



DAM CÀ MAU[®]
FOR GOLDEN HARVESTS

WHOLEHEARTED **LOYALTY**
SUSTAINABLE VALUES



CONTENTS



1 GENERAL INTRODUCTION



2 BUSINESS PERFORMANCE REPORT



3 CORPORATE GOVERNANCE



4 SUSTAINABLE DEVELOPMENT REPORT



5 CONSOLIDATED FINANCIAL STATEMENTS

- 4 › Key performance indicators
- 6 › Vision, mission, core values
- 8 › Message from the leadership

- 12 › Introduction company profile
- 14 › Company history
- 16 › Principal business activities
- 18 › Production capacity
- 20 › Business and distribution network
- 22 › Typical products
- 24 › Highlights 2017
- 26 › Typical awards
- 28 › Organizational chart & organizational structure
- 30 › Board of Management
- 32 › Board of directors & Chief accountant
- 36 › Board of Supervisors
- 38 › Joint ventures and associates
- 40 › Orientation and development strategy by 2025

- 44 › Organization and human resources
- 48 › Information of shareholders
- 50 › Report and assessment of Board of Directors
- 64 › Report of Board of Management
- 68 › Report of Board of Supervisors

- 76 › Structure and operation of BOD
- 80 › Transactions, remuneration, benefits of BOD, BOM and BOS
- 82 › Corporate governance at PVCFC
- 86 › Risk management

- 90 › Sustainable development message
- 92 › Reporting statement
- 94 › Participation of the stakeholders
- 96 › Mechanism to receive opinions from stakeholders
- 102 › Ethnicity and integrity
- 104 › Corporate governance model toward sustainable development
- 105 › Ensure independence of the third party
- 106 › Economic issues
- 108 › Environmental issues
- 118 › Reports relating to green capital market
- 120 › Social issues
- 132 › GRI check list

- 141 › Statement of the Board of Directors
- 143 › Independent auditors' report
- 145 › Consolidated balance sheet
- 147 › Consolidated income statement
- 148 › Consolidated cash flow statement
- 150 › Notes to the consolidated financial statement

ABBREVIATIONS

PVCFC	› Petrovietnam Ca Mau Fertilizer Joint Stock Company
BOD	› Board of Directors
BOM	› Board of Management
BOS	› Board of Supervisors
IT	› Information technology
HR	› Human resources
DOB	› Date of birth
JSC	› Joint-Stock Company
HCMC	› Ho Chi Minh City





Key performance INDICATORS

KEY FINANCIAL INDICATORS

(According to the audited financial statements for the year ended 31st December 2017)

Item	2016	2017
Liquidity ratios		
» Current ratio	1.59	1.92
» Quick ratio	1.44	1.77
Solvency ratios		
» Total debt/Total assets	55%	51%
» Total debt/Total equity	122%	102%
Operational capacity ratios		
» Inventory turnover	9.39	11.73
» Net revenue/Total assets	35.78%	45.10%
Profitability ratios		
» Net profit after tax/Net revenue	12.72%	11.16%
» Profit before tax/Total revenue	12.63%	11.48%
» ROE	10.33%	10.69%
» ROA	4.55%	5.03%

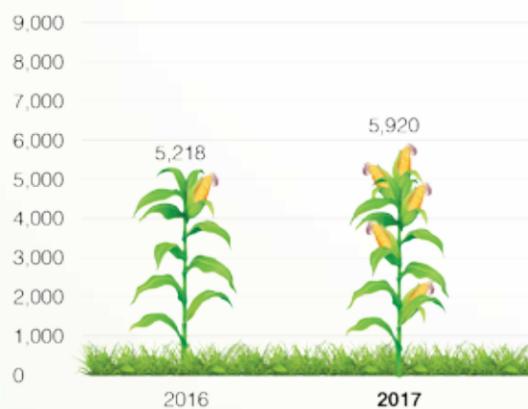
TOTAL ASSETS

Billion VND



TOTAL REVENUES

Billion VND

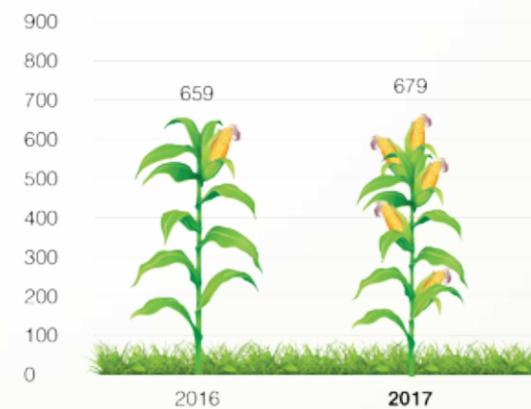


ASSETS AND CAPITAL

(Unit: Billion VND)	December 31 st 2016	December 31 st 2017	Rate of increase (decrease)
Total assets	12,967	12,456	-4%
Short-term assets	4,034	4,839	20%
Long-term assets	8,933	7,617	-15%
Total equity	12,967	12,456	-4%
Account payables	7,117	6,303	-11%
Owner's equity	5,850	6,153	5%
Charter capital	5,294	5,294	0%
Total revenues	5,218	5,920	13%
Total expenses	4,594	5,278	15%
Interest	207	183	-11%
EBIT	866	862	0%
Profit before tax	659	679.33	3%
Profit after tax	624	641.38	3%
» Profit after tax of minority shareholders	4.51	3.50	-22%
» Profit after tax of Parent Company	620	637.88	3%
Obligation to the State budget	81.11	86.18	6.3%
Construction and equipment procurement	105.76	161.95	30%

PROFIT BEFORE TAX

Billion VND



PROFIT AFTER TAX

Billion VND





To become the leading enterprise in Vietnam and Southeast Asia in manufacturing, trading fertilizers and chemicals serving agriculture, oil and gas industry.

