serve the production operations of PVFCCo

and the Group's new projects.

In-house training has been increased; lecturers were invited for individual tutoring under programs and curriculum tailored for PVFCCo to ensure savings and efficiency, and consistency with the specific characteristics of the Corporation.

Flexible training plan implementation has been seen. Training has timely

met the demand for knowledge upgrading to serve the production and operations of units.

Trained human resources have well satisfied the operating demands in all aspects of production and business, especially the Corporation's technical staff who have enhanced technical knowledge and successfully implemented the overhaul of Phu My Fertilizer Plant in 2013

## Investing into **TECHNOLOGY**

Under turbulences in fertilizer production and trading market, market oversupply, PVFCCo focuses on technology investment, production procedure improvement to enhance the product quality, maintain the customer's trust and leading position.





## REPORT AND EVALUATION OF THE BOARD OF MANAGEMENT

---

- 44 Business performance indicators 2013
- 46 Business performance report 2013
- 54 BOM report 2013

# 10,807

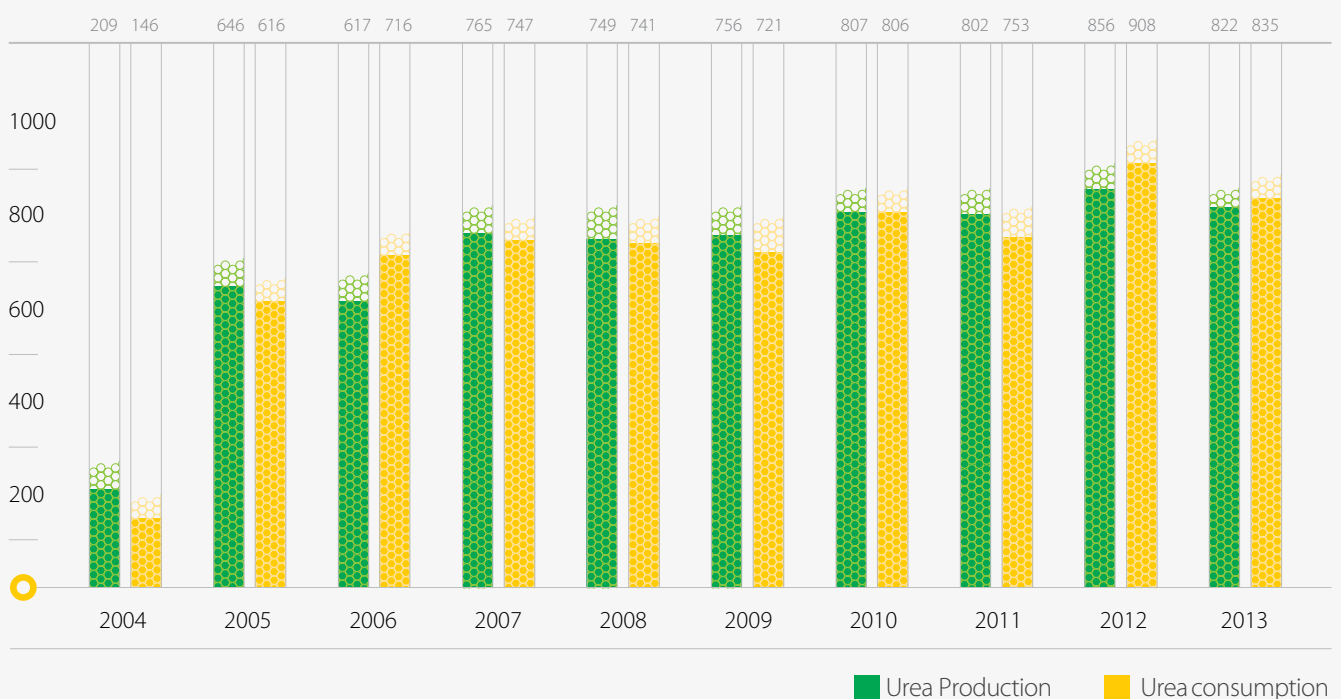
billions VND

TOTAL REVENUE  
reached 107% of 2013 plan

## TARGET OUTPUT

UNIT: thousand tons

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Urea Production	209	646	617	765	749	756	807	802	856	822
Urea consumption	146	616	716	747	741	721	806	753	908	835



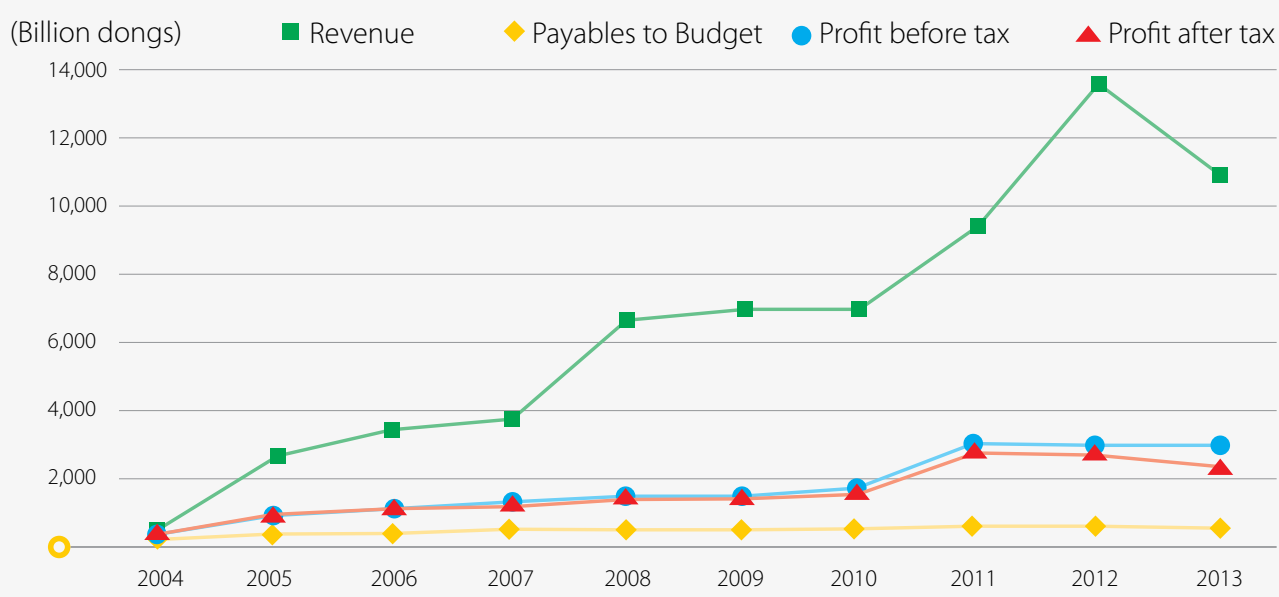
**2,468**  
billion VND  
PROFIT BEFORE TAX  
reached 116% of the target in 2013

**2,142**  
billion VND  
PROFIT AFTER TAX  
reached 112% of the target in 2013

### CONSOLIDATED FINANCIAL INDICATORS

UNIT: Billion dong

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenue	498	2,713	3,542	3,928	6,625	6,834	6,999	9,773	13,906	10,807
Payables to Budget	24	85	107	151	283	253	405	537	694	602
Profit before tax	157	791	1,161	1,330	1,501	1,520	1,922	3,510	3,542	2,468
Profit after tax	157	791	1,161	1,329	1,383	1,348	1,706	3,140	3,016	2,142



**BUSINESS PERFORMANCE**

## SUMMARY ON BUSINESS PERFORMANCE 2013

No.	ITEM	UNIT	ACTUAL 2012	TARGETED 2013	ACTUAL 2013	GROWTH COMPARED TO 2012 (%)	RATIO OF ACTUAL/TARGETED
A	B	C	1	2	3	4=3/1	5=3/2
1	Production output						
	Phu My Urea	Thousand tons	856	770	822	96%	107%
	Packaging	Million bags	39.8	41	44	111%	107%
2	Fertilizer import	Thousand tons	20	90	137	685%	152%
3	Trading output						
	Phu My Fertilizer	Thousand tons	908	800	835	92%	104%
	Traded fertilizer	Thousand tons	538	315	362	67%	115%
	Chemicals	Thousand tons	3.5	4.2	5.3	151%	127%
	Package	Million bags	39.2	41	44	112%	107%
4	Corporation financial indicators (consolidated)						
	Total revenue	Billion dongs	13,906	10,100	10,807	78%	107%
	Profit before tax	Billion dongs	3,542	2,120	2,468	70%	116%
	Profit after tax	Billion dongs	3,016	1,915	2,142	71%	112%
	Payables to the Budget	Billion dongs	694	330	602	87%	182%
5	Parent company financial indicators						
	Owner's equity	Billion dongs	8,962	7,103	9,265	103%	130%
	In which: Charter capital	Billion dongs	3,800	3,800	3,800	100%	100%
	Total revenue	Billion dongs	12,330	7,634	8,402	68%	110%
	Profit before tax	Billion dongs	3,414	2,077	2,352	69%	113%
	Profit after tax	Billion dongs	2,984	1,890	2,110	71%	112%
	Profit after tax/charter capital	%	78.5%	49.7%	55.53%	71%	112%
	Payables to Budget	Billion dongs	605	264	518	85.6%	196%

No.	ITEM	UNIT	ACTUAL 2012	TARGETED 2013	ACTUAL 2013	GROWTH COMPARED TO 2012 (%)	RATIO OF ACTUAL/TARGETED
6	Investment						
a.	Total investment	Billion dongs	539	396.7	178.38	33%	45%
	Basic construction investment	Billion dongs	212	233	85	40%	36%
	Equipment procurement	Billion dongs	224	100	58.24	27%	58%
	Capital investment	Billion dongs	103	63.7	35.14	34%	55%
b.	Investment capital sources	Billion dongs	539	396.7	178.38	33%	45%
	Owner's equity	Billion dongs	539	396.7	178.38	33%	45%
	Loan capital and others	Billion dongs	-	-	-	-	-

## HIGHLIGHTS IN BUSINESS PERFORMANCE 2013

“**ALTHOUGH THE WORLD AND DOMESTIC ECONOMY HAD DIFFICULTIES IN 2013, IMPACTED UPON PRODUCTION AND BUSINESS ACTIVITIES, THE CORPORATION EXCEEDED IMPORTANT TARGETS APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS.**”

Though the world and domestic economy had difficulties in 2013, impacted upon production and business activities, the Corporation exceeded important targets approved by the General Meeting of Shareholders

### OUTSTANDING FACTORS LIMITING PRODUCTION AND BUSINESS ACTIVITIES IN 2012 CAN BE EVALUATED AS FOLLOWS:

Phu My Fertilizer Plant was closed down for nearly 1 month for periodic maintenance and overhaul.

**Market:** Ca Mau Fertilizer Plant and Ninh Binh Fertilizer Plant went into operation in 2012 and in 2013, their operation were stabilized, thus increasing the supply of fertilizer in the country and competitive pressure for the Corporation.

**Production costs:** Input gas prices



soared dramatically in 2012 (accounting for over 75% of production costs) and in 2013, it increased by 2% as per the contract signed with PV Gas.

**Sales cost:** Under fierce competition, sales promotion activities required more cost. Also, transportation and delivery costs were higher. As a result, sales cost went up.

# 1.2 million tons of PHU MY FERTILIZER and others sold in 2013

“PHU MY FERTILIZER PLANT SUCCESSFULLY COMPLETED OVERALL PERIODIC MAINTENANCE AND CONTINUED TO PRODUCE SAFELY AND STABLY. AS A RESULT, THE PLANT PRODUCED THE 7<sup>TH</sup> MILLION TONS OF PHU MY UREA ON 20/12/2013, WHOLE YEAR OUTPUT REACHED 822 THOUSAND TONS, 7% HIGHER THAN THE TARGET, MARKING 7 CONSECUTIVE YEARS OF SAFE AND STABLE OPERATION, EXCEEDING DESIGNATED CAPACITY AND EARLY ACHIEVING OUTPUT.”



**For business:** PVFCCo sold nearly 1.2 million tons of Phu My Urea and other fertilizers, and at the same time enhanced processing activities, chemical business and services. Therefore, revenue reached 10,807 billion dong, or 107% of the plan; a 22% reduction compared to 2012. Total revenue was higher than the target but revenue reduction was recorded due to the following reasons: Ca Mau Urea output reached 385,000 tons, contributing mostly to revenue growth, however, Ca Mau Fertilizer consumption 2013 was lower than that of 2012 and sales of other fertilizers also reduced due to unfavorable market condition and the Corporation focused more on business efficiency.

#### OUTCOMES:

For production: Phu My Fertilizer Plant successfully completed overall maintenance period and continued to produce safely and stably. As a result, the plant produced the 7<sup>th</sup> million tons of Phu My Urea on 20/12/2013, whole year output reached 822 thousand tons, a 7% increase compared to the plan, marking 7 consecutive years of safe and stable operation, exceeding designated capacity and early achieving output.

**For profit target** Profit before tax reached 2,468 billion dong, or 116% of the target as the Corporation optimized production activities, sales policy, reduced cost to minimize the lowering sales price which was under expectation.

#### PROJECT IMPLEMENTATION AND INVESTMENTS

Under the 2013 plan, the Corporation implemented 19 works/items. These included 02 projects of group A, 04 projects of group B and 13 projects of group C. 11 items were completed.

In 2013, under strong competition between domestic and imported goods, the Corporation selected



investment projects under its core business. Key products were focused, diversification and product quality were enhanced to create the differentiation edge. On that basis, projects were studied thoroughly to ensure the economic efficiency while improving the competitiveness, maintaining the prestige and brand name of the Corporation's fertilizers.

#### TYPICAL PROJECTS DEPLOYED IN 2013:

Project on NPK and  $\text{NH}_3$  Workshop capacity increasing: This project is done in Phu My Fertilizer Plant, increasing the capacity by 90,000 tons/year (20% of the current capacity). A plant for NPK production from  $\text{NH}_3$  with the capacity of 250,000 tons/year will be built. Estimated total investment is about 5,000 billion dong. This is a highly feasible project as the current supply can only meet about 5-10% of the high quality product demand, which is over 2 million tons.

The Corporation has completed the feasibility study report for the project and submitted to PetroVietnam for

approval. Upon approval, the project will be carried out in 2014 and put into operation in 2017.

Project on UFC85/Formaldehyde workshop with the design capacity of 15,000 tons of UFC85/year or 25,000 tons of converted Formalin. Total investment is 497 million dong. UFC85 and Formalin are the two important additives for urea production. Currently, there is no supplier of these products in Vietnam. These two additives improve the hardness and reduce the waste particles of the product. As a result, Phu My urea can be more resistant in delivery process, ensuring high quality. Beside the purpose of product quality improvement, the Corporation will also be the first local supplier of these products. PVFCCo has already signed the EPC contract and the construction is planned to be started in 2014 and completed in 2016.

The project on hydrogen peroxide ( $\text{H}_2\text{O}_2$ ) with the design capacity of 30,000 tons/year, and total investment of 438 billion dong. This

is a chemical used in many steps in industrial production, particularly in the paper production and dye industry. PVFCCo carried out bidding to select EPC contractor for the implementation. However, due to the unfavorable economic situation in the country, priority is given to projects that support Urea, NPK Phu My production, to strengthen competitiveness on the market, be suitable for restructuring of the Corporation as well as core and key productions. The project will be resumed in due course.

Ammonium nitrate ( $\text{NH}_4\text{NO}_3$ ) Ammonia ( $\text{NH}_3$ ) production project, jointly invested by capital PVFCCo, PV Gas, and GAET. Its main products are Ammonium nitrate ( $\text{NH}_4\text{NO}_3$ ) Ammonia ( $\text{NH}_3$ ), an important compound in the defense industry. The project was approved by the Prime Minister in Document No. 741/TTg-KTN dated 31/05/2012. This is a big, complex project with high efficiency, contributing to the country's development and national defense. The project is in the process of site selection, and input natural gas sourcing.



## FINANCIAL PERFORMANCE OF THE CORPORATION

## ASSETS AND CAPITAL

UNIT: billion dong

ITEM	31/12/2012	31/12/2013	% INCREASE (DECREASE)
TOTAL ASSETS	10,581	10,805	2%
Current assets	7,204	7,515	4%
Long-term assets	3,376	3,290	-3%
TOTAL CAPITAL	10,581	10,805	2%
LIABILITIES	1,415	1,249	-12%
OWNER'S EQUITY	8,959	9,346	4%
Charter Capital	3,800	3,800	0%
TOTAL REVENUE	13,906	10,807	-22%
TOTAL COST	10,317	8,208	-20%
LOAN INTEREST	2	3	50%
EBIT	3,591	2,602	-28%
PROFIT BEFORE TAX	3,542	2,468	-30%
PROFIT AFTER TAX	3,068	2,179	-29%
Profit after tax of minority shareholders	51	37	-27%
Profit after tax of parent company	3,016	2,142	-29%

## KEY FINANCIAL INDICATORS:

TARGET	2012	2013
Liquidity ratios		
Current ratio	5.16	6.14
Quick ratio	4.32	5.05
Solvency ratios		
Debt/Total Assets	13.37%	11.56%
Debt/Equity	15.79%	13.37%
Operational capacity ratios		
Inventory turnover	11.37	7.73
Net revenue/Total assets	126%	96%
Profitability ratios		
Profit before tax/total revenue	26%	23%
ROE	33.67%	22.92%
ROA	28.51%	19.83%

## FINANCIAL PERFORMANCE OF THE RELATED COMPANIES IN 2013

UNIT: billion dongs

ITEM	ENDING BALANCE				INVESTMENT EFFICIENCY 2013	
	TOTAL INVESTMENT AT PAR VALUE	TOTAL INVESTMENT AT MARKET VALUE	Chartered capital	PAT	PAT/Chartered capital	PAID DIVIDENDS, PROFIT
Investment in Subsidiaries	466.46	466.46	629.25	139.014		74.67
PVFCCo - North	90.00	90.00	120.00	22.89	19%	15.30
PVFCCo - Central	75.00	75.00	100.00	36.38	36%	15.00
PVFCCo - SE	93.75	93.75	125.00	31.41	25%	17.81
PVFCCo - SW	127.50	127.50	170.00	30.39	18%	19.13
PVFCCo - Packaging	21.41	21.41	42.00	9.77	23%	3.02
PVFCCo - SBD	58.80	58.80	72.25	8.17	1%	4.41
Investments in associated companies and joint ventures	634.14	634.14	2,417.24	(490.638)		-
PVTEX	534.14	534.14	2,136.55	(366.204)	-17%	-
PVC - Mekong	100.00	100.00	280.69	(124.434)	-44%	-
Other long-term investments	74.93	77.88	837.35	156.56		5.13
DMC	51.33	57.37	500.00	147.50	29%	5.13
PAIC	3.60	3.60	42.35	0.50	1%	-
Ut Xi Seafood Processing JSC	20.00	16.90	295.00	8.56	3%	-
<b>TOTAL</b>	<b>1,175.53</b>	<b>1,178.47</b>	<b>3,883.84</b>	<b>(195.068)</b>		<b>79.80</b>

## SHAREHOLDER STRUCTURE, CHANGES OF OWNER'S EQUITY

### SHARES:

The total number of shares of the Corporation at IPO: **380,000,000**; all of which were ordinary shares.