VISION

As a manufacturer and supplier of fertilizers based on petrochemical industry to serve agriculture, PVCFC offers nutritional solutions for plants and contributes to changing agriculture towards sustainable development and environmentally friendly practices, which in turn ensures benefits for owners, customers, employees and enterprises.

MISSION



Develop manufacturing business sustainably, invest effectively and selectively.

Ensure credibility with customers, being a reliable friend for farmers.

Maintain creative, professional working environment and meet the employee's living needs.

Be proactive in corporate social responsibility (CSR) activities and creating a strong bond with farmers.

CORE VALUES





MESSAGE FROM THE LEADERSHIP

ONGOING EFFORTS FOR **WHOLEHEARTED LOYALTY**
SUSTAINABLE VALUES

DEAR HONORABLE SHAREHOLDERS AND INVESTORS,

The year 2018 has come, closing an unsteady year for PetroVietnam Ca Mau Fertilizer Joint Stock Company (PVCFC). Regardless of countless difficulties and challenges, we are honored and delighted to earn the trust and companion of valuable shareholders and investors during the whole time.

2017 was a challenging year of fertilizer industry in general and PVCFC in particular. Besides counterfeit and poor-quality goods which continued to manipulate the market and caused losses to consumers, the fierce competition from imported fertilizers also brought many difficulties to local manufacturers. As a result, the Ministry of Industry and Trade (MOIT) has approved to apply trade defence on domestic DAP products. Besides, the Decree 108 on fertilizer management in which the Ministry of Agriculture and Rural Development (MARD) are entrusted to control fertilizer market; has brought in initial positive results.

For PVCFC, leveraging the foundation from early years as well as great efforts of BOD and all employees has brought in a successful year 2017 in all respects. In term of production, Ca Mau Fertilizer Plant has been operating safely and stably, rising productivity up to 108%, and thereby increasing output volume up to 850,000 tons, reaching target 2 months ahead of schedule, the highest achievement from the start. In term of business, thanks to the strong distribution network and the persistency in building brand name, the Company has sold 940,000 tons fertilizer of all kinds, contributing to the sale volume of 10% higher than that of previous year. For the first time, Ca Mau Fertilizer products with more than 7 kinds of inorganic fertilizer, organic and bio-minerals have been launched in the market and received positive acceptance from consumers.

We are satisfied with those achievements in tough time and even more proud when Ca Mau Fertilizer brand continues to be trusted by customers and shareholders. The Company affirms its effectiveness and position of a national key project, meeting the expectation of Government when timely solving the fertilizer demand for Vietnam's rice bowl in the southern

delta, contributing to the stabilization of national food security and sustainable agricultural development in Vietnam.

2017 was also a memorable year when the journey named "Nurturer" continued with a new appearance. "Nurturing green sprouts to bring sweet fruits for life" - the mission goes beyond the meaning of providing optimal nutrition solutions for plants and becomes a strategic orientation with deep humanistic meaning in all activities of the Company. CSR programs have been widely implemented in the fields of education, health, agriculture extensions, bridges construction, scholarship, start-up, etc. and have outreached the sharing arms across the country.

The spirit of "Nurturer" is also reflected in the Company's culture. A superb team is made from excellent individuals. The Company pays special attention to caring, training, and building working environment, professional development, skills and team spirit for both leaders and staff. From promoting internal intelligence and cooperating with both strategic international and local partners, Ca Mau Fertilizer has been opening cooperation opportunities for manufacturing and trading organic products in line with sustainable agriculture trend in Vietnam and in the world.

2018 is a very important year and transitional year for PVCFC. The Company has to focus on solving the difficulties to complete the annual plan, on the other hand, continuing to complete the corporate governance standards and preparing for implementing strategic solutions of a new period after 2018, including taking opportunities from the Industry 4.0. Difficulties and challenges are inevitable on the way conquering new goals. However, we believe that, with the trust and support from valuable Shareholders and Investors, PVCFC will keep determination, turning challenges into opportunities, continuing to successfully completed business plan in 2018 and to be ready for a new journey.

We highly appreciate your support and companion!



From promoting internal intelligence and cooperating with both strategic international and local partners, Ca Mau Fertilizer has been opening cooperation opportunities for manufacturing and trading organic products in line with sustainable agriculture trend in Vietnam and in the world.