Total number of outstanding shares: At the end of 2013, the total number of outstanding shares of the Corporation was 379,934,260 (excluding 65,740 treasury shares).

Total number of restricted shares: None.

**SHAREHOLDER STRUCTURE:**

According to the list of shareholders created by Vietnam Securities Depository Centre dated 06/03/2014, the total number of outstanding shares was 379,934,260 shares, owned by 6,975 shareholders.

**Domestic shareholders***Detailed information on domestic shareholder structure:*

SHAREHOLDER	QUANTITY	NUMBER OF SHARES	PERCENTAGE OF TOTAL OUTSTANDING SHARES
Institutional	97	247,837,072	65.23%
Individual	6,964	19,370,564	5.10%
Total	7,061	267,207,636	70.33%

*Details of major local shareholders:*

No.	SHAREHOLDER, ADDRESS	MAIN BUSINESS LINES	NUMBER OF SHARES OWNED	PERCENTAGE OF TOTAL OUTSTANDING SHARES
1	PetroVietnam Address: 18 Lang Ha Street, Ba Dinh District, Hanoi. State-owned corporation Website: www.pvn.vn	- Exploring, surveying, exploiting, processing, storing and transporting oil & gas, services related to oil & gas industry locally & oversea; trading commodities & equipment in oil & gas industry; trading & distributing oil & gas products. - Investing in electricity, biochemical energy, renewable energy production and trading. - Supplementary businesses related to oil & gas industry, energy industry;	233,204,253	61.38%

**Foreign shareholders***Detailed information about the structure of foreign shareholders:*

SHAREHOLDER	QUANTITY	NUMBER OF SHARES OWNED	PERCENTAGE OF TOTAL OUTSTANDING SHARES
Institutional	123	111,546,666	29.36%
Individual	494	1,179,958	0.31%
Total	617	112,726,624	29.67%

*Major foreign shareholder information: None*

**State shareholder:** PetroVietnam (as above)

### CHANGES OF OWNER'S EQUITY

In 2013, the Corporation did not increase equity capital.

### TREASURY SHARE TRANSACTIONS

Total number of treasury shares at the beginning of 2013: 2,445,680 shares

In February and May 2013, the Corporation sold 2,379,940 treasury shares. Total number of treasury shares as of 31/12/2013: 65,740 shares.



## BUSINESS PERFORMANCE EVALUATION

“ IT HAS BEEN 11 YEARS SINCE ITS ESTABLISHMENT, PVFCCO HAS MAINTAINED AND DEVELOPED THE BUSINESS UNDER THE STATED MISSION AND STRATEGY. INHERITING AND PROMOTING THE EXPERIENCE, HUMAN RESOURCE, WITH APPROPRIATE CHANGES IN ORGANIZATION, MANAGEMENT AND OPERATION, IN 2013, PVFCCO ACHIEVED AN IMPRESSIVE OUTCOME IN BUSINESS AND PRODUCTION, MEETING THE TARGET OF BRAND DEVELOPMENT, AND GRADUALLY IMPROVED THE COMPETITIVENESS ON THE NATIONAL AND INTERNATIONAL FERTILIZER MARKET. BELOW IS THE BOM’S EVALUATION ON MAIN ADVANTAGES AND DISADVANTAGES:



### OVERVIEW

#### Advantages

- » PVFCCo always received support from major shareholders, enjoyed the companion of shareholders and units in oil and gas industry, and related ministries/ departments.
- » The quality and brand of Phu My

Urea created the prestige among farmers nationwide.

- » The distribution network was sustainably expanded to various areas.

#### Disadvantages

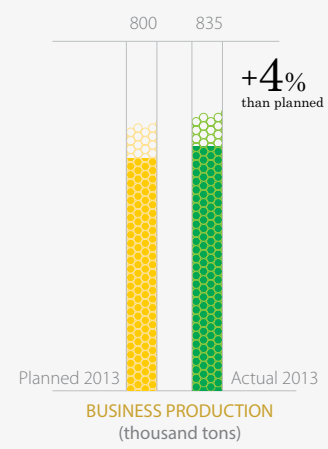
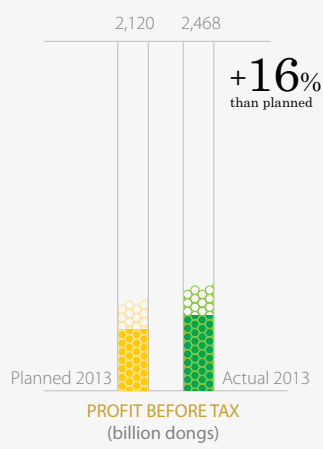
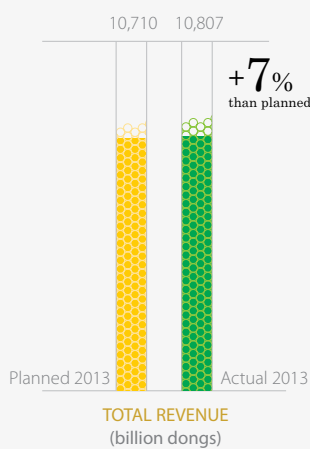
- » It had been 10 years since Phu My Fertilizer Plant began its operation; therefore, there were many

potential risks in machines and equipment.

- » Gas price growth resulted in higher transport cost, from 7% to 20%, and other expenses in transportation from 5% to 18%, compared to those of 2012.

- » Though the market was widened, the competition was increasingly severe, due to abundant domestic supply.

# 7,000,000 tons of Phu My Urea achieved on 20/12/2013



## BUSINESS RESULTS OF THE YEAR

- » Revenue: 10.8 trillion dong (5.5 billion dong/person) - 7% higher than the target;
- » Profit: 2.46 trillion dong (1.25 Billion dong/person) - 16% higher than the target;
- » Production: 822 thousand tons of Phu My fertilizer, 19 days ahead of the schedule;
- » Reached the milestone of 7 million tons of Phu My fertilizer/day on 20/12/2013;
- » Business output: 835 thousand tons of Phu My fertilizer (excluding other fertilizers) - 4% higher than the target in context of fierce market competition.

## PROGRESS MADE DURING THE YEAR

- » **In production:** Basing on experience gained on periodic maintenance or haul, this activity

in 2013 made good progress, bringing about the best outcomes in all aspects. Modification, calibration have been done together with the application of norms, contributing to the management improvement and production cost reduction.

- » **In business:** The brand name of Phu My Urea held fast to the market, the market share was increased and the Corporation has gradually penetrated the international market. Despite strong competition in the urea market, the Corporation's maximum market share and sales were maintained.
- » **In HR:** KPI project and salary policy improvement project were carried out together with the development of reasonable and efficient capacity framework. In the coming year, these are expected to be completed, bringing about positive changes.

**However, it must be noticed that in 2013, the Corporation's business performance had several limitations that need to be overcome in the near future, namely:**

- » High number of headcounts, cumbersome apparatus.
- » The income was quite high but equal amount was applied, thus, no motivation was created for staff.
- » Marketing staff are inexperienced in non-Phu My urea products.
- » The project team consisted of many people but they are not skilled.

The restrictions are critical and need to be addressed immediately by PVFCCo when the market competition has been increasing.

## BUSINESS PERFORMANCE EVALUATION (continued)

### EVALUATION ON FINANCIAL PERFORMANCE

#### ASSETS AND CAPITAL OF PVFCCO

Total assets as of 31/12/2013 PVFCCo was 10,805 billion dong, up 2% compared to the same period in 2012 (10,805/10,580 billion dong). Cash and cash equivalents reduced by 28% compared to the same period in 2012 (4,032/5,629 billion dong) as a result of PVFCCo's change of deposit term from 1-3 months to 6 - 2 months at banks of group 1 and group 2 as per classification of SBV.

In 2013, PVFCCo booked the provision for financial investments as prescribed by the Ministry of Finance for PVTEX, PVC - Mekong and PAIC with the total provision of 148.71 billion dong.

» In 2013, total operating revenue decreased by 22% compared to the same period in 2012 [10,807/13,858 (billion dong)]. Profit fell by 30% compared with 2012, primarily due to:

» The price increase of gas (by 2%) and other expenses such as electricity, petroleum, chemical, transportation by 5% - 15%, leading to the increased production cost.

» The decrease in Phu My urea sales volume by 8% compared with the same period in 2012 (835,395/908,879 tons)

» The reduction in Phu My urea





price by 6% compared to 2012 [8,458/8,982 (million dong/ton)]

- » In addition, revenue from financial operations decreased by 24% (429/568 billion dong) caused by lower deposit interest rates.
- » Provision for financial investments in 2013 totalling 148.71 billion dong.

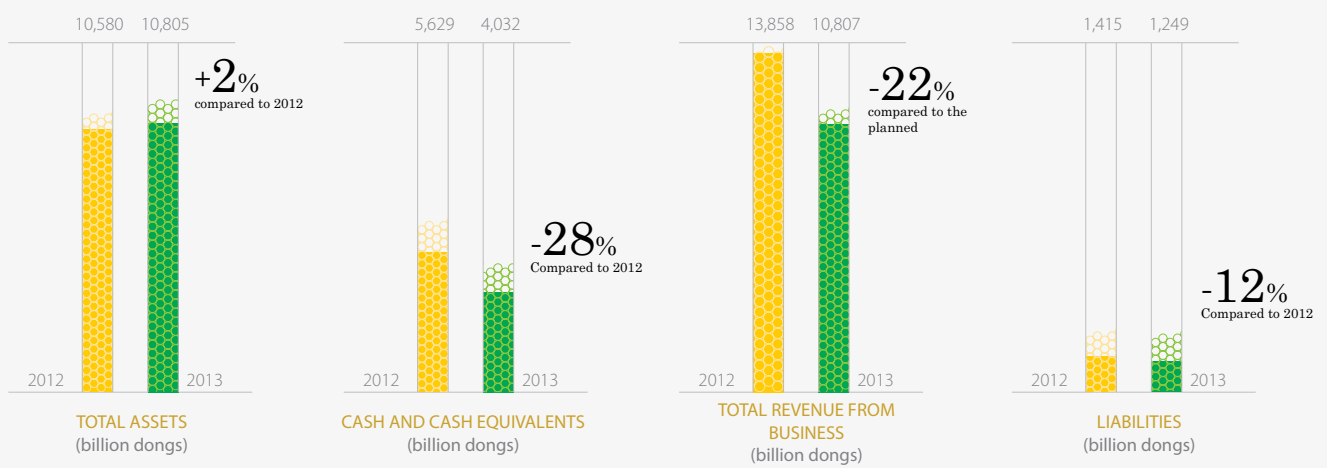
### LIABILITIES

Liabilities in 2013 of PVFCCo was 1,249 billion dong, down by 12% compared to the same period in 2012 (1,249/1,415 billion dong). The main reason was reduced fixed asset major repair costs.

Current ratio and quick ratio in 2013 remained at a high level and greater than 1. This shows that the company

can pay the debts well. These ratios were higher than those of 2012 because the reduction of short-term debts by 12% mainly due to decreased payable costs.

With the cash and cash equivalents ending balance of 4,032 billion dong, PVFCCo had sufficient funding for manufacturing, trading and implementation of investment projects according to the plan.



## Improving **PROCEDURES**

---

In 2013, fertilizer industry officially became a conditioned trading and manufacturing sector, marking a new development in the whole fertilizer industry in general and in urea industry in particular. In this context, PVFCCo has further promoted its economic integration, expansion, especially to the export market.





## EVALUATION OF THE BOARD OF DIRECTORS

---

60 BOD report 2013

64 Forecasted fertilizer market and challenges  
for PVFCCo in 2014

**ALTHOUGH IN THE HARD TIME OF THE ECONOMY AND FERTILIZER PRODUCERS, AS WELL AS UNDER THE MAJOR IMPACT OF CHANGES IN LOCAL DEMAND AND SUPPLY, SHARP REDUCTION OF THE GLOBAL FERTILIZER PRICES, PVFCCO HAS AMAZINGLY FULFILLED ITS TASKS AND BUSINESS TARGETS OF 2013.**



## OVERVIEW

Despite the unfavorable conditions such as challenging local and global economy, stronger competition in the industry, oversupply in fertilizer market, continuously decreasing global fertilizer price, reducing agricultural product price in the last months of the year, and increasing input material price, PVFCCo has impressively met business targets and tasks approved by the General Meeting of Shareholders thanks to great support of the management, PetroVietnam and other relevant authorities, the accompany and understanding of our shareholders, proper measures and direction of the leaders, as well as staff's strong commitment.

## ACHIEVEMENTS

While 2012 was a mark as "A decade of value crystallization", 2013 continued to be a successful year on the new journey. Remarkable achievements of 2013 were gained by collective strength and efforts, creating a solid foundation for another 10-year journey with ambitious goals and targets.

As the management body of the Corporation between two terms of General Meeting of Shareholders, the Board of Directors assess the year 2013

as follows: despite the unfavorable context of the economy and urea manufacturing businesses, as well as the significant impacts of local supply – demand imbalance, strong global fertilizer price reduction, PVFCCo accomplished duties and planned targets of sales and production for 2013.

Besides focusing on the production and business efficiency optimization for the Corporation's core product, i.e Phu My urea, in 2013, PVFCCo actively promoted other traded products, particularly products under Phu My brand (Phu My NPK, Phu My Potassium, Phu My SA, Phu My DAP, etc.), thereby contributing to the Corporation's business performance while optimize its existing distribution network. Subsidiaries in the distribution sector have also proactively improved their competitiveness in oil and gas chemical industry and other fertilizer businesses.

Regarding corporate governance, the Corporation has always maintained the principle of publicity and transparency of business activities with the most advanced governance standards. In 2013, beside its existing effective integrated management systems such as ISO 9001:2008, ISO 14001:2004 and OSHAS 18001:200; ERP, STOP, 3S, etc. the Corporation deployed a KPI project and salary reform policy

project to assure the fair, professional and efficient working environment. Internal audit system was developed with the new approach, improving and enhancing risk management in the Corporation's operation.

## CONSTRAINTS AND LIMITATIONS

Besides impressive results in 2013, below are several constraints and limitations evaluated by the BOD:

### RESEARCH AND DEVELOPMENT (R&D), PRODUCTION

No new products were launched by R&D in 2013. Although product development in chemical industry takes a long period of time, R&D should be further fostered.

### BUSINESS AND DEVELOPMENT OF DISTRIBUTION NETWORK:

Effectiveness and the proportion of self-traded products (other than urea) and chemical products of the Corporation had positive progress, however, they were still quite modest. Under the difficult circumstance of Phu My urea business, higher pressure on other products were imposed. Thus, further efforts are required from the business unit. Also, the distribution network should be reviewed, improved accordingly.



### BOD'S EVALUATION ON BOM'S PERFORMANCE

General assessment in terms of the performance of BOM in PVFCCo's production and business activities:

BOM members have the adequate qualifications, sufficient competencies and were professionally trained in the area they were in charge of. They also have profound experiences in large business/project management and operation.

The CEO were responsible for assigning tasks to Vice Presidents and holding weekly briefings to assess the

results of the previous week and assign new tasks for the following week.

BOM carried out production and business activities in accordance with the resolution by the General Meeting of Shareholders, the directions of BOD and in compliance with the Charter, legal regulations;

The management system ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004, Enterprise resource planning system (ERP) were applied successfully, which contributed to the safe and efficient production and business activities.

BOM were fully aware of the advantages and disadvantages of the Corporation, so they flexibly managed production and business activities, issued internal documents at their authority in order to effectively control all PVFCCo's activities. The risk management of BOD and the middle-leveled management were carried out properly.

BOM played an active role in building and developing the distribution network, as well as in products sales including urea, NPK, potassium, and chemical products, which initially showed positive changes.

“ ACCORDING TO A NUMBER OF ECONOMIC ANALYSTS, VIETNAM'S ECONOMY IN 2014 WILL HAVE HIGHER GROWTH THAN THAT IN 2013, STILL WE WILL HAVE TO DEAL WITH AN ARRAY OF OBSTACLES AND CHALLENGES. APART FROM THE EFFORT TO MAINTAIN THE MACRO-ECONOMIC STABILITY AND CONTROL INFLATION, WE SHOULD KEEP THE APPROPRIATE GROWTH RATE. THE PROBLEMS OF BAD DEBTS, INVENTORIES, FROZEN REAL ESTATE MARKET AND PRODUCTION STAGNATION, ETC. WILL BE IMMINENT DIFFICULTIES. 2014 WILL ALSO BE A HARD YEAR FOR PVFCCO WHEN THE NATIONAL UREA MARKET HAS OVERSUPPLY AND COMPETITION AMONG LOCAL AND FOREIGN ENTERPRISES ARE FIERCER. ”

In that context, BOD will cooperate with BOM and the whole staff to make great efforts in governance and management to fulfill all planned targets and missions assigned by the Annual General Meeting of Shareholders in 2014 with the following orientation:

Direct the completion of business and production plans in 2014 in a safe, effective and economical manner.