BUI MINH TIEN
General Director

NGUYEN DUC THANH
Chairman

1 GENERAL INTRODUCTION

INTERNAL **STRENGTHS** PATHWAY TO FUTURE





COMPANY PROFILE



CHARTER CAPITAL

5,294

BILLION VND

PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY (PVCFC)

Stock code: DCM

Vietnamese name: **CÔNG TY CỔ PHẦN PHÂN BÓN DẦU KHÍ CÀ MAU**

English name: **PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY**

Abbreviation: PVCFC

Charter capital: VND5,294,000,000,000

Business registration certificate No.: 2001012298

Headquarters

Lot D, Ward 1 Industrial Park, Ngo Quyen Street, Ward 1, Ca Mau City, Ca Mau Province

Tel: (84 - 290) 3.819.000

Fax: (84 - 290) 3.590.501

Ho Chi Minh City Office

18th Floor, Petroland Tower, No.12, Tan Trao Street, Tan Phu Ward, District 7, Ho Chi Minh City

Tel: (84 - 28) 54.170.555

Fax : (84 - 28) 54.170.550

Website : www.pvcfc.com.vn



COMPANY HISTORY

2008

CA MAU FERTILIZER PLANT

Commenced Ca Mau Fertilizer Plant with over USD900 million of initial investment capital and design capacity of 800,000 tons/year.

2011

PETROVIETNAM CA MAU FERTILIZER COMPANY LIMITED

On March 9th 2011, PetroVietnam Ca Mau Fertilizer Company Limited (under Vietnam Oil and Gas Group) was established to manage and operate Ca Mau Fertilizer Plant, with nearly VND3,200 billion of charter capital and nearly 800 employees.

2012

FIRST PRODUCT UNDER THE BRAND "DAM CA MAU - FOR GOLDEN HARVESTS"

On January 30th 2012, PVCFC launched its first commercial product under the brand "Dam Ca Mau - For Golden Harvests" in the market.

On November 26th 2012, PVCFC achieved the output of 500,000 tons after nearly 10 months of operation.

2013

REACHED THE OUTPUT OF 1,000,000 TONS

On July 26th 2013, PVCFC reached the output of 1,000,000 tons after over 15 months of operation.

On September 2nd 2013, PVCFC was proudly awarded "Top 100 Vietnam Gold Star" from Vietnam Young Entrepreneurs' Association.

2014

SUCCESSFUL IPO - OUTSTANDING IPO IN 2014

On May 15th 2014, PVCFC was awarded "Typical Agricultural Products of 2013" from Vietnam Farmer's Union.

On December 11th 2014, PVCFC successfully made the IPO with total share value of VND1,580 billion and selling of 128,951,300 shares. The event was voted as an outstanding IPO in 2014.

On December 23rd 2014, PVCFC was officially awarded as a National Brand.

2015

PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY

On January 15th 2015, PVCFC was officially transformed into a Joint Stock Company and listed in Ho Chi Minh City Stock Exchange (HOSE) under code DCM with charter capital of VND5,294 billion.

On November 26th 2015, PVCFC launched new product - N.Humate+TE - high-class fertilizer with superior features.

On December 23rd 2015, PVCFC reached the output of 3 million tons after 04 years of operation.

2016

PVCFC'S 5TH ANNIVERSARY

On March 9th 2016, PVCFC organized the 5th anniversary ceremony and honorably received Second-class Labor Medal from the President.

On October 6th 2016, capacity of Ca Mau Fertilizer Plant was successfully increased up to 110%.

On December 16th 2016, PVCFC launched new product N46.Plus.