Direct the administration, management as well as the safe, stable, and effective operation of manufacturing plants.

Direct the capacity building project for the efficient maintenance and operation of Phu My Fertilizer Plant.

Direct the effective sales of fertilizer and chemical. Particular attention should be made to output targets and the effectiveness sales of products other than Phu My urea, self-traded products, chemicals and new products.

Direct the efficient promotion of BOD's resolutions on personnel work, monitoring of investment efficiency, corporate culture, internal control, production, fertilizer sales administration, cost management, inventory control, HR and training, audit and accounting, supervision and monitoring, practicing thrift and preventing waste, etc.

Improve and apply the innovative international models of production control, repair and maintenance (ISO, OSHAS, ERP, etc.) in order to minimize the risks, make effective use of enterprise resources. Strengthen the supervision, inspection, internal control and risk management.

Continue to update and adjust the rules, regulations, procedures, systems engineering and economic norms PVFCCo to be relevant to the actual situation.

Continue to improve the oriented reorganization, restructuring and plans; Direct the review, update and improvement of planning activities, 5 year planning and development strategy planning until 2025 and towards 2035 for the Corporation, its subsidiaries.

Direct the attention to investment and development, especially of major projects of fertilizer and chemical production aiming at product diversification such as  $\text{NH}_3$ -NPK, UFC85,  $\text{H}_2\text{O}_2$ , etc.

Strengthen the local, international fertilizer distribution system; Improve the sales network, warehouse and logistic system.

Carry out R&D, innovatively rationalize the business and production in order to diversify products, enhance the product and service quality, save cost and improve competitiveness.

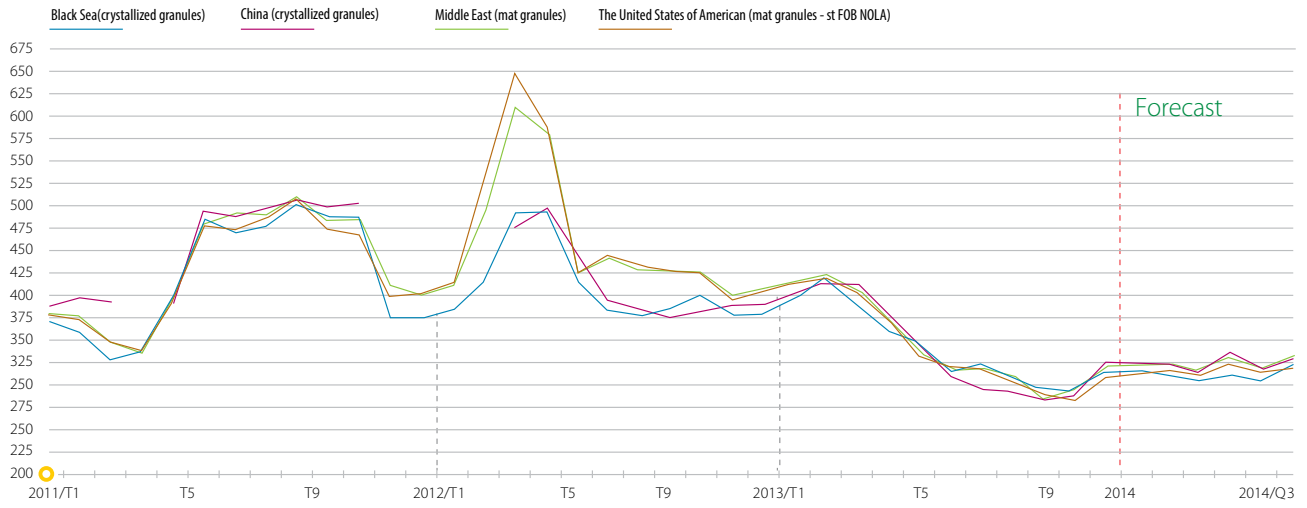


## FERTILIZER MARKET TREND

Global urea price continued to fall in 2013, the main cause was additional supply from new plants, creating oversupply and fierce competition. New plants were mainly in the Middle East and Africa where abundant gas was available and as a result, production cost was low and competition was high. It's estimated that the world's urea production soared by more than 3 million tons in 2014, bringing the total global urea production to 168 million tons. In addition, the abundant urea supply in China and loosening export policies had major impacts on the world's urea market.

Urea market slightly recovered in 2014 thanks to increased seasonal demand, but China's large urea supply and India's demand which is lower than expected could not contribute much to this recovery. With the trend of increasing urea output while demand is stable, price will go down in the coming years. Especially Russia, Ukraine products will be face dramatic competition from China product and new supplies from the Middle East and Africa. The advantage will belong to the manufacturers who have the lower input cost, out of date plants which cause environmental pollution. Plants with high gas cost may be forced to shut down as they can hardly compete.





**GLOBAL UREA PRICE IN 2011 - 2014 (FOB USD/TON)**

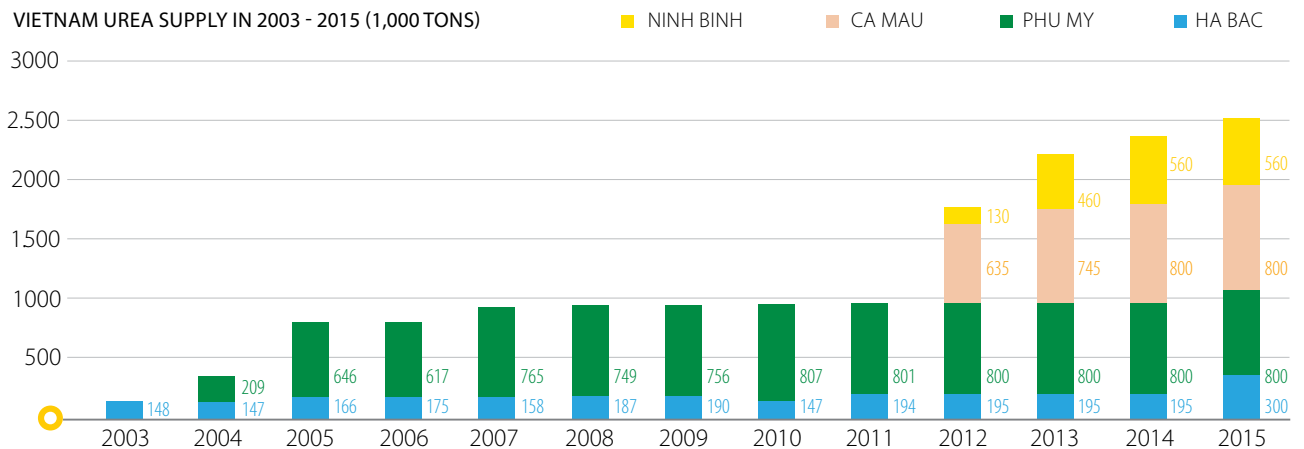
Similarly, price of other fertilizers such as Potassium, DAP, SA, etc. fell sharply in 2013 and may recover slightly in 2014.

Local urea market was more active with the entering of the two new manufacturers, bringing the total urea supply to 2.35 million tons

nationwide. Estimated production in 2013 was about 2.1 million tons compared with the steady demand of 2 million tons of urea/year. The new plants are expected to operate at full capacity in 2014, along with the output increase of Ha Bac Fertilizer Plant to 350 thousand tons in 2015,

supply will be increased to 2.5 million tons. Currently local urea supply is sufficient to meet the demand and does not depend on imports. It's forecasted that, in the same trend with the world's price, urea local price next year will be low, and can hardly reach the average level of 2013.

**VIETNAM UREA SUPPLY IN 2003 - 2015 (1,000 TONS)**



## CHALLENGES FOR PVFCCO

“LOCAL UREA SUPPLY EXCEEDS THE DEMAND. WITH THE ENTERING OF NEW FERTILIZER PLANTS AND SEVERAL IMPORTED FERTILIZER PRODUCTS, THE MARKET HAS BEEN HOTTER WITH FIERCER COMPETITION AS WELL. LOCAL AND GLOBAL UREA PRICE GENERALLY TENDS TO DECREASE. PRICE OF FERTILIZER REDUCES WHILE INPUT COSTS GO UP, AFFECTING REVENUE AND PROFITABILITY OF PVFCCO. BESIDES, UNFAVORABLE WEATHER, NATURAL DISASTERS AND REDUCED AGRICULTURAL PRODUCT PRICE ALSO AFFECT NEGATIVELY ON THE FERTILIZER BUSINESS.”

In context of new challenges, PVFCCo aims to diversity. Diversity in product portfolio, which is not only limited to Phu My urea but also others, including Phu My NPK, Phu My Potassium, Phu My SA, Phu My DAP, etc. Diversity is also focused on flexible sales policies that are suitable to various targeted customers. Priority is given to the development of a sustainable distribution system, including the consolidation of the distribution system to create differentiation. The current

distribution system current of PVFCCo consists of 10 Fertilizers and Petro Chemical branches/outlets under 4 member companies, 103 dealers, stores of level 1 and level 2 and over 3,000 stores nationwide. PVFCCo creates its differentiation in customer care, post-sales service and technical service package in line with the product. With the strong determination and “can-do attitude”, PVFCCo expects to become the leading chemical and fertilizer business in Vietnam.



## TARGET OUTPUT

No.	ITEMS	UNIT	PLAN 2014
1	Production output		
1.1	Phu My Urea	Ton	800,000
1.2	Packaging	Million bags	46
2	Production of business		
2.1	Dam Phu My	Ton	800,000
2.2	Other fertilizers	Ton	330,000
2.3	Packaging	Million bags	46
2.4	Chemicals	Ton	4,200

## FINANCIAL PLAN OF THE CORPORATION (CONSOLIDATED)

No.	ITEMS	UNIT	PLAN 2014
1	Total revenue	Billion dongs	8,700
2	Total cost	Billion dongs	7,316
3	Profit before tax	Billion dongs	1,384
4	Profit after tax	Billion dongs	1,219
5	Tax payables	Billion dongs	362

## PLAN OF THE PARENT COMPANY

## FINANCIAL PLANNING

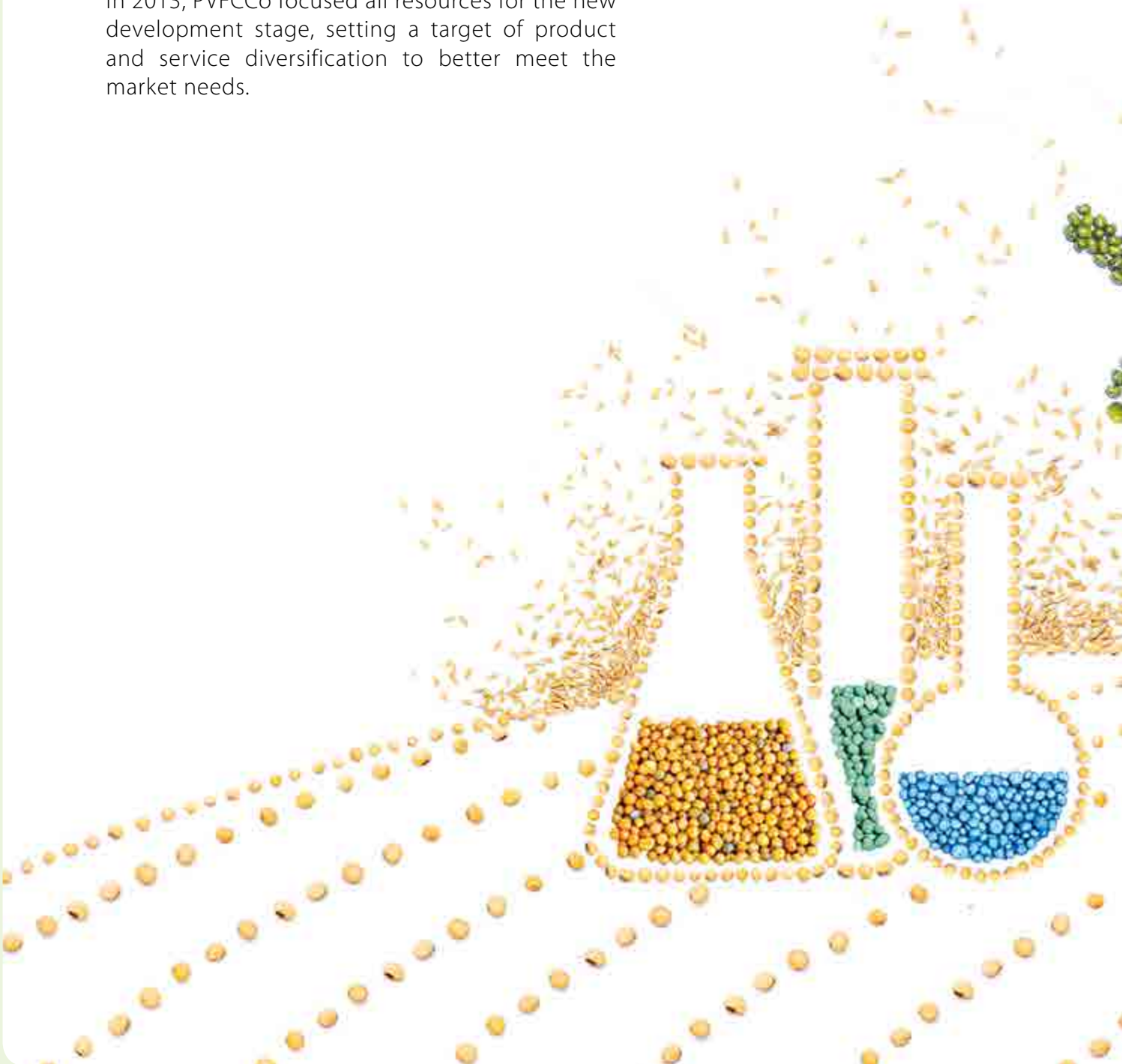
No.	ITEMS	UNIT	PLAN 2014
1	Owner's Equity	Billion dongs	7,103
	Of which: Capital/ average capital	Billion dongs	3,800
2	Total revenue	Billion dongs	7,620
3	Profit before tax	Billion dongs	1,302
4	Profit after tax	Billion dongs	1,175
5	Profit after tax/charter capital	%	31
6	Dividend paid out/charter capital	%	25
7	Tax payables	Billion dongs	300

## INVESTMENT CAPITAL PLAN

No.	ITEMS	UNIT	PLAN 2014
1	Total needed capital investment	Billion dongs	454
a	Construction investment	Billion dongs	329
b	Property and equipment investment	Billion dongs	125
c	Equity investment in subsidiaries	Billion dongs	
2	Capital source	Billion dongs	454
a	Owner's equity	Billion dongs	324
b	Loans and others	Billion dongs	130

## Reaching **FURTHER**

Quality is always in the interest of customers and the top criteria for PVFCCo's product orientation. In 2013, PVFCCo focused all resources for the new development stage, setting a target of product and service diversification to better meet the market needs.





## **CORPORATE GOVERNANCE**

---

- 70 Development objectives and orientations
- 72 Corporation governance
- 78 Management Report

8000

“ MAINTAINING CRYSTALLIZED ACHIEVEMENTS, PROMOTING STRENGTHS, PVFCCO DEFINED SPECIFIC ROADMAP TO STRENGTHEN ITS POSITION OF THE LEADING NAME NOT ONLY IN THE LOCAL INDUSTRY BUT ALSO GLOBAL MARKET. IN THE PERIOD 2013 - 2015, THE STRATEGY UPDATED IN 2011 SHALL BE FOLLOWED WITH THE BELOW DEVELOPMENT ORIENTATIONS AND OBJECTIVES:

**FOR PRODUCTION:** Operate effectively and stably Phu My Fertilizer Plant (800,000 tons/year), increase the packaging output to 46 million bags in 2014 and to 53.2 million bags per year in 2015 in order to meet the demand for packaging used for fertilizer and chemicals and for the Corporation's business needs.

**FOR FERTILIZER BUSINESS:** Sell all urea products manufactured by the Corporation, maintain the domestic market share and expand it to the international

market maximizing the business efficiency, trading in other fertilizer products, especially NPK imported and inland produced under the brand name of the company to reach 10% -15% market share from 2013 on. Expand the sales of other fertilizers in order to improve the efficiency in developing distribution network and the brand name of PVFCCo. It is expected that the Corporation will sell the imported potassium in order to meet the market demand for specialized fertilizer (e.g. folia).



# ,000 tons/year

Stable and  
efficient operation(2013-2015)

FOR CHEMICAL SALES, TARGETS  
FOR 2015 are as follows:

- » Account for 10-15% of the market share for specialized chemicals for the first stage and the later stage of the oil and gas industry.
- » Account for 5% of the share of agricultural chemicals market (folia, plant protection products, etc.) The sales of chemicals in 2015 is expected to be over 500 billion dong

#### INVESTMENT:

- » Complete the preparation for investment for the project to upgrade the capacity of Ammonia workshop, Phu My Fertilizer Plant and the project to build the NPK plant with the capacity of 250,000 tons per year; launch the construction of UFC85/Formaldehyde workshop.
- » Complete the preparation for investment to develop the project of the complex producing 450,000 tons of Ammonia per year and 200,000 tons of Ammonium Nitrate per year.



- » Implement the construction of Hydrogen Peroxide plant of 20,000 tons per year.
- » Adjust the planning and complete the investment in warehouses & ports to serve the product distribution suitable with the demand for business and sales.
- » Exit from projects/investments outside the core business (fertilizers and chemicals).

ACCORDING TO THE CORPORATION'S ASSESSMENT, THE FACT THAT SOME OF STRATEGIC TARGETS PROPOSED IN THE PERIOD OF 2008 - 2015 WERE NOT IMPLEMENTED AND SOME HAVE BEEN DELAYED COMPARED TO 2015 DEADLINE MAY RESULT FROM THE FOLLOWING REASONS: SOME MAJOR PROJECTS WERE PUT OFF OR UNSUCCESSFUL AS ANALYZED ABOVE; AND, AMMONIA, AMMONIUM NITRATE, AND HYDROGEN PEROXIDE PROJECTS WERE DEVELOPED DURING THE HARSH TIME OF ECONOMY, SO MORE TIME WOULD BE NEEDED FOR PREPARATION.