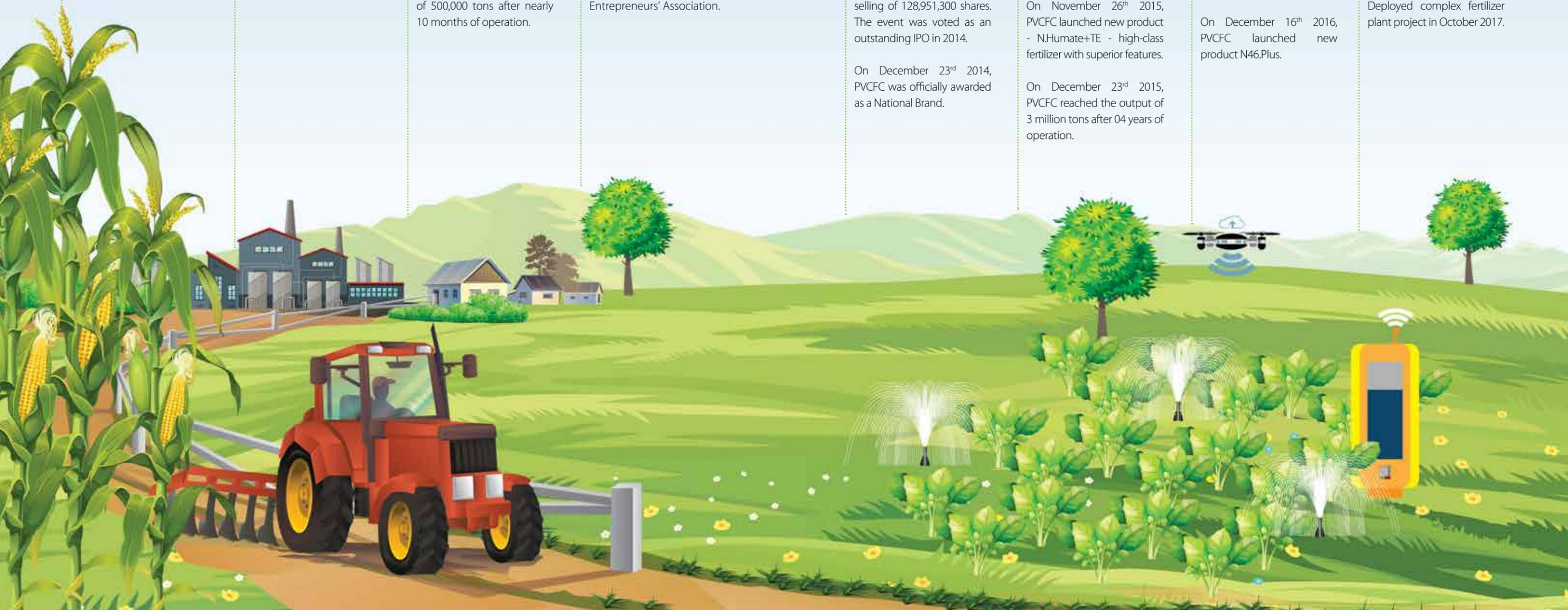
2017

ESTABLISHED RESEARCH AND DEVELOPMENT CENTER

Established research and development center in July 2017.

Product N46.Plus was honored Top 10 "Pride of Vietnamese intellectual 2017" products.

Deployed complex fertilizer plant project in October 2017.





PRINCIPAL BUSINESS ACTIVITIES



Established in March 9th 2011, PVCFC owns the only granular Urea plant in Vietnam. Principal business activities of PVCFC include manufacturing, trading and importing-exporting fertilizers, oil and chemicals.



PVCFC has operated N.Humate+TE fertilizer Plant and is deploying NPK fertilizer Plant Project with outstanding features meeting the needs and benefits of customers. In addition to producing high-quality fertilizer products from Urea, PVCFC imports and exports other fertilizers such as DAP, Potash, etc. to offer more options to customer and to suit with increasingly diversified market demands.



In long-term business strategies, PVCFC continued to push research and develop new product lines under "Dam Ca Mau - For Golden Harvests" brand name such as N46.Plus, N.Humate + TE, N46.Nano C+, etc. to concretize the strategy of diversifying high end products, supplying nutrient solutions for plants, serving farmers and strengthening the growth of PVCFC.

PRODUCTION CAPACITY



Vietnam National Oil & Gas Group's leaders paid a visit to central control room of Ca Mau Fertilizer Plant.



Ongoing efforts to improve production capacity helps “Dam Ca Mau - For Golden Harvests” serve the needs of millions of farmers across the country.



REACHED
THE OUTPUT TARGET OF
851,080
TONS OF UREA

During the operation, Ca Mau Fertilizer has made effort to complete and exceed the production targets, maintaining continuous, safe and stable operation, timely consuming products and sufficiently meeting the demand of the market. In 2017, Ca Mau Fertilizer achieved great success thanks to outstanding production capabilities.

With designed capacity of 800,000 tons of Urea per year, Ca Mau Fertilizer Plant has applied advanced technologies such as Ammonia production of Haldor Topsoe SA - Denmark, Urea production of SAIPEM (Snamprogetti) - Italy and TOYO granulation technology - Japan. Thanks to - equipment and operation's increasing improvements, after overall maintenance in



Skillful engineer team always operates plans with optimal capacity.

At present, Ca Mau Fertilizer is deploying the project of high-end NPK complex fertilizer production with 300,000 tons per year capacity, contributing to revenue and profit increase as well as exporting opportunity. In early March 2017, Front-End Engineering Design (FEED) of the project was completed. The project was officially commenced in the 2nd quarter of 2017 and will be put into operation in the 2nd quarter of 2019. This is considered as potential project which could create Ca Mau Fertilizer a breakthrough whereas local NPK demand is very high, at around 4 million tons.

The material importing terminal project with of 500,000 tons/year capacity is also strongly implemented and expected to commence operation at the same time as NPK project. The exporting port is invested simultaneously with high capacity flexible under all weather conditions. While capacity of other fertilizer plants reached 2,500 tons/day, the exporting port of Ca Mau Fertilizer can reach maximum capacity at 5,000 tons/day. This has timely met high-demand periods. Waterway transportation using barges is convenient to approach many regions and contribute to significantly decreasing transportation cost, increasing competitiveness of the Company.

In addition, thanks to the improvement in technology, the Company has developed Urea based product lines such as N46.Plus, N46. Nano C+, etc. Ongoing efforts to improve production capacity helps “Dam Ca Mau - For Golden Harvests” serve the needs of millions of farmers across the country.

August 2016, the Plant has exceeded designed capacity at 110% at Ammonia workshop. The Plant has operated continuously and stably and received the Operational Excellence Certificate from Haldor Topsoe SA with more than 300 consecutive days of operation. In 2017, the output peaked at 851.08 thousand tons of Urea, since the Plant was put into operation.