“**BOARD OF DIRECTORS (BOD) RE-ELECTED BY THE AGM FOR THE TERM 2013 - 2018 CONSISTS OF FIVE MEMBERS WITH ABOVE-MENTIONED DETAILED INFORMATION, INCLUDING ONE CHAIRMAN, ONE VICE CHAIRMAN, ONE FULL-TIME MEMBER, ONE MEMBER CUM CEO, AND ONE INDEPENDENT MEMBER. BOD DOES NOT SET UP DEPARTMENTS. BOD'S ACTIVITIES ARE ASSIGNED TO EVERY MEMBER WHO IS IN CHARGE OF HIS/HER OWN FIELD IN ORDER TO EXAMINE EVERY ACTIVITY UNDER THE AUTHORITY OF BOD. IN ADDITION, BOD CAN MAKE DECISIONS, MONITOR, DIRECT AND SPEED UP THE CORPORATION TO IMPLEMENT BOD'S RESOLUTIONS AND DECISIONS AS ASSIGNED.**”

## BOARD OF DIRECTORS

### THE ACTIVITIES OF BOD IN 2013

As the supreme management unit, representing the rights of the shareholders, in 2013, the five incumbent members of the BOD actively carried out their roles and duties of guiding the company's standards of governance. The BOD organized its responsibilities, issued collective decisions, and assigned tasks to the members of the Board according to their expertise.

In 2013, BOD held 8 meetings and collected written opinion of member many times to make decisions on the following specific important contents:

- » Plan: Approved and monitored the business 2013 plan, approved the savings, cost reduction 2013 plan. Appraised and approved the plan 2014 to report the AGM 2014.
- » Organization: Further reviewed the implementation of restructuring plan 2012-2015 of the Corporation; directed the establishment of a representative office in Myanmar. Prepared reports on the election of the BOD, BOS for the term 2013 - 2018.
- » The system of governance, risk management, internal audit: Approved and implemented the

internal audit plan in accordance with the procedure and apparatus established during the internal audit apparatus establishment project; directed the implementation and application of Stage 1 of ERP system; continued to direct the application, monitoring, and adjustment of economic-technical norms in business and production activities of the Corporation with the demand for saving, avoiding waste, effective cost control.

- » The investment and implementation of projects: Approved the construction of UFC85/Formaldehyde workshop; approved the decision on preparing FS for the improvement of NH<sub>3</sub> workshop capacity and the construction of NPK plant; approved the work balance-sheet for the warehouse - 20,000 DWT port project.
- » Promulgation and amendment of policies: Salary, bonus and remuneration policy for the representative of PVFCCo in subsidiaries; Policy on invention, incentive management; Policy on Energy Efficiency; Policy on the management and use of Science and Technology Development Fund; Corporate Governance Policy; BOD Operation Policy; Debt Management Policy; Fertilizer Business Management Policy;



Phu My Urea Dealer Policy; R&D Management Policy.

- » Approval and adjustment of economic-technical norms: Approved the supplemented Norm No. 5 - Capital Spares - Minimum spare materials.
- » Relations with shareholders and dividend payout: Organized the Annual General Meeting of Shareholders in 2013 successfully; organized regular meetings with investors as required; organized periodic shareholder meetings in July and October 2013; issued 3 Investor Bulletins in Quarter 1, 3 and 4; issued Annual Report in Quarter 2; Decision to advance dividend for stage 1 with the total dividend paid of 25% of share par value.
- » Appointment and resignations: Appointed to replace some representatives to subsidiaries, removed 2 Vice Presidents and appointed 2 Vice Presidents
- » Coordinated with the BOS to approve the engagement of auditor for the financial statements in accordance with the authorization of the General Meeting of Shareholders.
- » Other issues: Decision to increase investment into PVC Mekong to

35.63%, or 100 billion dong; exited the investments in PetroVietnam Sport and Culture Joint Stock Company and PetroVietnam Packaging JSC;

Besides periodic or extraordinary meetings, BOD often held weekly or monthly meetings to examine, appraise BOD's performance, and examine BOM's compliance with BOD's resolutions and decisions.

BOD Members performed the duty of directing, monitoring, and speeding up the performance of BOM via following activities:

- » Attending and directing opinions in important meetings of the Executive Board on the implementation of the resolutions and decisions of Board of Directors, or in the preparation of proposals and projects to the Board of Directors.
- » Attending and providing guidance in BOM's regular meetings.
- » Attending and providing guidance in meetings of the Pricing Council, sales and personnel policy, workforce organization, and meetings on construction and production planning for subsidiaries, reporting and reviewing important tasks, etc.

» Monitoring and capturing of business management processes through reports and papers sent to the BOD by the BOM.

» Directly guiding and contributing to the Board of Management on a number of key issues arising from the business management process.

#### ACTIVITIES OF BOD'S NON-EXECUTIVE INDEPENDENT MEMBER

Mr. Dinh Quang Hoan, eligible independent member of BOD, has engaged in all meetings, and voted independently for BOD's decisions. He also monitored and gave guidance to the activities of BOM as assigned by BOD.

#### BOD MEMBERS IN GOVERNANCE KNOWLEDGE

All BOD Members are experienced and were trained in corporate administration at the time they were voted and assigned.

In 8/2012, PVFCCo organized the training course in governance and control for BOD Members. The course was provided by Securities Research and Training Center of the State Security Commission.

“UPON THE END OF 2007-2012 TERM, THE AGM 2013 RE-ELECTED THREE MEMBERS OF THE BOARD OF SUPERVISORS (INCLUDING ONE PART-TIME MEMBER) FOR THE TERM 2013 - 2018. BOS MONITORED THE GOVERNANCE OF BOD, THE CEO'S OPERATION MANAGEMENT AND RESOLUTION IMPLEMENTATION.”

## BOARD OF SUPERVISORS

### ACTIVITIES OF THE BOARD OF SUPERVISORS

In 2013, BOS members spent efforts to fulfill the plan of the AGM. BOS has contributed many practical and useful ideas in corporate governance.

The monitoring and supervision of the BOS focused on:

Supervising the capital control, business performance of the Corporation; monitoring the implementation, enforcement of AGM's resolutions, decisions and directives of the Vietnam Oil and Gas Group for PVFCCo.

### RESULT OF INSPECTION AND SUPERVISION

Performance of BOD: BOD has seriously carried out the resolutions of the AGM in 2013.

BOD conducted regular meetings and issued, supplemented, adjusted 11 Policies, assigning plan for each unit; developed the warehouse – port system, created a sufficient distribution channel to the consumer.

Performance of BOM:

In 2013 the Corporation completed the key criteria, detailed as:

ITEM	PLAN 2013	ACTUAL 2013	% COMPLETION
Total Revenue	10,100	10,807	107%
Profit before tax	2,120	2,468	116%
Profit after tax	1,915	2,142	112%
Dividend pay-out ratio	25%	25% (paid in advance)	100%

The Corporation's capital and assets were preserved and grow. Charter capital was 3,800 billion dongs in 2013, total assets was 10,805 billion dongs. In 2013, the CEO well

managed the business operation in accordance with Charter, laws and regulations, relevant with the resolutions of the General Meeting of Shareholders.



**Progress of construction investment projects:**

Most of projects in 2013 were compliant with the schedule, such as NH<sub>3</sub> Workshop capacity increasing project, NPK plant project, UFC reservoir construction project, formaldehyde project. In addition, several projects were behind the schedule, namely Da Nang Warehouse – Port, Tay Ninh Warehouse. Total disbursement for construction investments and procurements was 143/333 billion dong, reaching 43% of the plan.

Capital contribution to subsidiaries and associated companies was done as per resolutions of the AGM. As of 31/12/2013, the total capital investments in subsidiaries was 466.5 billion dong, in associated companies was 634 billion dong. Other long-term investments was 78 billion dong.

**Progress of construction investment projects:**

Maintain organizational model of which, the parent company shall directly manage, operating core business areas, focusing on chemical and fertilizer industry. Revise the organizational structure of Departments/Sections in the management apparatus to improve processes, procedures and regulations to suit the actual situation.

Exit investments in companies which are out of the Corporation's core business, etc.

**Human resources - training, salary:**

The Corporations always follows the staff management regulations. Priorities were given to HR development and training. Staff performance was evaluated basing on the individual achievements, capacity. Regularly revise, update job descriptions.

Revised regulations, policies to have appropriate remuneration scheme for staff, taking the interest of the labors into consideration as per legal regulation.

**Financial, accounting, internal audit performance:**

BOS developed the plan, content and proposed to engage Deloitte for the

auditing of financial statements 2013. PVFCCo's Financial Statements gave a true and fair view on the production, business and financial performance. The recording, classification and presentation of Financial Statements complied with Vietnam accounting standards. PVFCCo followed regulations on capital, financial management, and maximized cash flow benefits.

Internal audit activity of the Corporation has been gradually improved. Inspection on business activities, tax compliance, accounting, financial performance of the Corporation's office and subsidiaries were carried out. In 2013, the BOS in cooperation with the Internal Audit Unit, auditors, supervised and oversighted the operation of PVFCCo and its subsidiaries.



## DETAILS SALARIES, REMUNERATION AND BONUSES IN 2013

### SALARY, BONUSES, COMPENSATIONS AND OTHER BENEFITS FOR MEMBERS OF BOD, BOM AND BOS IN THE YEAR

We applied an executive remuneration scheme in accordance with the law and in harmony with our annual wage and salary packages, commensurate with the

competence, performance and work results of each member. Bonus, welfare and others were in line with the Corporation's employee policy and annual salary fund.

Part - time of the Board of Directors or Board of Supervisors were offered salaries according to their role.

### DETAILS SALARIES, REMUNERATION AND BONUSES IN 2013

No.	FULL NAME	POSITION	SALARY - COMPENSATION (MILLION DONGS)	BONUS - WELFARE (MILLION DONGS)	TOTAL INCOME (MILLION DONGS)
<b>BOARD OF DIRECTORS</b>			<b>3,112</b>	<b>1,907</b>	<b>5,019</b>
1	Bui Minh Tien	Chairman of the BOD (resigned from 12/12/2013)	689	468	1,157
	Le Cu Tan	Chairman of the BOD (appointed since 12/12/2013)	37	22	59
2	Cao Hoai Duong	BOD Member and CEO	739	471	1,210
3	Nguyen Thi Hien	Vice Chairwoman	645	407	1,052
4	Nguyen Duc Hoa	BOD Member	311	180	490
5	Bui Quang Hung	BOD Member	311	180	490
6	Nguyen Hong Vinh	BOD Member	311	180	490
7	Dinh Quang Hoan	Concurrent BOD Member	70	-	70
<b>VICE PRESIDENT &amp; CHIEF ACCOUNTANT</b>			<b>4,383</b>	<b>2,490</b>	<b>6,873</b>
1	Le Van Quoc Viet	Vice President	629	363	992
2	Nguyen Van Tong	Vice President	629	363	992
3	Chu Thi Hien	Vice President	105	61	165
4	Le Thi Thu Huong	Vice President	518	304	822
5	Nguyen Hong Vinh	Vice President	314	182	496
6	Duong Tri Hoi	Vice President	287	168	455
7	Hoang Viet Dung	Vice President	629	363	992
8	Tu Cuong	Vice President	664	363	1,028
9	Huynh Kim Nhan	Chief Accountant	609	323	933
<b>BOARD OF SUPERVISORS</b>			<b>1,038</b>	<b>523</b>	<b>1,561</b>
1	Tran Thi Phuong Thao	Head of BOS	602	320	922
2	Le Vinh Van	BOS Member	400	203	603
3	Nguyen Van Hoa	BOS Member	36	-	36
<b>TOTAL</b>			<b>8,533</b>	<b>4,921</b>	<b>13,454</b>

## EQUITY TRADING OF INTERNAL SHAREHOLDERS AND RELATED PERSONS:

PetroVietnam Finance Corporation, represented by Mr. Bui Quang Hung, Member of PVFCCo's BOD, announced the equity trading of DPM shares as of 25/04/2013 as follows:

- » On 02/01/2013, announced holding of 20,000 shares;
- » On 03/01/2013, registered the sale of 20,000 shares
- » On 06/02/2013, announced it had sold 5,000 shares
- » On 01/04/2013 registered the sale of 15,000 shares.

Since 25/04/2013, PVFC was no longer a related person of the internal shareholder of DPM and no report on the share transaction was available.

On 16/01/2013: Deutsche bank AG London shareholder informed the purchase of 354,900 shares, raising its stake to 5.07%.

On 24/06/2013: Norges Bank informed that it and the related shareholders purchased additional shares and its

ownership was increased to 5.01%.

On 10/07/2013: Deutsche bank AG London shareholder informed the sale of 152,230 shares, reducing its ownership to 4.99%.

On 16/09/2013: Norges Bank informed that it and the related shareholders purchased additional shares and its ownership was increased to 6.00%.

Others: No announcement about equity trading.

## CONTRACTS OR TRANSACTIONS AMONG INTERNAL SHAREHOLDERS

In 2013 there were no transactions between PVFCCo and members of BOD, BOS, BOM, and managers.

## IMPLEMENTATION OF CORPORATE GOVERNANCE REGULATIONS

PVFCCo complied with all legal regulations of listed companies.



“AT PVFCCO –THE BOD ARE FULLY AWARE OF THE RESPONSIBILITY FOR DEVELOPING AND APPLYING AN APPROPRIATE RISK MANAGEMENT POLICY AND AN EFFECTIVE INTERNAL CONTROL SYSTEM WITH REFERENCE TO INTERNATIONAL PRACTICES TO ENSURE THAT CRITICAL RISKS ARE CLOSELY CONTROLLED AT ALL LEVELS OF OPERATION AND MANAGEMENT OF THE CORPORATION.

Further strengthened the system of risk management and control. Below are improved activities:

#### POLICY

Improved regulations on internal risk management, clear delineation of roles and responsibilities between the BOD and BOM, particularly in implementing internal control activities.

Risk appetite was clearly identified and revised through practical activities. Corporation determined to strengthen the internal control system to ensure maximum compliance with laws and internal regulations, limiting the operational risk at a reasonable level to achieve strategic business objectives business. The measure and catalog risks are identified and clearly established.

#### ORGANIZATIONAL STRUCTURE

With responsibility of promoting long-term success of the business, the Board of Directors identified and monitored significant risks of

PVFCCo with the technical assistance of the Internal Audit Division (IAD).

Under the supervision and direction of the BOD member in charge, IAD has enhanced its independent role and given opinions on the effectiveness of internal control system, risk management as well as advised the BOM on operational risks.

IAD was officially put into operation under Decision No. 177/QĐ-PBHC, dated 24/05/2011 on IAD establishment. Its operation follows the Regulation No. 182/QĐ-PBHC, dated 30/05/2012 of the BOD. This was a major turning point in the control activities of PVFCCo towards international corporate governance. With the goal of adding value to and improving performance of the Corporation, in 2013, IAD successfully implemented audit program in accordance with the audit plan developed basing on the risk assessment report 2013 and provided specific advice to improve the control environment, such as evaluating internal control system, detecting control limitations and its effects, and recommending solutions

to strengthen controls in the procedures related to audit process; advice on systematise, revision of procedures. We also communicated internal audit functions, framework, risk management framework to the management, relevant operators, checked and additional operating.

In order to closely combine audit with risk management functions, PVFCCo Management decided to build a professional internal audit team through the use of professional advisory services. In 2013, with the support of Ernst & Young, IAD reviewed the internal audit current status, improved the procedure and organized trainings on audit methods, skills basing on risk identification and management.

According to the Internal Audit Plan 2014, periodic compliance inspections will be conducted in cooperation with internal staff/experts and these inspections will be done basing on the risk management. Through annual internal audits, IAD shall constantly supplement, complete the List of critical control points and evaluate the effectiveness of control. In addition, the Internal Audit results are included in the agenda of BOD's regular meeting and BOM's regular meetings to strengthen the management of the Corporation.

#### GOVERNANCE TOOL

Step by step consolidated risk management tools, enhanced operational efficiency framework at the corporate level and interaction among people, processes and systems. In 2013, the Corporation conducted review and added a series of internal

regulations to improve the internal control system. Accordingly, the Corporation has amended the Governance Regulation; Working Regulation of the Board of Directors, Regulation on Governance model of advanced international practices. Developed, issued revised statutes, regulations, procedures related to the production, business (Updated development strategy and 5 year plan of PVFCCo; Initiatives and

Invention Management Regulation; Energy Efficiency Regulation; R&D Fund Management Regulation; R&D Management Regulation of the Corporation). Overall resource management system was improved. Following the successful implementation of ERP-Phase 1, in 2014 ERP - Phase 2 is expected to be deployed to maximize the automatic control and system-based control.

### IN 2013, BUSINESS ENVIRONMENT LARGELY FLUCTUATED. OVERCOMING CHALLENGES TO ACHIEVE ANNUAL BUSINESS TARGETS, PVFCCO BETTER MANAGED AND CONTROLLED RISKS WITH SIGNIFICANT INFLUENCE AS FOLLOWS:

#### BUSINESS RISK MANAGEMENT

Business activities always faces the biggest risk which is declining competitiveness against the rivals, in 2013 the Corporation had good control and response to fertilizer market when urea had its saturated point, promptly issued the revised Regulations on fertilizer business management; Phu My fertilizer dealer management regulation to ensure that the sales policy of the Corporation is flexible and relevant to the new market situation.

#### FINANCIAL MARKET AND CREDIT RISK MANAGEMENT

To control these risks, PVFCCo applied the policy of weekly/monthly governance report to the Management Board for business decisions. The Corporation proactively

prepared financial plan, including investment plan, short term and long term cash flow balance plan to be consistent with the annual business plan. In addition, we paid high attention to financial management, including the control of operating costs, and preparation, analysis of business plan and investment. This became a useful risk management tool, creating more value and ensuring business efficiency.

#### PRODUCTION RISK MANAGEMENT

PVFCCo always focuses on reviewing, improving and standardizing the material consumption norms to reduce production costs. In addition, the Corporation planned to carry out the overhaul of Phu My Fertilizer Plant periodically to maintain production safety, effectiveness and ensure the stability of equipment.

**POLICY CHANGE RISK  
MANAGEMENT**

Under the international integration, development policies, strategy of PVFCCo can be affected. To prevent

the risk of policy changes, the Corporations formed a functional division to provide update and advice on policy changes and their direct impacts on the business of PVFCCo.

at anytime. In order to prevent and limit this risk, BOD strictly analyzed, assessed the ability to deal with risks and then to build up the common risk management policy and investment policy. In 2013, the Corporation issued the Debt Management Policy, regulating specific principles for debt management; approve the inventory norms for subsidiaries to control the liquidity risk. At PVFCCo, debts are closely monitored. Thus, the Corporation did not experience bad debt or conflict in trading.

## CONSISTENTLY APPLIED RISK MANAGEMENT AS A LEVERAGE FOR BUSINESS PERFORMANCE IMPROVEMENT, PVFCCO IDENTIFIED THE MAIN RISK GROUPS FOR CONTROL AND REMEDY IN 2014:

**OVERSUPPLY RISK MANAGEMENT**

The market competition will be harsh in 2014. Therefore, parallel to perfecting the project of enhancing the existing distribution network capacity, inspect and perfect sales and after-sales policy, PVFCCo made some preparations for the export to foreign market. This can be a strategic plan for the stable and long-term development of the Corporation.

**HANDLING RISKS IN DEVELOPING  
NEW PRODUCTS**

Market pressure, a series of urea production plant in the country for the introduction and products with demand of fertilizer use, farmers increasingly diverse, General company has always focused on diversifying products, has developed new products such as branded Phu My... NPK products to diversify products to meet demand and market trends, expanding business scale and increase the competitiveness of corporations in the coming period.

**PLANNING AND FORECAST RISK  
MANAGEMENT**

With the aim at continuous operation, steady and efficient business activity, expected growth rate, PVFCCo Management always appreciates planning, budget control and forecast. PVFCCo has built a process of detailed planning for every unit, division, and scope of business. Along with making and inspecting periodic budget plan, in order to help BOM with appropriate solutions, and decisions in suitable growth rate management for PVFCCo's capacity and the market situation in every period, control and limit risks during the operation, PVFCCo continued to innovate the processes of budget control, planning, and forecast. In 2014, the Corporation will consolidate the budgeting, cash flow forecast and integrate it into ERP system.

**LIQUIDITY RISK MANAGEMENT**

In this harsh situation of the international and national economy at present and in the future, potential risks, concerning suppliers or customers, to PVFCCo's business and production is likely to happen

**HUMAN RESOURCES RISK  
MANAGEMENT**

Maintaining and developing the manpower is the core value for stable development and sustainability. To avoid human related risks as well as to take steps into the international market, over the past years, PVFCCo has always improved the manpower administration system, ranging from building statutes, policies for recruitment, training, compensation, to deploying international innovative manpower management standards. In 2013, PVFCCo had a breakthrough in the project on salary policy improvement, developed KIPS/ Competency Model system with the consultancy of OCD. Training and HR development strategy in 2010-2015, oriented towards 2025 was adjusted to have the talented HR for long-term, stable interests of PVFCCo and the society.

**OPERATIONAL RISK  
MANAGEMENT**

Periodically evaluated ISO 9001:2008, OHSAS 18001 systems to enhance the management of operational and compliance risks.



## ACTION PLAN 2014 - 2016 ON RISK MANAGEMENT AND INTERNAL CONTROL

Regularly assess and improve the internal control system relevant to changes in the business environment

Update the risk portfolio and prepare management plan suitable to the business strategy's objectives and business environment.

Establish and standardize the process of value chain – based risk management used as the Internal Audit Manual.

Aim at the development of comprehensive risk management functions according to advanced international practices.

Supplement and update risk

management knowledge for managers, improve their risk assessment skills through specific risk assessment meetings with the assistance of consultants. PVFCCo always pays high attention to risk management activities for better management of BOD and BOM performance in carrying out their duties and responsibilities to the shareholders.



## MAJOR RISKS AND REMEDIES

Activities were implemented to enhance the risk monitoring and handling

- » Market risk handling: Improve the budgeting process and cash flow forecast along with the plan to integrate this process into the ERP system.
- » HR management risk handling: KPIs and salary reform project.

» Periodically evaluate ISO, OHSAS system, etc. to enhance the handling efficiency of operational and compliance risks.

Risk management is a systematic process to identify, assess the impact and likelihood of risks effectively. PVFCCo defined clear objectives of risk management in context of socio-economic changes, business competition

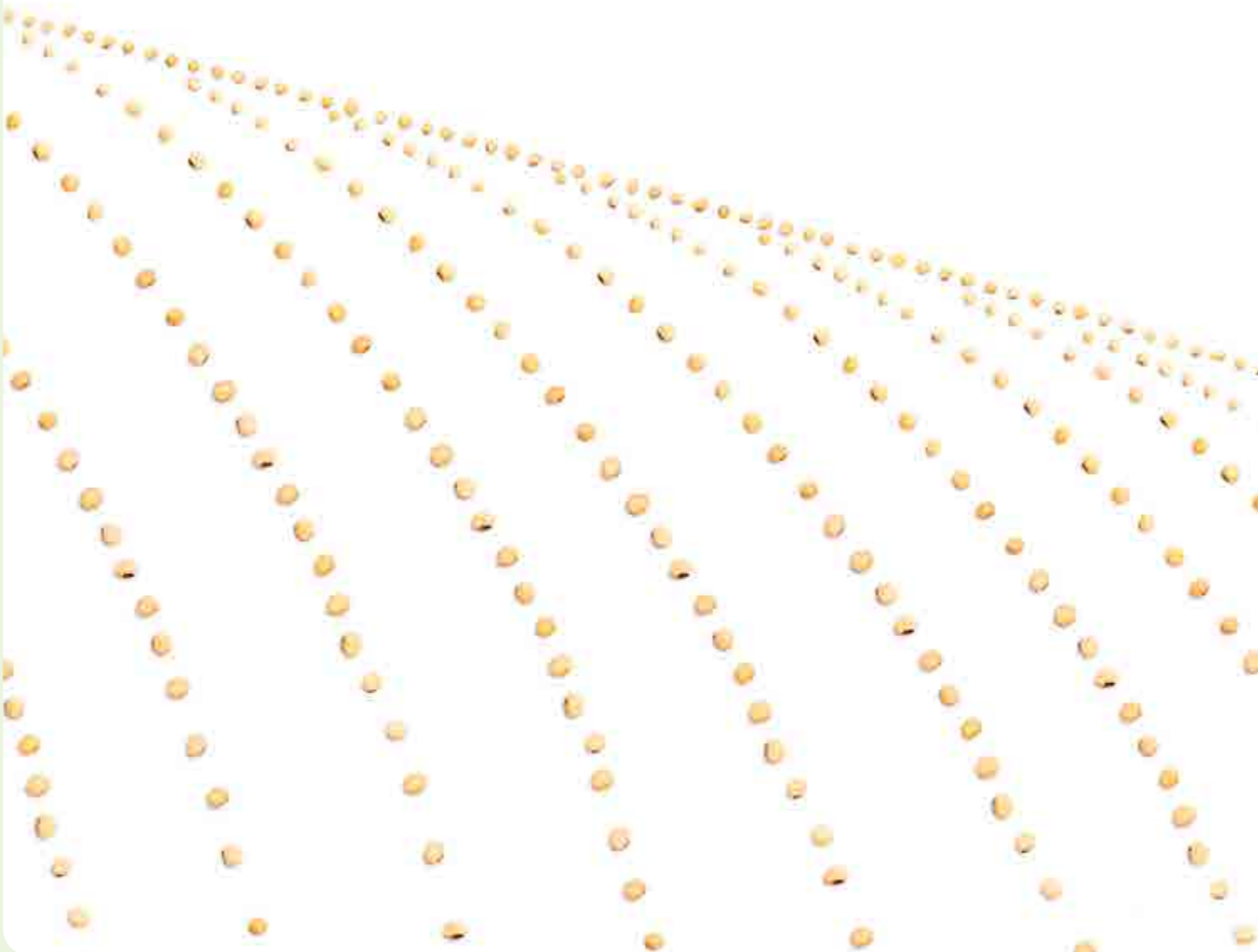
and expectations of investors. Therefore, PVFCCo 2013 pushed the roadmap for completion of the risk management system in the whole company.

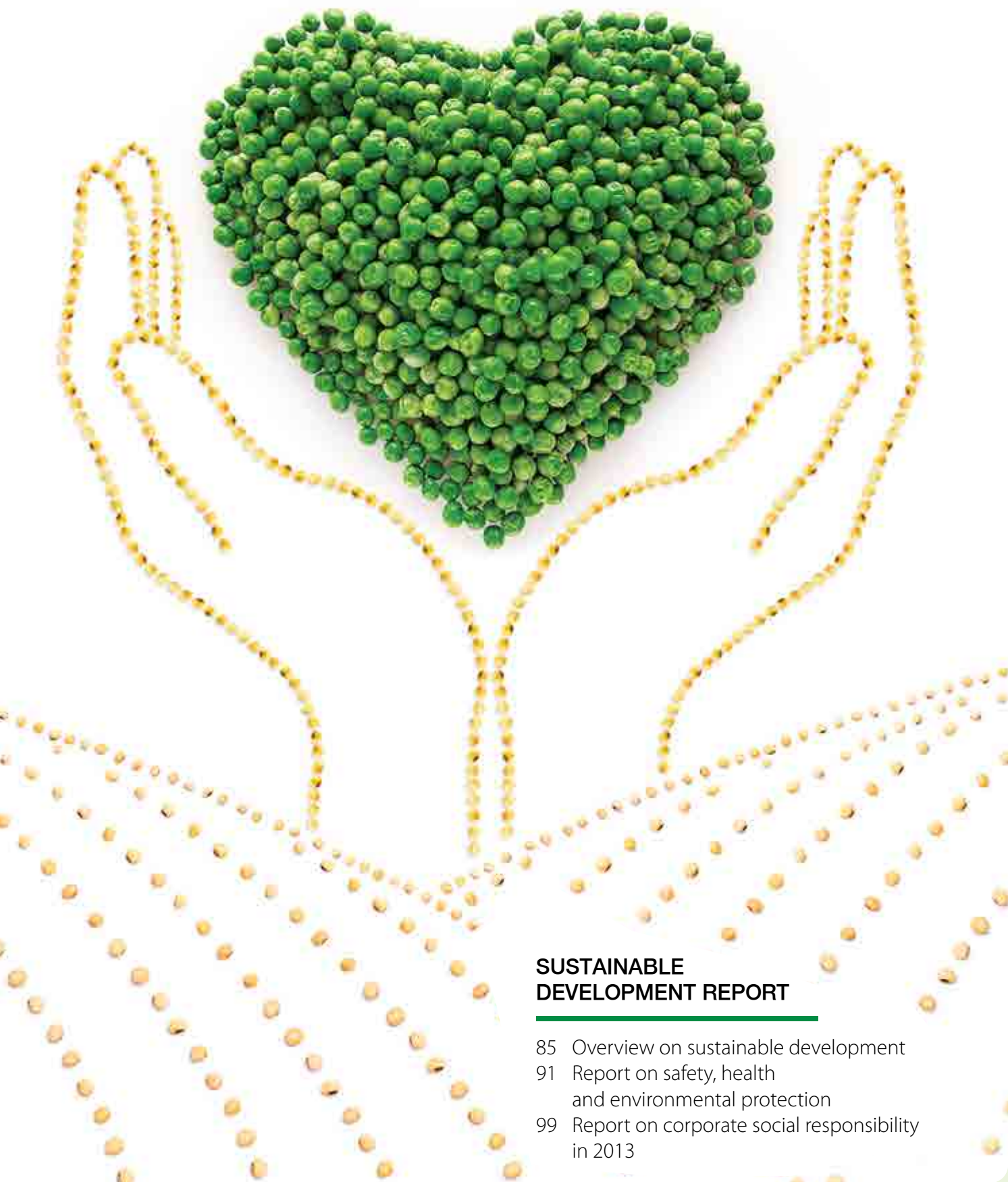
At PVFCCo, risk management activities were focused in order to manage the performance of the BOD and BOM in carrying out duties and responsibilities to the shareholders.

## Engaging **THE COMMUNITY**

---

Sustainable development is a harmonized combination between environmental protection, economic development and social development. Understanding that value, PVFCCo strives for the goal of sustainable development, raises the awareness on environmental protection for the staff, promote humane value sharing and support for the community.





## **SUSTAINABLE DEVELOPMENT REPORT**

---

- 85 Overview on sustainable development
- 91 Report on safety, health and environmental protection
- 99 Report on corporate social responsibility in 2013



“SUSTAINABLE DEVELOPMENT IS DEVELOPMENT THAT MEETS THE NEEDS OF THE PRESENT WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATION TO MEET THEIR OWN NEEDS.”

(DEFINITION BY THE BRUNDTLAND COMMISSION OF THE UNITED NATIONS ON MARCH 20, 1987)

SUSTAINABLE DEVELOPMENT LEADS TO THE CLOSE, LOGICAL, AND HARMONIOUS COMBINATION AMONG THREE ASPECTS OF DEVELOPMENT: ECONOMIC GROWTH, SOCIAL DEVELOPMENT, AND ENVIRONMENTAL PROTECTION. DURING THE PAST TWO DECADES, SUSTAINABLE DEVELOPMENT HAS RECEIVED MORE ATTENTION WORLDWIDE AND BECOME THE REQUIREMENT IN GLOBAL DEVELOPMENT. SUSTAINABLE DEVELOPMENT IS NOW A COMMON TREND THAT HUMANS ARE TRYING THEIR BEST TO REACH.

PVFCCo is an enterprise doing business in fertilizer and chemicals, attached to Vietnamese agriculture, farmers, and rural area (which is home to 70% population). In the economic strategy, PVFCCo considers sustainable development as the viewpoint, principle, and core value of the enterprise. On the course of development in the past 10 years, PVFCCo's employees have maintained

and developed the idea that "corporate development goes together with environmental protection and corporate social responsibility" as a property and cultural beauty of the Corporation. PVFCCo always ensures the balanced and optimal implementation of following targets: (1) Effective economic development; (2) Developing social harmony and raising living standards, and

civil awareness; (3) Improving the environment to guarantee long-term development for today's generation and generations to come.

Springing from that, we will continued taking action to achieve sustainable development goals and contribute to the success of sustainable development strategies for Vietnam in particular and for the world, in general.



# 8,740 people

were trained in 382 training courses  
- Total cost of 16.5 billion dong



## For EMPLOYEES

We built PVFCCo's culture of "Professional - efficient; dynamic - creative; aspirational - far going; and responsible - sharing", by developing a professional work environment, a more appropriate employee policy, a workplace where employees are respected via training and innovation. In particular, some achievements of the Corporation included:

» Investing into a well-designed, ventilated, well-lit, air-conditioned and well-equipped manufacturing

plant system, and office building. Energy efficiency was achieved while staff's good working condition was still ensured.

» In 2013, PVFCCo deployed KPI development and salary reform project, staff capacity framework and norms are also applied to have the fair and professional working environment. Besides, the Corporation has improved HR policies to best meet the working condition, promotion requirements for the staff.



## For CUSTOMER

We provided customers with good-quality products, effective methods, and best service. Results were as follows:

- » The good quality of products has always been put on top. All products such as Phu My urea, Phu My NPK, and other fertilizers and chemicals have always complied with registered standards.
- » In order to help farmers use less fertilizer, but still increase the yield, PVFCCo together with local authorities and scientists frequently held hundreds of workshops, instructed the cultivation technology, organized experimental gardens and sample fields.

» PVFCCo has improved the port and warehouse system nationwide in order to provide

farmers with good quality and reasonable products in time.



## For SHAREHOLDERS

PVFCCo always developed the business in order to maximize the corporate value. PVFCCo's activities have been implemented as follows:

- » BOD and BOM led and directed the employees to implement and best accomplished all business and production targets. Particularly, the Corporation's profit was 2,468 billion dongs, achieved 3 months earlier than the deadline, and 16% higher than the target.
- » In order to control, allocate, and

use resources economically and efficiently, PVFCCo applied information technology, supporting software, and innovative management programs in corporate management and administration as electronic document system management, as well as built and applied enterprise resources planning software - ERP, STOP, 5S, APC, System 1, RBI, etc.

- » Taking initiatives and streamlining activities always received attention and guidance from the leadership.

**2,468**  
billion dongs  
in profit, 3 months ahead of schedule and equals to 116% of the whole year plan.

In 2013, 139 innovative initiatives were acknowledged at basic level. These brought about the amount of 63.5 billion dongs and other qualitative benefits.

- » Savings activities benefited the Corporation financially at 169 billion dongs (or 169% of the plan).

**602** billion dong  
contributed to the State  
Budget in 2013, reaching  
182% of the whole year plan.



## For the **GOVERNMENT**

PVFCCo always ensured the business activities are in line with the law. In particular, PVFCCo has implemented and gained

the following result: The total contribution to the State Budget in 2013 was 602 billion dong, reaching 182% of the plan.



## For **BUSINESS PARTNERS**

In the relationship with partners, PVFCCo always followed the principle of fair-play competition, win-win, and guarantee of harmonious benefit for customer. In particular, PVFCCo has implemented and gained the following result: In addition to

ensuring the safe, stable, effective, and economical operation of Phu My Fertilizer Plant, PVFCCo provided experts and skilled workers for the implementation of Ca Mau Fertilizer Plant, Ninh Binh Plant, Dung Quat Oil Refinery - major national projects.