The Company's consumption market in 2017 concentrated on Mekong Delta, South East and Cambodia. Main products were Ca Mau Urea and other fertilizer products. In regard of Urea, the consumption proportion in these three target markets was 87% (a slight increase of 1% from 2016) of total Urea output produced by Ca Mau Fertilizer Plant; other markets accounted for 13%.



BUSINESS AND DISTRIBUTION NETWORK



CONSUMPTION MARKET

The Company's consumption market in 2017 concentrated on Mekong Delta, South East and Cambodia. Main products were Ca Mau Urea and other fertilizer products. In regard of Urea, the consumption proportion in these three target markets was 87% (a slight increase of 1% from 2016) of total Urea output produced by Ca Mau Fertilizer Plant; other markets accounted for 13%. In addition, in 2017, the Company increased consumption rate of other fertilizer products by two times higher than those in 2016. New product lines increased sharply from 2016 and contributed to the Company's results. Continuing those results, in 2018, the Company continues to focus on promoting more consumption of fertilizer products and strives to fulfill the planned targets.



DISTRIBUTION CHANNELS

The importance in the Company's distribution channel in 2017 was diversification of product categories, improving quality and supplying products more than ever. In addition, business owners, tier 1 and tier 2 agencies continued to be rejuvenated on the basis of experience and long-term business with new knowledge and management skills together with strong technology application have been creating a renovation in quality of distribution network toward the professional manner and continuing to improve the competitiveness in the market compared to the Company's competitors.



LOGISTICS

In 2017, the Company focused on renovation of business strategy, brand development and improvement of logistics system by upgrading warehouse system, including searching and expanding new transit warehouses at the strategic areas to enhance customer satisfaction; maintaining inventory and input materials; improving delivery capacity at Plant and warehouse system to reduce the delivery time of customers; continuing negotiations with logistics providers to reduce costs, contributing to minimizing logistic costs but still making positive contribution to Company's sale efficiency. Development orientation in 2018 is to further innovate logistic development plan which is closely associated with the Company's development strategy in the coming years.

TYPICAL PRODUCTS



After 06 years of operation, in 2017, Ca Mau Fertilizer officially provided the fertilizer products with outstanding features, contributing to the development of Vietnam's green and sustainable agriculture. Nutrient products under brand name "Dam Ca Mau - For Golden Harvests", consisting of Urea, N.Humate+TE, N46. Plus, NPK Ca Mau, DAP Ca Mau, Potash Ca Mau, etc., have many nutrient features good for the plants and have become the first choice of the farmers in each crop.



Urea

"Long-lasting green, more savings"



Advantages

- » Save 10% of fertilizer compared to normal Urea.
- » Slow decomposition, helping balance nutrients for better absorbance.
- » Easily to mix with other fertilizers, easily to distribute and low Biurét.
- » Suitable to all kinds of soil and plant.

N46. Plus

"Double savings - Superior productivity"



Advantages

- » Save maximally 30% of Urea, increasing productivity.
- » Long-lasting green and better insect resistance.
- » Add 2 bio-enhancers i.e. NBPT and DCD to increase effectiveness.
- » Easily to be mixed with other fertilizers, environmental friendly.

N.HUMATE + TE

"Strong root, porous soil, healthy and fruitful tree"



Advantages

- » Save fertilizer, increase productivity and quality of agricultural products.
- » Stimulate root system to grow quickly and strongly to increase nutrient absorption, helping plants grow healthily, flowering and giving more fruit.
- » Stimulate useful microorganisms and make soil more fertile.

N46. Nano C+



Advantages

- » Increase productivity, save 25% of fertilizer.
- » Stimulate insect resistance of the plants.
- » Acid, salty, and organophosphate poisoning resistance system.
- » Good antibacterial, environmentally friendly.
- » Increase micronutrients, improve soil.

NPK Ca Mau



Advantages

- » Advantages.
- » Stimulate the plants to grow healthily and reduce pests.
- » Increase productivity, quality of agricultural products and profit.
- » Make soil more fertile.

DAP Ca Mau



Advantages

- » Strengthen root growth.
- » Long-lasting green plants, deliver high productivity.
- » Use as basal fertilizer and top dressing.
- » Stimulate organics and micronutrients decomposition in the soil.

Potash Ca Mau



Advantages

- » Help the plants healthier and good anti-falling.
- » Increase productivity and quality of agricultural products.
- » Suitable to all kinds of soil and plant.

HIGHLIGHTS 2017



HIT THE RECORD WITH **355**

DAYS AND NIGHTS OF CONTINUOUS OPERATION AT NH₃ WORKSHOP,

helping Ca Mau Fertilizer obtain the Operational Excellence Certificate from Haldor Topsøe A/S (Denmark)

REACHED **4,000,000** TONS OF PRODUCTS



REACHED THE OUTPUT TARGET OF **851,080 TONS OF UREA** IN **53 DAYS** AHEAD OF SCHEDULE



LAUNCHED **NEW BRAND IDENTITY**

AND FULL NUTRITIONAL PRODUCT RANGES FOR PLANTS INTO THE MARKET, OFFERING MORE CULTIVATION OPTIONS FOR FARMERS



864,500

TONS OF PRODUCTS CONSUMED



5,920

REVENUE VND BILLION



OFFICIALLY ESTABLISHED **RESEARCH AND DEVELOPMENT CENTER**

to concretize the diversifying strategy of high-quality products

N46.PLUS TOP 10

"Pride of Vietnamese intellectual 2017" products



NPK CA MAU FIRST LAUNCHING INTO THE MARKET



THE ENTITY WITH **BEST CORPORATE GOVERNANCE SYSTEM** IN 2017 UNDER VIETNAM NATIONAL OIL AND GAS GROUP



Applied technology in corporate governance, using DMS software to manage distribution network



The second year implementing "Rebuilding corporate culture" project.



TYPICAL AWARDS



TOP 500 LARGEST VIETNAMESE ENTERPRISES (VNR500) CO-ORGANIZED



BY THE VIETNAM REPORT JOINT STOCK COMPANY (VIETNAM REPORT) AND VIETNAMNET NEWSPAPER

VIETNAMESE HIGH-QUALITY GOODS AWARD 2017



VOTED BY CONSUMERS

 "Top 15 Best Annual Report "Award."

 For the second year, PVCFC was honored "Typical enterprise for employees" - the award co-organized by Vietnam General Confederation of Labor, Ministry of Labor, War Invalids and Social Affairs and Vietnam Chamber of Commerce and Industry (VCCI).

 "Enterprise with excellent achievements in child protection and care", by the Ministry of Labor, War Invalids and Social Affairs.

 "Top 10 excellent Vietnamese brand products" organized by the Ministry of Industry and Trade.

ORGANIZATIONAL CHART & STRUCTURE

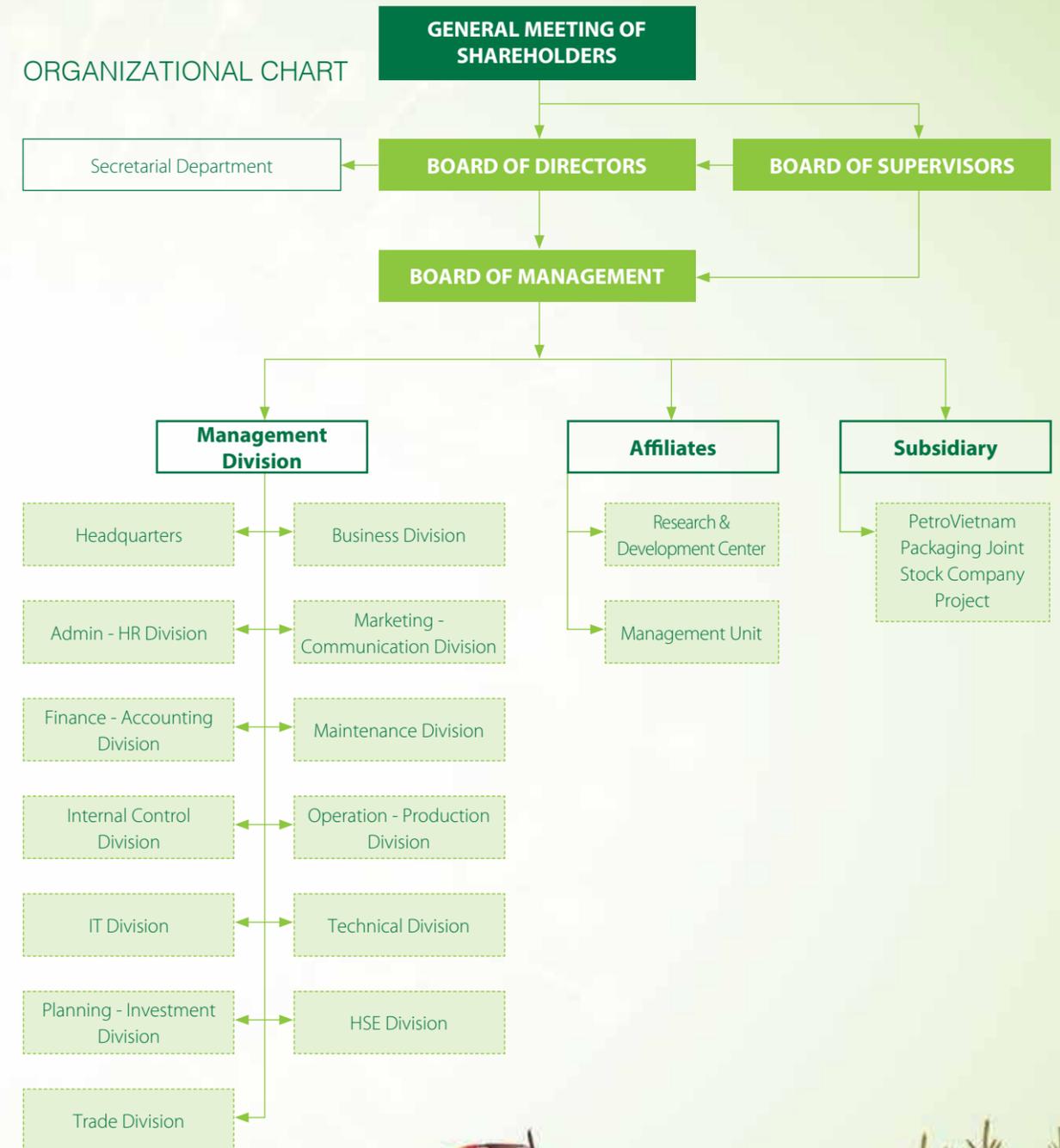
CORPORATE GOVERNANCE MODEL

The Company applies the corporate governance model as prescribed in Point a, Account 1, Article 134 in the Law of Enterprise No.68/2014/QH13 dated November 26th 2014 by the National Assembly of the Socialist Republic of Vietnam, consisting of GMS, BOD, BOS and General Director. The Company does not establish subcommittees under BOD.