For the

## COMMUNITY & SOCIETY

PVFCCo always committed responsibility to the community and society. In particular, PVFCCo has implemented and gained the following result:

In addition to the effective development and environmental protection, PVFCCo always paid attention to and carried out

the responsibility towards the employees and society. In 2013, the disbursement for social security was approximately 135 billion dong.



For

## ENVIRONMENT AND GLOBAL ISSUES

PVFCCo has always been committed to environmental protection, as well as positively responded and dealt with global issues (climate change, sea level rise, etc.) In particular, PVFCCo has implemented and gained the following result:

» PVFCCo used only the cutting-edge technology in manufacturing products, in order to use the input materials effectively, especially

natural gas, and minimized the amount of CO<sub>2</sub> emission.

» Built, issued, and monitored all statutes, regulations, and processes in business and production. Applied and maintained HSEQ system in accordance with ISO 9001-2008, OHSAS 18001-2007 and ISO 14001-2004 standards.

PVFCCo believes that sustainable development is most effective when it is considered the corporate guideline, and attached to corporate strategy and business decisions. With this viewpoint and motto, PVFCCo believes strongly that it can overcome challenges in the new era, preserve the environment and carry out its Corporate Social Responsibility for the community.



WITH THE MOTTO OF  
MAINTAINING BUSINESS AND  
PRODUCTION, DIVERSIFYING  
PRODUCTS IN COMPLIANCE  
WITH LEGAL REGULATIONS  
OF SAFETY, HEALTH AND  
ENVIRONMENTAL  
PROTECTION, PVFCCO,  
SINCE ITS ESTABLISHMENT,  
HAS TAKEN PRIDE AS  
A LEADING ENTERPRISE  
**IN SAFETY, HEALTH, AND  
ENVIRONMENT.**

**“ AS A UNIT SPECIALIZED IN BUSINESS AND PRODUCTION OF INFLAMMABLE FERTILIZER AND CHEMICALS, THE GUARANTEE OF SECURITY - SAFETY - HEALTH - ENVIRONMENT IS THE TOP PRIORITY OF THE CORPORATION TO ASSURE BUSINESS AND PRODUCTION EFFECT, AND ACHIEVED THE TARGET OF SUSTAINABLE DEVELOPMENT. ”**

**ORGANIZE THE HEALTH - SAFETY - ENVIRONMENT MANAGEMENT SYSTEM (HSE)**

With the requirement and importance of HSE, HSE management system was strengthened to work synchronously, harmoniously and closely from PVFCCo to Phu My Fertilizer Plant and subsidiaries, from the senior leadership to the staff member.

**MAINTAIN AND UPGRADE THE HEALTH – SAFETY – ENVIRONMENT QUALITY (HSEQ)**

In 11/2012, DNV certification organization reissued the Certificate of Health safety environment and quality in accordance with ISO 9001:2008, OHSAS 18001:2007 and ISO14002:2004 standards for business and production process of ammoniac and fertilizer of the Corporation. Basing on the annual reviews, DNV highly evaluated the BOM's strong commitments in maintaining and improving the management system with the establishment and review of all target implementation results in all levels, improvement of the legal documents and product quality. This also demonstrated PVFCCo's care for the employee's safety, health and our responsibility to the community, environmental protection. We aimed

at the continuous improvement of the products, services of PVFCCo.

On 08/01/2013, PVFCCo issued the policy of Quality - Safety - Environment and Energy with the commitment of appreciating and prioritizing safety and environmental protection; assuring product quality standards as registered, enhancing product quality; matching business and production with community responsibility; using energy economically and efficiently in business and production, etc.

Furthermore, PVFCCo applied ISO 9001 to all subsidiaries with an aim to reach the customers, meeting higher customers' demand for product and service quality.



**FIRE PREVENTION AND CONTROL,  
SAFETY CONTROL AND EMERGENCY RESCUE**

Knowledge on working safety,  
fire protection and emergency  
response was trained for

**3,432**  
new comers, visitors  
and contractors in 2013



“ PVFCCO IS AWARE THAT SAFETY IS THE MOST IMPORTANT ISSUE, THUS, OVER THE LAST 10 YEARS, PVFCCO PROVIDED SUFFICIENT WORKING FACILITIES, EQUIPMENTS FOR STAFF AT ALL LOCATIONS, FROM THE HEADQUARTERS TO SUBSIDIARIES AND BRANCHES. ”



PVFCCo has implemented a number of feasible measures in fire prevention and fighting as follows:

PVFCCo has implemented a number of feasible measures in fire prevention and fighting as follows:

In 12/2013, 06 modern emergency exit pipes was installed at PVFCCo's building. As one of the pioneers in the oil industry equipped with the most advanced emergency exit pipes, this demonstrated PVFCCo's attention to the escape and rescue work and the safety of workers in high-rise buildings. It is expected that in 2014, other 27 exit pipes will be installed for the Building at 27 Dinh Bo Linh and Phu My Fertilizer Plant Apartment Building.

Adequate personal protective equipment are provided to 100% of the Corporation's employees working in Phu My Fertilizer Plant, warehouses, ports and construction sites.

Regularly check rescue, emergency equipment to meet the adequacy and availability for labor safety.

During the rainy season, especially in the big storms in late 2013, the Emergency Steering Committee closely monitored the weather condition to issue timely warnings for the prevention, to ensure the safety of people and reduce property damage.

Training activities are held every year to provide sufficient knowledge and

raise the awareness of occupational safety for employees:

Professional fire prevention and control training for 100% of the fire fighting team members.

» Fire prevention and control rehearsal was well carried out. Also, this activity was held in combination with anti-terrorist activity in the Phu My Fertilizer Plant's Apartment.

» Training on working safety: 100% of the employers of PVFCCo and 100% of the employees working at the plant.

» In 2013, trainings on safety were done for 3,432 new employees, visitors and contractors with the aim to prevent incidents and accidents. As a result, Phu My Fertilizer Plant successfully implemented the overall maintenance with the 04 "best" – "Safety, Efficiency, Quality and Timing."

Maintained and enhanced the efficiency of STOP program in accident prevention at Phu My Fertilizer Plant. In addition, in order to encourage teams and individuals who did well in filling in STOP cards, the Plant's Trade Union representatives hand out monthly rewards at the working place.

The data collection, reporting and inspection of accidents and incidents were done properly by PVFCCo as per the legal regulations. Number of accidents and closed-down due to incident in 2013 reduced by 35% compared to 2012.

“FOR PVFCCO,  
 ACTIVE DEVELOPMENT  
 OF SUSTAINABLE  
 PRODUCTION AND  
 BUSINESS OPERATIONS  
 IS ALWAYS ASSOCIATED  
 WITH HEALTH CARE  
 FOR EMPLOYEES.  
 UNDERSTANDING THE  
 EMPLOYEES IS THE  
 KEY FOUNDATION FOR  
 PVFCCO'S LONG - TERM  
 SUCCESS.”

### STAFF HEALTH CARE, OCCUPATIONAL DISEASE PREVENTION

Health care workers and preventing occupational diseases. For the sake of laborers' health and prevention of occupational diseases as per OHSAS 18001:2007, PVFCCo carried out the following activities:

- » Equipped the medical rooms with first aid cabinets at every unit.
- » PVFCCo organized the periodic health check for 100% employees as regulated: Once a year for men and twice a year for women at high-profile hospitals.
- » Expanding the vaccination program

for hepatitis B, influenza and measles vaccination for employees of the Corporation.

- » Organize and provide nutritional and safe meals by controlling food supply source and using foods with clear origin and supplied by reliable companies

Also, to provide employees with sufficient finance for medical treatment and hospitalization, PVFCCo applied PVI Care for employees and relatives so that they are comfortable with the job.



“REALIZING THAT THE ENVIRONMENT IS THE CONCERN OF THE WHOLE SOCIETY, WITH THE AIM OF CONTROLLING AND REDUCING NEGATIVE ENVIRONMENTAL EFFECTS IN BUSINESS ACTIVITY, SUPPORTING SUSTAINABLE DEVELOPMENT, IN SEPTEMBER 2010, PVFCCO BEGAN TO USE THE SYSTEM FOR CO<sub>2</sub> RECOVERY FROM THE EMISSION GAS OF PHU MY FERTILIZER PLANT WITH THE INVESTMENT OF OVER 505 BILLION DONGS. THIS SYSTEM REDUCES THE CO<sub>2</sub> EMISSION OF ABOUT 240 TONS/DAY.”

REDUCTION OF **240** TONS OF CO<sub>2</sub> EMISSION PER DAY

**ENVIRONMENTAL PROTECTION AND WASTE CONTROL**

In addition, in 12/2012, Phu My Fertilizer Plant launched the wastewater treatment system, using advanced MBR technology with a capacity of 680 m<sup>3</sup>/day. In environmental management, continuously stable operation of the wastewater, solid

waste and air emission treatment system is ensured. Trainings are regularly provided to environment staff. The results of environmental quality monitoring of the plant since its inauguration have met environmental standards and regulations.



**STATISTICAL DATA AND ASSESSMENT ON WASTE MANAGEMENT IN THE SUBSIDIARIES CORPORATION IN 2013 WERE AS FOLLOWS:**

NO.	TYPE OF WASTE	UNIT	QUANTITY	TREATMENT SYSTEM
1	Sewage from the production process	m <sup>3</sup> /year	77,896	Centralized wastewater treatment system capacity 680 m <sup>3</sup> /day.
2	Domestic wastewater	m <sup>3</sup> /year	93,413	
3	Cooling water	m <sup>3</sup> /year	18,677,136	-
4	Reused and recycled water	m <sup>3</sup> /year	502	Ammoniac contaminated wastewater is taken back to urea workshop for reuse.
5	Air emissions	Nm <sup>3</sup> /h	11,895,206,400	Flare system. Decentralized high chimney system.
6	Domestic solid waste	Kg/year	219,458	Contracting with authorized agency for treatment in accordance with the provisions.
7	Industrial solid waste	Kg/year	123,829	
8	Hazardous Waste	Kg/year	26,866	

**ENVIRONMENTAL PROTECTION  
AND WASTE CONTROL (continued)**

One highlight in environmental management in 2013 at Phu My Fertilizer Plant was that \$1.7 billion savings from waste treatment was recorded, specifically:

- » Reviewed and reduced costs for hazardous waste treatment while still comply with the law by:
  - Recovering 27/254 tons of treated hazardous waste to be reused to save natural resources, reduce emissions into the environment. Cost savings for the plant was 139,144,000 dongs in 2013.
  - Identifying the nature of the

hazardous waste by sending samples to a third party for analysis. Results of this activity was, waste sludge treatment cost saving was 1,211,700,000 dongs (for 216 tons in 2013) and waste catalyst cost saving (TK20 and SK201) was 140,000,000dongs (50 tons in 2013).

- » Cross-check analysis for wastewater treatment: Performed this analysis in case of doubtful waste water analysis result by IZICO. Saving amount was 217,082,000 dongs in 2013 thanks to the reduced wastewater treatment fee paid to IZICO (12 times of cross-check analysis).

Maintaining 5S program at Phu My Packaging and Tra Noc warehouse in Can Tho, and multiplied this model across the Phu My Fertilizer Plant under the consultation of APAVE. Through this program, the conditions and the working environment were improved, pollution was reduced, contributing to labor accident prevention, occupational disease prevention, landscape improvement, etc.

It can be said that environmental protection was well performed at PVFCCo in 2013. No environmental incidents was recorded. Environmental problems were addressed properly.

**BUILDING A SAFE, HEALTHY, ENVIRONMENTAL CULTURE**

“ALONG WITH THE USE OF HIGH-END TECHNOLOGY, PRODUCTION FACILITIES WITH LOW EMISSION AND THE APPLICATION OF ENVIRONMENTAL MANAGEMENT SYSTEM, NAMELY ISO14001:2004, THE STOP PROGRAM AND 5S PROGRAM, PVFCCO ALSO PAID ATTENTION TO ENVIRONMENTAL PROTECTION AWARENESS RAISING FOR STAFF THROUGH PRACTICAL ACTIVITIES SUCH AS:

Activities in response to the National Week of HSE and fire prevention, Earth Hour, World Environment Day of June 5, the Campaign called a cleaner world, National Fire Prevention day, etc. These included the use of banners, posters, tree planting, plant hygiene, innovative, recycled product creation, promotion of Green campaign in the office, and the launching of a Non-plastic Bag Week, etc.

Since 4/2013, the Corporation held monthly meeting to direct

belonged units and enhance the cooperation among them in HSE activities, including product quality management.

Weekly HSE information communication to all employees via the internal email system to give warning and disseminate lessons learned from the fire incidents and accidents in Vietnam and around the world.

In the office, a contest on Green - Clean - Well-organized Desk was

held with various participation of a large number of employees, thereby contributing to raising awareness about HSE.

Organization of annual HSE conference to review outcomes and constraints for further measures. This is also the opportunity for discussion and experience exchange among units and HSE staff.

Application of quarter HSE Reward to encourage staff's involvement in HSE activities.



## EFFICIENT USE OF WATER RESOURCES

TABLE ON CRITERIA FOR THE MONITORING OF PVFCCO'S WATER USE

WATER MONITORING CRITERIA	2012	2013
Total amount of water by source (m <sup>3</sup> /year):		
» Surface water	17,849,024	18,677,136
» Tap water	170,728	171,309
Water reused and recycled for the production and tree watering at the Plant (m <sup>3</sup> /year)	400	502

## ENERGY EFFICIENCY

“BEING ONE OF THE LEADING FERTILIZER PRODUCER IN VIETNAM, PVFCCO DOES NOT ONLY STRIVE FOR GREEN PRODUCTS BUT ALSO PIONEER IN DOING RESEARCH AND APPLICATION OF ENERGY EFFICIENCY MEASURES TO LAUNCH SUSTAINABLE PROJECTS.”

In this regard, on 21/02/2013, PVFCCo issued Energy Management Policy aiming at energy efficiency through continuous improvement in the application of technical and management practices. In 2013, 30% of PVFCCo's staff were trained

on energy efficiency under ISO 50001:2011 and a study tour to Japan was organized for PVFCCo staff to learn and exchange practical experiences of the implementation model of Energy Management Center (ECCJ) and Chiba Refinery Plant.

TABLE OF MEASUREMENT ITEMS FOR ENERGY CONSUMPTION OF PVFCCO IN 2012 AND 2013

NO.	MEASUREMENT ITEM	2012	2013
1	Electricity (MWH/year)	49,944,592	57,845,854
2	Oil (l/year)	283,530	290,748
3	Petroleum (l/year)	39,979	33,881

### ENERGY EFFICIENCY (Continued)

Basing on the energy use monitoring in 2012 and 2013, PVFCCo set energy saving targets for production and sales in each period as follows:

- » For the Corporation: In the period 2013-2018 implement continuous improvement to reduce by 1-3% of fuel consumption of PVFCCo.
- » For the Phu My Fertilizer Plant, in the period 2014-2019, implement continuous improvement to reduce by 0.5 - 1% of the fuel consumption for 1 ton of urea compared to 0.2537 TOE/T-urea in 2013.
- » For Dam Phu My Packaging Company: in the period 2013 – 2018, implement continuous improvement to reduce by 1.5% kWh/Product unit.

» For PVFCCo-SBD: apply energy-saving program in business process and existing port, warehouse services.

To accomplish the above targets, PVFCCo developed detailed action plan for energy efficiency. Detailed as:

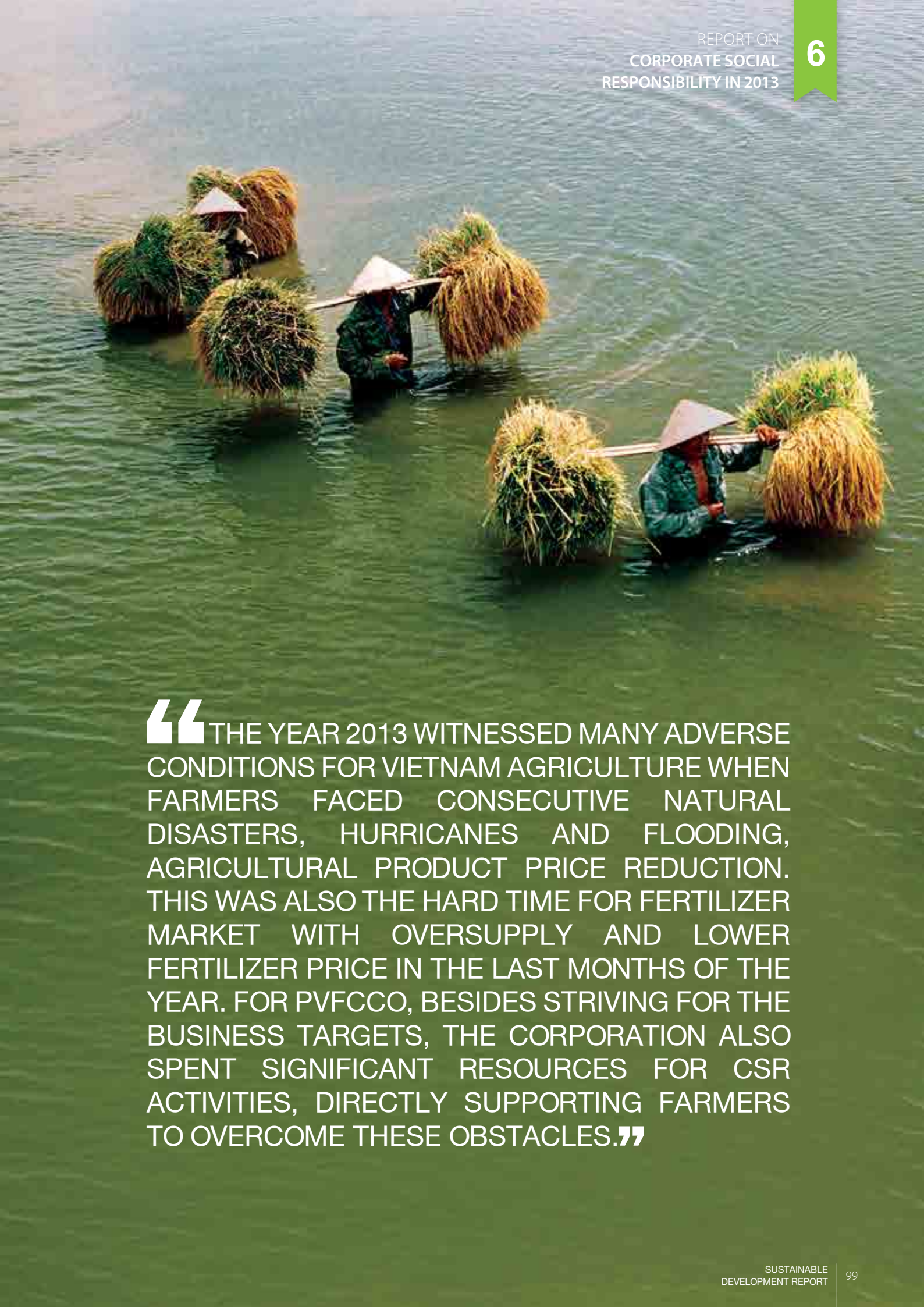
- » Look for opportunities to save energy in existing production lines of the plant;
- » Apply advanced technologies – using energy efficiency as a criteria for contractor selection for new projects of the Corporation.
- » Raise the staff's awareness on energy savings through communication propaganda;

» Apply ISO 50001:2011

» Provide energy efficiency training for 100% of the Corporation's managers under ISO 50001:2011 standards.