ORGANIZATIONAL STRUCTURE

- » Board of Management: 05 members, including 01 Chairman, 01 member cum General Director, 02 executive members and 01 independent member.
- » Board of Management: In 2017, PVCFC approved the Decision No.925/QĐ-PVCFC dated May 24th 2017 on receiving and appointing Mr. Nguyen Tuan Anh as Deputy General Director of the Company, increasing the number of BOM members to 06 people, consisting of 01 General Director and 05 Deputy General Directors.
- » Board of Supervisors: 03 members, including 01 Chief of the Board and 02 Supervisors.
- » Chief Accountant: 01 member.
- » Assistance Team: Includes 13 professional divisions/departments to assist Board of Directors and Board of Management.
- » Affiliates: 02 affiliates are Branch of PetroVietnam Ca Mau Fertilizer Joint Stock Company - Professional Project Management Unit and Branch of PetroVietnam Ca Mau Fertilizer Joint Stock Company - Research & Development Center.
- » Subsidiaries: 01 subsidiary is PetroVietnam Packaging Joint Stock Company, in which PVCFC holds 51.03% of charter capital.

ORGANIZATIONAL CHART



BOARD OF DIRECTORS



Mr. NGUYEN DUC THANH

Chairman
YOB: 1958

Qualification

- » Master Degree in Science and Technology.
- » Bachelor Degree in Engineering.
- » Bachelor Degree in Industrial Management.

Working experience

Mr. Nguyen Duc Thanh has many years of experience in his management position at the entities in the field of oil and gas, to be specific, Deputy Director of Gas Company - now is PetroVietnam Gas Joint Stock Corporation (PVGAS); Deputy Project Manager of Ca Mau Gas - Power - Fertilizer IP; Chairman cum Director of PetroVietnam Power Project Consultancy Company No.2; and Deputy General Director of PetroVietnam Fertilizer and Chemicals Corporation. In 2011, he was appointed as Chairman of PetroVietnam Ca Mau Fertilizer Company Limited (PVCFC) and continued holding this position when the Company was transformed to Joint Stock Company from January 15th 2015.

Mr. BUI MINH TIEN

BOD member cum General Director
YOB: 1969

Qualification

- » Master Degree in Business Administration.
- » Bachelor Degree in Industrial Management.
- » Bachelor of Science in Physics.

Working experience

Mr. Bui Minh Tien has many years of experience in business and management at key entities in oil and gas industry and holds important positions, including Deputy General Director of PVGAS and Chairman of PetroVietnam Fertilizer and Chemicals Corporation, respectively. In 2013, Mr. Bui Minh Tien joined PVCFC and held the position of Director cum member of Board of Members. When the Company was transformed into joint stock company from January 15th 2015, he was appointed as BOD member cum General Director.

Mr. TRAN MY

BOD member
YOB: 1962

Qualification

- » Engineer Degree in Industrial Economics.

Working experience

Mr. Tran My started his work at Gia Lai - Kon Tum Industry and Trade Department in 1985 and then was appointed as Chief Accountant cum Head of Economic - Finance Department at Project Management Unit of Huong Dien Hydropower Plant. From 2006, Mr. Tran My worked at Project Management Unit of Ca Mau Gas - Power - Fertilizer IP. In 2012, he joined PVCFC and respectively undertook the positions of Chief of Planning - Strategy Division and Chief of Planning - Investment Division. From January 2015, he was appointed as BOD member of PVCFC.

Mr. TRAN CHI NGUYEN

BOD member
YOB: 1975

Qualification

- » Master Degree in Business Administration.
- » Bachelor Degree in Accounting.
- » Bachelor Degree in Laws.

Working experience

Before 2008, Mr. Tran Chi Nguyen worked at Accounting Department of Ca Mau Post Office. From 2008 to 2011, he worked for Finance - Accounting Department of Project Management Unit of Ca Mau Gas - Power - Fertilizer IP under the positions of Specialist and Vice Chief, respectively. In 2012, he held the position of main supervisor at PVCFC. From January 2015, he was appointed as BOD member of PetroVietnam Packaging Joint Stock Company and concurrently held the position of Chairman of this company from April 2016.

Ms. TRAN THI BINH

BOD Independent member
YOB: 1958

Qualification

- » Graduated from Moscow Petrochemical University (Russia) majored in Chemical Engineering in Oil and Gas Process.