It can be noted that the recent outstanding HSE achievements of PVFCCo were: safe and efficient operation of Phu My Fertilizer Plant without any incidents affecting people, property and the environment. Awareness on HSE was improved among the Group's staff. Thanks to the relentless efforts of the management and employees in HSE activities, the brand and image of PVFCCo have been promoted as a Corporation for a future of safe and sustainable development.





“THE YEAR 2013 WITNESSED MANY ADVERSE CONDITIONS FOR VIETNAM AGRICULTURE WHEN FARMERS FACED CONSECUTIVE NATURAL DISASTERS, HURRICANES AND FLOODING, AGRICULTURAL PRODUCT PRICE REDUCTION. THIS WAS ALSO THE HARD TIME FOR FERTILIZER MARKET WITH OVERSUPPLY AND LOWER FERTILIZER PRICE IN THE LAST MONTHS OF THE YEAR. FOR PVFCCO, BESIDES STRIVING FOR THE BUSINESS TARGETS, THE CORPORATION ALSO SPENT SIGNIFICANT RESOURCES FOR CSR ACTIVITIES, DIRECTLY SUPPORTING FARMERS TO OVERCOME THESE OBSTACLES.”

**135** billion dongs  
corporate social  
responsibility (CSR) activities

“WITH THE MOTTO **“SUPPORT FARMERS – SUPPORT OURSELVES”**, DESPITE OF RESTRICTED BUSINESS ACTIVITIES, PVFCCO DID NOT CUT THE CRS BUDGET WHICH REMAINED AT 100 BILLION DONGS. FURTHER MORE, THE TRANSFORMATION PROGRAM WAS PROMOTED, BRINGING TOTAL DISBURSEMENT VALUE IN 2013 TO 135 BILLION DONGS.”

Within the framework of supporting activities for healthcare – education sector, humanitarian relief - disaster assistance, Social House and Sea-Island – Gratitude Program, this year, PVFCCo’s activities were designed and developed to be more practical and helpful to farmers.



### HUMANITARIAN ACTIVITIES FOR FARMERS

In 2013, agricultural product price was low, flooding in the Central - Highland provinces were unpredictable. Local people suffered huge storms and farmer’s life become extremely difficult. PVFCCo and member companies timely cooperate with relevant agencies, local governments to implement various programs to support farmers directly. Main activities included the supply of more than 500 tons of fertilizer and presents for thousands of farmers

with the total amount of 5.5 billion dongs, emergency relief for the flood victims in the Central region with the total amount of 2 billion dongs, the program **“Tet for the poor 2014”**, providing 8,000 gifts with the total amount of 4 billion dongs for poor farmers in 70 communes of 32 provinces throughout the country.

In 2013, the total funding for disaster recovery, humanitarian relief was 15 billion dongs.



## EDUCATION

This activity was further promoted by PVFCCo in 2013 with the total funding of 67 billion dong, accounting for the highest proportion in the Corporation's social security budget.

Tens of schools were inaugurated; new program supporting farmer's children to go to school was deployed in the disadvantaged areas; Phu My Fertilizer Scholarship Program was continued for school year of 2013

- 2014 with a total value of nearly 4 billion dong – highest amount ever – for students with good academic performance at 30 universities and colleges across the country.



**67** billion dong was disbursed for education in 2013



## HEALTH CARE

With the disbursement of 21.2 billion dong in 2013, PVFCCo continued to deploy the construction of clinics for people in remote areas, with

the targeted group of children, the elderly. Besides, PVFCCo also implemented new programs such as free health check and medicine supply to approximately 5,000 poor

farmers with a budget of around 2 billion dong, with the aim to create opportunities for the poor to get access to basic health services.



21.2  
billion dong  
was disbursed for  
health care sector

## GREAT SOLIDARITY HOUSE PROGRAM

In 2013, PVFCCo built about 400 Great solidarity houses with the total investment of 9.6 billion dong to support disadvantaged farming households to “settle down and start career”. So far, the Corporation sponsored for about 20,000 houses in the country, helping tens of thousands of households in need.

9.6  
billion dong  
was disbursed for Great  
Solidarity House construction



“ALTHOUGH SOCIAL ACTIVITIES OF THE CORPORATION CAME FROM THE SENSE OF CORPORATE SOCIAL RESPONSIBILITY, ESPECIALLY WHEN THE NATIONAL ECONOMY EXPERIENCED VARIOUS CHALLENGES RECENTLY, THESE ACTIVITIES RECEIVED A STRONG PUBLIC ATTENTION DUE TO ITS HUMANITARIAN MEANING. IN 2012, THERE WERE HUNDREDS OF NEWS OR ARTICLES ABOUT THESE ACTIVITIES THAT CONTRIBUTED TO STRENGTHENING THE POSITIVE IMAGE OF THE CORPORATION IN MIND OF PEOPLE, GOVERNMENT AND SOCIETY. IT'S VERY IMPORTANT WHEN THE FERTILIZER MARKET WAS INCREASINGLY COMPETITIVE DUE TO OVERSUPPLY. IN THIS COMPETITION, THE TRUST AND SYMPATHY OF CONSUMERS ARE ESSENTIAL TO ENTERPRISES.”

## SEA-ISLAND PROGRAM

In 2013, PVFCCo also continued to promote and complete the sea-island program with a total value of 22.5

billion dongs. The supports are diverse, including: funding for speedboats for sea police, patrol boats, military truck, mini football for the soldier's physical

training, scholarships for marine soldier's children, classical paintings on Truong Sa Lon Island, etc.

# 22.5

billion dongs  
was disbursed for  
this program in 2013



CSR activities of PVFCCo deployed through our Social Security Council, closely connected to the subsidiaries, partners and local social organizations must comply with the following principles:

- » The support must be timely and for the right place.
- » Necessary things must be supported.
- » Direct support must be given to the beneficiaries.
- » The support is not for the purpose of advertising or branding. It must be based on the needs of the community and sense of responsibility of enterprises.
- » Activities deployed must be connective, can be disseminated

among the community.

Since 2013, the fertilizer market experienced a change in local product quality and supply. Surplus supply created more and more competition in the market. PVFCCo's Management and staff are fully aware of the necessary for understanding customer and market to maintain the

Corporation's leading position.

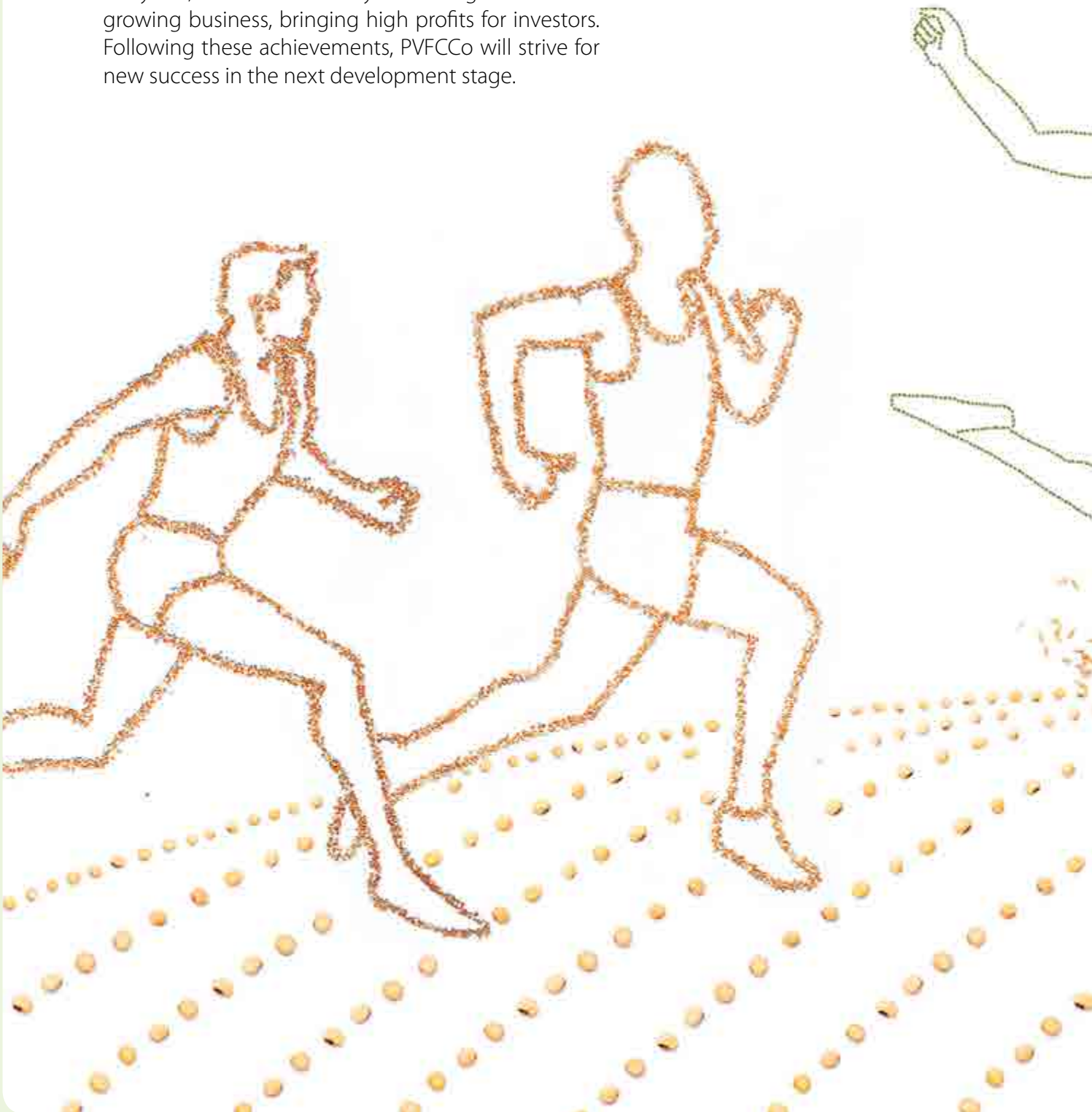
Activities to support farmers, in addition to the humanitarian and social responsibility aspects, are also valuable opportunities for PVFCCo leaders to interact and listen to customers. It is also the most practical way of gratitude to millions of households, contributing to sustainably enhance people's life.

### BUDGET FOR SOCIAL WELFARES IN 2013 BY SECTORS

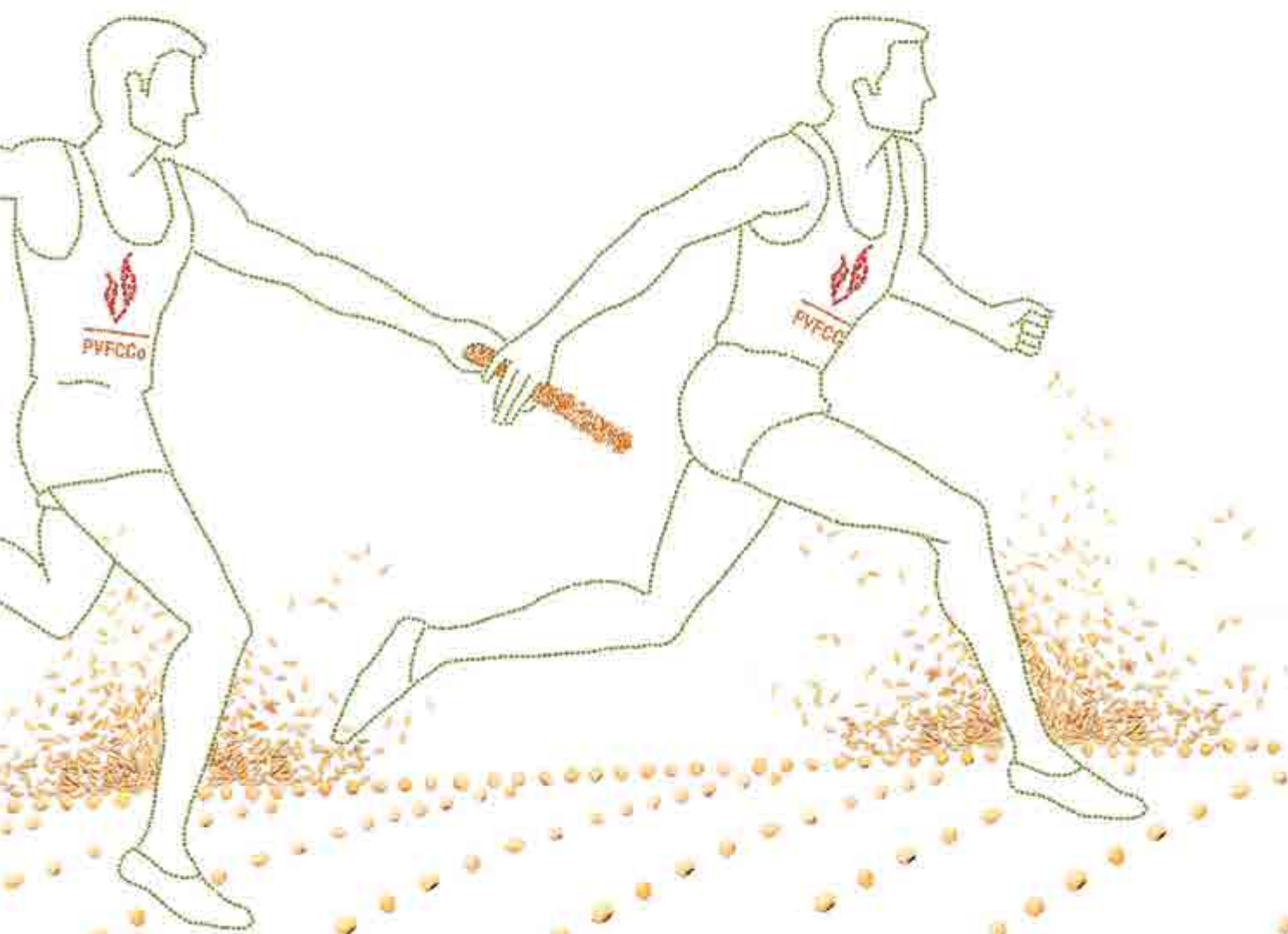
NO	PROGRAM	BUDGET (billion dongs)
1	Great Solidarity House	9.6
2	Education	67
3	Health care	21.2
4	Natural disaster, humanitarian relief	15
5	Sea – island program	22.5

## Carrying on **WITH SUCCESS**

For years, PVFCCo has always been regarded as fast growing business, bringing high profits for investors. Following these achievements, PVFCCo will strive for new success in the next development stage.







## **CONSOLIDATED FINANCIAL STATEMENTS**

---

- 106 Statement of the Board of Management
- 108 Independent auditor's report
- 110 Consolidated balance sheet
- 112 Consolidated income statement
- 113 Consolidated cash flow statement
- 114 Notes to the consolidated financial statements

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

## THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS

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

### Board of Management

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

### Board of General Directors

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

## BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY

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

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;

- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing the consolidated financial statements so as to minimize errors and frauds.

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

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

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

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

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

For and on behalf of the Board of General Directors,



**NGUYEN VAN TONG**  
Deputy General Director

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

**Deloitte Viet Nam Company Ltd.**

12A Floor, Vinaconex Tower  
34 Lang Ha Street, Dong Da District  
Ha Noi, Vietnam  
Tel: +844 6288 3568  
Fax: +844 6288 5678  
www.deloitte.com/vn

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

We have audited the accompanying consolidated financial statements of PetroVietnam Fertilizer and Chemicals Corporation - JSC (the "Corporation"), prepared on 31 March 2014 as set out from page 110 to page 151, which comprise the consolidated balance sheet as at 31 December 2013, and the consolidated statement of income, and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

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

## Emphasis of Matter

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

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



---

**KHUC THI LAN ANH**  
Deputy General Director

Audit Practising Registration Certificate  
No. 0036-2013-001-1

**For and on behalf of**  
**DELOITTE VIETNAM COMPANY LIMITED**  
31 March 2014  
Hanoi, S.R. Vietnam

A blue ink signature of Tran Huy Cong.

---

**TRAN HUY CONG**  
Auditor

Audit Practising Registration Certificate  
No. 0891-2013-001-1

Unit: VND

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

Unit: VND

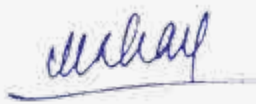
RESOURCES	Codes	Notes	31/12/2013	31/12/2012
<b>A. LIABILITIES (300=310+330)</b>	<b>300</b>		<b>1,249,172,775,527</b>	<b>1,415,021,259,304</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,223,123,387,061</b>	<b>1,395,987,574,866</b>
1. Short-term loans and liabilities	311	19	65,405,536,332	27,737,630,442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

**OFF BALANCE SHEET ITEMS****1. Foreign currencies**

	31/12/2013	31/12/2012
- USD	6,222,194	2,774,200
- EUR	1,788,994	1,429



**TRAN XUAN THAO**  
Preparer  
31 March 2014

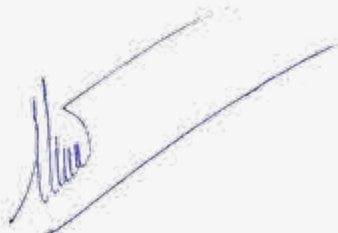


**HUYNH KIM NHAN**  
Chief Accountant



**NGUYEN VAN TONG**  
Deputy General Director

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



**TRAN XUAN THAO**  
Preparer

31 March 2014



**HUYNH KIM NHAN**  
Chief Accountant



**NGUYEN VAN TONG**  
Deputy General Director



# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2013

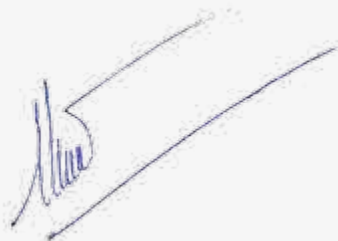
FORM B 03-DN/HN

Unit VND

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

## Supplemental non-cash disclosures

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



**TRAN XUAN THAO**  
Preparer

31 March 2014



**HUYNH KIM NHAN**  
Chief Accountant



**NGUYEN VAN TONG**  
Deputy General Director

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

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

### Principal activities

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

### Subsidiaries

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

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

## 2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

### Accounting convention

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

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

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

### Financial year

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

## 3. ADOPTION OF NEW ACCOUNTING GUIDANCE

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

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

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

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

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### Estimates

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

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

##### **Basis of consolidation**

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

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

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

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

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

##### **Investments in associates**

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

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

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

##### **Financial instruments**

###### **Initial recognition**

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

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

### **Subsequent measurement after initial recognition**

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

### **Cash and cash equivalents**

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

### **Provision for doubtful debts**

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

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

### **Inventories**

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

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

### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

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

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

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

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

##### Intangible assets and amortization

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

##### Leasing

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

##### Construction in progress

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

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

##### Investment properties

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

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

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

### **Other long-term investments**

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

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

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

### **Long-term prepayments**

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

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

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

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

### **Provisions**

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

### **Revenue recognition**

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

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

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

##### Revenue recognition (Continued)

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

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

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

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

##### Construction contracts

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

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

##### Foreign currencies

The Company applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates" and Circular No. 179/2012/TT-BTC dated 24 October 2012 of the Ministry of Finance providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement. Unrealised exchange gains as at the balance sheet date are not treated as part of distributable profit to the shareholders.

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

##### Borrowing costs

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

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



## Taxation

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

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

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

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

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

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

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

## 5. RESTATEMENT OF FIGURES PRESENTED IN ADJUSTED ITEMS

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

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

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

Directors believe that reissue of the consolidated financial statements will reflect the financial position as well as the results of operations of the Corporation for the year ended 31 December 2013 more appropriately. Adjustments of some items presented in the already issued consolidated financial statements are as follows:

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

## 6. CASH AND CASH EQUIVALENTS

Unit: VND

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

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

## 7. SHORT-TERM INVESTMENTS

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

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

## 8. OTHER RECEIVABLES

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

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

## 9. INVENTORIES

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

**10. SHORT-TERM PREPAYMENTS**

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

**11. TANGIBLE FIXED ASSETS**

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

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

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

## 12. INTANGIBLE ASSETS

Unit: VND

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

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

## 13. CONSTRUCTION IN PROGRESS

Unit: VND

	31/12/2013	31/12/2012
Ammoniac project	46,248,899,367	44,003,993,921
Apartment building for employees	36,342,070,618	36,148,525,618
Tay Ninh warehouse	23,573,596,728	23,268,818,182
Da Nang warehouse	22,875,662,950	22,875,662,950
NH <sub>3</sub> and NPK projects	15,264,114,882	-
Cai Cui - Can Tho warehouse	-	235,149,280,732
Other projects	39,499,480,375	69,320,385,474
	<b>183,803,824,920</b>	<b>430,766,666,877</b>

**14. INVESTMENT PROPERTIES**

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

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

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

**15. INVESTMENTS IN ASSOCIATES**

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

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

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

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

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

	Unit: VND	
	<b>31/12/2013</b>	<b>31/12/2012</b>
Total assets	7,915,024,355,348	7,498,251,259,345
Total liabilities	6,046,983,353,656	5,527,170,293,453
Net assets	1,868,041,001,692	1,971,080,965,892
<b>The Corporation's share of associates' net assets</b>	<b>463,076,061,761</b>	<b>491,002,055,334</b>

	Unit: VND	
	<b>2013</b>	<b>2012</b>
Net revenue	575,737,275,580	231,226,267,769
Net loss	(490,638,192,635)	(151,017,268,293)
<b>The Corporation's share of associates' net loss</b>	<b>(131,083,086,624)</b>	<b>(47,696,642,825)</b>

**16. OTHER LONG-TERM INVESTMENTS**

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

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

**17. LONG-TERM PREPAYMENTS**

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



## 18. DEFERRED TAX ASSETS

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

Unit: VND

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

## 19. SHORT-TERM LOANS AND LIABILITIES

Unit: VND

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

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

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:

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

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

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

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

Unit: VND

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

### IMPLEMENTATION OF TAX OBLIGATIONS TO THE STATE BUDGET

Unit: VND

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

**21 ACCRUED EXPENSES**

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

- (i) During 2013, the Company finalized repair and maintenance expenses of Phu My Fertilizer Plant with an amount of more than VND 169 billion and accrued an additional amount of VND 43,421,052,000 to such expenses pursuant to the plan of repair and maintenance of Phu My Fertilizer Plant in 2015.
- (ii) In accordance with Decision No. 432/QD-DKVN dated 15 March 2012 of Vietnam Oil and Gas Group, the Corporation accrued social security expenses of VND 100 billion in order to implement the social security program for the whole group. As at 31 December 2013, the social security expenses of VND 47,550,892,095 had not been transferred to the beneficiaries.

**22. OTHER CURRENT PAYABLES**

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

## 23. LONG-TERM LOANS AND LIABILITIES

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

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

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

## 24. SHAREHOLDERS' EQUITY

Movement in shareholders' equity:

	Charter capital	Other shareholders capital	Share premium	Treasury shares
<b>Balance as at 01/01/2012</b>	<b>3,800,000,000,000</b>	<b>977,787,044</b>	-	<b>(83,961,341,647)</b>
Profit for the year	-	-	-	-
Acquisition of treasury share for the year	-	-	-	(1,486,131,615)
Profit distribution	-	-	-	-
Provision for bonus and welfare funds	-	-	-	-
Dividends declared	-	-	-	-
Others	-	-	-	-
Minority interest	-	-	-	-
<b>Balance as at 01/01/2013</b>	<b>3,800,000,000,000</b>	<b>977,787,044</b>	-	<b>(85,447,473,262)</b>
Profit for the year	-	-	-	-
Acquisition of treasury share for the year (1)	-	-	21,179,913,858	83,150,649,142
Profit distribution (2)	-	-	-	-
Provision for bonus and welfare funds (2)	-	-	-	-
Dividends declared (3)	-	-	-	-
Others	-	-	-	-
Minority interest	-	-	-	-
<b>Balance at 31/12/2013</b>	<b>3,800,000,000,000</b>	<b>977,787,044</b>	<b>21,179,913,858</b>	<b>(2,296,824,120)</b>

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

(2) In the year, amounts of VND 1,437,212,009, VND 151,522,709,608 VND 488,572,680 and VND 224,529,279,394 were allocated to Investment and development fund, Financial reserve fund, Other shareholders' funds, and Bonus and welfare funds of the Corporation and its member units respectively under the Resolution passed at the general shareholders' meeting of the Corporation and its member units.

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

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

Unit: VND

Foreign exchange reserve	Investment and development fund	Financial reserve fund	Other shareholders' funds	Retained earnings	Total
(74,411,767,146)	1,420,380,501,371	494,715,910,705	554,153,469	2,668,824,162,711	8,227,079,406,507
-	-	-	-	3,067,647,429,374	3,067,647,429,374
-	-	-	-	-	(1,486,131,615)
-	1,109,783,021,689	320,289,286,079	423,251,609	(1,430,495,559,377)	-
-	-	-	-	(403,379,204,930)	(403,379,204,930)
-	-	-	-	(1,887,771,600,000)	(1,887,771,600,000)
4,316,768,312	(24,895,749)	-	(8,298,584)	(3,753,890,870)	529,683,109
5,842	(4,708,156,088)	(2,060,472,458)	(203,409,973)	(35,718,070,796)	(42,690,103,473)
(70,094,992,992)	2,525,430,471,223	812,944,724,326	765,696,521	1,975,353,266,112	8,959,929,478,972
-	-	-	-	2,197,190,760,271	2,179,190,760,271
-	-	-	-	-	104,330,563,000
-	1,437,212,009	151,522,709,608	488,572,680	(153,448,494,297)	-
-	-	-	-	(224,529,279,394)	(224,529,279,394)
-	-	-	-	(1,709,704,170,000)	(1,709,704,170,000)
69,830,872,823	-	-	-	(2,144,587,421)	67,686,285,402
-	(711,368,475)	(1,600,573,393)	(239,498,328)	(28,336,312,467)	(30,887,752,663)
(264,120,169)	2,526,156,314,757	962,866,860,541	1,014,770,873	2,036,381,182,804	9,346,015,885,588

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

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

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

**Charter capital**

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

<b>Shareholders</b>	<b>Proportion (%)</b>	<b>31/12/2012 VND</b>
Vietnam Oil & Gas Group	61.37	2,332,042,530,000
Others	38.63	1,467,957,470,000
	<b>100.00</b>	<b>3,800,000,000,000</b>



## 25. MINORITY INTERESTS

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

	Unit: VND					
	Central PetroVietnam Fertilizer and Chemicals JSC	SouthWest PetroVietnam Fertilizer and Chemicals JSC	SouthEast PetroVietnam Fertilizer and Chemicals JSC	Northern PetroVietnam Fertilizer and Chemicals JSC	Phu My Fertilizer packaging JSC	PetroVietnam Southern Building and Development JSC
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
<b>Percentages of minority interests</b>	<b>25.00%</b>	<b>25.00%</b>	<b>25.00%</b>	<b>25.00%</b>	<b>49.02%</b>	<b>18.62%</b>

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

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

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

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

**25. MINORITY INTERESTS (Continued)**

Movement in minority interest in the year is as follows:

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

## 26. 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 2013

Unit: VND

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

**26. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)****Consolidated income statement**

	<b>Production and trading of fertilizer and chemicals</b>	<b>Packing production</b>
Gross revenue from goods sold and services rendered	24,077,507,048,910	187,198,361,313
Deductions	109,893,552,670	-
<b>Net revenue from goods sold and services rendered</b>	<b>23,967,613,496,240</b>	<b>187,198,361,313</b>
Cost of goods sold and services rendered	20,696,719,112,206	153,831,840,738
<b>Gross profit from goods sold and services rendered</b>	<b>3,270,894,384,034</b>	<b>33,366,520,575</b>
Financial income	499,686,616,289	1,029,238,991
Financial expenses	154,527,958,039	1,492,631,642
Selling expenses	635,545,476,626	4,440,331,897
General and administration expenses	533,636,989,021	17,913,884,105
<b>Operating profit</b>	<b>2,446,870,576,637</b>	<b>10,548,911,922</b>
<b>Profit from other activities</b>	<b>10,301,423,152</b>	<b>1,521,652,402</b>
Loss on investments in associates	-	-
<b>Accounting profit before tax</b>	<b>2,457,171,999,789</b>	<b>12,070,564,324</b>
Current corporate income tax expense	256,216,364,188	2,299,110,731
Deferred corporate tax income	27,722,396,722	-
<b>Net profit after corporate income tax</b>	<b>2,173,233,238,879</b>	<b>9,771,453,593</b>

**Geographical segments:**

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

Unit: VND

<b>Construction of civil works and rendering of other services</b>	<b>Consolidated adjustment</b>	<b>Total</b>
173,534,955,787	(14,027,317,503,834)	10,410,922,862,176
-	(62,389,053,337)	47,504,499,333
173,534,955,787	(13,964,928,450,497)	10,363,418,362,843
145,233,380,481	(13,984,593,312,016)	7,011,191,021,409
28,301,575,306	19,664,861,519	3,352,227,341,434
2,589,025,247	(74,667,865,647)	428,637,014,880
-	(148,287,299,561)	7,733,290,120
2,215,033,460	(7,209,284,492)	634,991,557,491
17,774,052,594	(17,410,673,232)	551,914,252,488
10,901,514,499	117,904,253,157	2,586,225,256,215
788,292,212	63,553,849	12,674,921,615
-	(131,083,086,624)	(131,083,086,624)
11,689,806,711	(13,115,279,618)	2,467,817,091,206
3,469,440,506	-	261,984,915,425
-	(1,080,981,212)	26,641,415,510
8,220,366,205	(12,034,298,406)	2,179,190,760,271

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

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

Revenue from locally-produced products is as follows:

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

**28. PRODUCTION COST BY NATURE**

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

## 29. FINANCIAL INCOME

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

## 30. FINANCIAL EXPENSES

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

## 31. CURRENT CORPORATE INCOME TAX EXPENSE

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

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

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

**32. BASIC EARNINGS PER SHARE**

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

**33. OPERATING LEASE COMMITMENTS**

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

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

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

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

**34. OTHER COMMITMENT**

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



## 35. FINANCIAL INSTRUMENTS

### Capital risk management

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

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

#### Gearing ratio

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

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

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

### Significant accounting policies

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

### Categories of financial instruments

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

### 35. FINANCIAL INSTRUMENTS (Continued)

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

#### Financial risk management objectives

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

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

#### Market risk

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

#### Foreign currency risk management

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

Unit: VND

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

#### Interest rate sensitivity

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

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

	Unit: VND	
	2013	2012
United States Dollar (USD)	270,182,851	1,281,612,934
Euro (EUR)	17,272,412	138,818,807

#### *Share price risk management*

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

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

#### *Commodity price risk management*

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

#### **Credit risk**

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

#### **Liquidity risk management**

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

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

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

Unit: VND

	Less than 1 year	Over 1 year	Total
<b>31/12/2013</b>			
Cash and cash equivalents	4,032,386,358,314	-	4,032,386,358,314
Trade and other receivables	171,818,864,808	-	171,818,864,808
Short-term investments	1,734,861,214,549	-	1,734,861,214,549
Long-term investments	-	77,445,764,314	77,445,764,314
Other financial assets	42,000,000	1,032,179,400	1,074,179,400
<b>Total</b>	<b>5,939,108,437,671</b>	<b>78,477,943,714</b>	<b>6,017,586,381,385</b>
<b>31/12/2013</b>			
Borrowings	65,405,536,332	3,053,298,732	68,458,835,064
Trade and other payables	668,495,853,812	-	668,495,853,812
Accruals	160,664,901,010	-	160,664,901,010
<b>Total</b>	<b>894,566,291,154</b>	<b>3,053,298,732</b>	<b>897,619,589,886</b>
<b>Net liquidity gap</b>	<b>5,044,542,146,517</b>	<b>75,424,644,982</b>	<b>5,119,966,791,499</b>

Unit: VND

	Less than 1 year	Over 1 year	Total
<b>31/12/2012</b>			
Cash and cash equivalents	5,629,375,858,166	-	5,629,375,858,166
Trade and other receivables	94,525,586,860	-	94,525,586,860
Short-term investments	62,077,046,183	-	62,077,046,183
Long-term investments	-	83,625,067,921	83,625,067,921
Other financial assets	66,630,852	293,255,644	359,886,496
<b>Total</b>	<b>5,786,045,122,061</b>	<b>83,918,323,565</b>	<b>5,869,963,445,626</b>
<b>31/12/2012</b>			
Borrowings	27,737,630,442	8,477,046,183	36,214,676,625
Trade and other payables	443,807,357,430	-	443,807,357,430
Accruals	305,890,305,764	-	305,890,305,764
<b>Total</b>	<b>777,435,293,636</b>	<b>8,477,046,183</b>	<b>785,912,339,819</b>
<b>Net liquidity gap</b>	<b>5,008,609,828,425</b>	<b>75,441,277,382</b>	<b>5,084,051,105,807</b>

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

## 36. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

### List of related parties

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

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

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

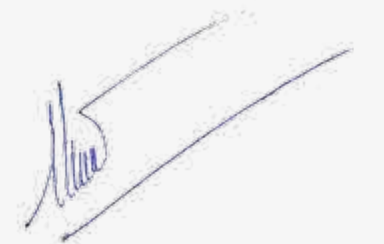
	Unit: VND	
	2013	2012
<b>Vietnam Oil and Gas Group (PetroVietnam)</b>	<b>1,086,913,797,776</b>	<b>1,214,420,050,375</b>
- Dividends	1,049,419,138,500	1,166,021,265,000
- Management fee payables	37,494,659,276	48,398,785,375
<b>Sales of urea and chemicals to PetroVietnam's member units</b>	<b>199,921,344,519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

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

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

### 37. COMPARATIVE FIGURES

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



**TRAN XUAN THAO**  
Preparer

31 March 2014



**HUYNH KIM NHAN**  
Chief Accountant



**NGUYEN VAN TONG**  
Deputy General Director

**FINANCIAL REPORT BY THE CORPORATION**  
to be found at the website:  
**[www.dpm.vn](http://www.dpm.vn)**

**PHU MY FERTILIZER**

**PHU MY NPK**

**PHU MY KALI**

**PHU MY DAP**

**PHU MY FERTILIZER**

*For bountiful harvests*



Designed & Produced by: [lapphuong.com](http://lapphuong.com) - 091 8271 635



**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION**

43 Mac Dinh Chi, Da Kao Ward, District 1, Ho Chi Minh City  
Tel: (84.8) 3825 6258 Fax: (84.8) 3825 6269

[www.dpm.vn](http://www.dpm.vn)