Working experience

After excellently graduated from Faculty of Petrochemical Refinery in Moscow, Ms. Tran Thi Binh started working at Oil and Gas Information Center in 1982. After 12 years of experience in the field of Petrochemical Refinery, she joined Vietnam Oil and Gas Group (PVN) and undertook important roles. In 2006, Ms. Tran Thi Binh was appointed as Deputy General Director of PVN. In March 2015, General Shareholders' Meeting of PVCFC consented to elect her independent member of BOD.



BOARD OF MANAGEMENT & CHIEF ACCOUNTANT



Mr. **BUI MINH TIEN**

BOD member cum General Director
YOB: 1969

Mr. **HOANG TRONG DUNG**

Deputy General Director
YOB: 1973

Mr. **NGUYEN DUC HANH**

Deputy General Director
YOB: 1972

Mr. **VAN TIEN THANH**

Deputy General Director
YOB: 1968

Mr. **NGUYEN TUAN ANH**

Deputy General Director
YOB: 1976

Mr. **LE NGOC MINH TRI**

Deputy General Director
YOB: 1970

Mr. **DINH NHU CUONG**

Chief Accountant
YOB: 1977

BOARD OF MANAGEMENT & CHIEF ACCOUNTANT (CONTINUED)



Mr. BUI MINH TIEN
BOD member cum
General Director
YOB: 1969

Qualification

- » Master Degree in Business Administration.
- » Bachelor Degree in Industrial Management.
- » Bachelor of Science in Physics.

Working experience

Mr. Bui Minh Tien has many years of experience in business and management at key entities in oil and gas industry and holds important positions, including Deputy General Director of PVGAS and Chairman of PetroVietnam Fertilizer and Chemicals Corporation, respectively. In 2013, Mr. Bui Minh Tien joined PVCFC and held the position of Director cum member of Board Member. When the Company was transformed into Joint Stock Company from January 15th 2015, he was appointed as BOD member cum General Director.

Qualification

- » Master Degree in Economics.
- » Engineer Degree in Chemical Engineering.



Mr. HOANG TRONG DUNG
Deputy General Director
YOB: 1973

Working experience

From 1997 to 2008, Mr. Hoang Trong Dung worked in the field of oil and gas processing technology at Phu My Gas Processing and Trading Company, Project Management Unit of Phu My Fertilizer Plant, and Oil and Gas Processing Division under Vietnam Oil and Gas Group. From 2008 to 2011, he held the position of Deputy Project Manager of Ca Mau Gas - Power - Fertilizer IP. When PetroVietnam Ca Mau Fertilizer Company Limited was established in March 2011, Mr. Hoang Trong Dung was appointed as Deputy Director cum Deputy Project Manager of Ca Mau Gas - Power - Fertilizer IP. From January 2015, he held the position of Deputy General Director of PetroVietnam Ca Mau Fertilizer Joint Stock Company.

Qualification

- » Engineer Degree in Energy Economics and Engineering.

Working experience

Mr. Nguyen Duc Hanh has many years of experience in business, consultancy, management and investment planning. He held the position of Head of Economic - Planning Department under Project Management Unit of Ca Mau Gas - Power - Fertilizer IP. From 2012, he was appointed as Deputy Director of PetroVietnam Ca Mau Fertilizer Company Limited. From June 2014 to January 2015, he undertook the position of member of Board of Members (concurrently). From December 2012 to April 2016, he concurrently held the position of Chairman of PetroVietnam Packaging Joint Stock Company. On January 15th 2015, he held the position of Deputy General Director.



Mr. NGUYEN DUC HANH
Deputy General Director
YOB: 1972



Mr. VAN TIEN THANH
Deputy General Director
YOB: 1968

Qualification

- » Engineer Degree in Agro-Forestry Mechanical Engineering.

Working experience

Mr. Van Tien Thanh has many years of experience in the field of technique and technology with different roles. From 2005, he joined in oil and gas industry and undertook the positions such as Deputy Head of Project Department of Ca Mau Gas - Power - Fertilizer IP and Deputy Head of Preparation Division of Morocco Project under PetroVietnam Fertilizer and Chemicals Corporation. From 2011, he held the position of Deputy Project Manager of Ca Mau Gas - Power - Fertilizer IP cum Deputy Director of PetroVietnam Ca Mau Fertilizer Company Limited. In January 2015, he was appointed as Deputy General Director of PVCFC.

Qualification

- » Master in Commercial Management; Bachelor in Accounting; Bachelor in Business Administration.

Working experience

Mr. Nguyen Tuan Anh has many years of experience in oil and gas industry and in other field such as construction investment consulting, oil and gas insurance, and liquefied petroleum gas business. In 2008, he was appointed as Director of Northern Petroleum Fertilizer and Chemicals Co., Ltd. From October 2009 to April 2014, he was appointed as Head of Foreign Cooperation Project Board, Head of Construction Investment Board, and Head of Fertilizer Business Board under PetroVietnam Fertilizer and Chemicals Corporation. Mr. Nguyen Tuan Anh then held the position of Deputy General Director of PetroVietnam Petrochemical and Textile Fiber JSC. In May 2017, he was appointed as Deputy General Director of PVCFC.



Mr. NGUYEN TUAN ANH
Deputy General Director
YOB: 1976

Qualification

- » Bachelor Degree in Accounting.

Working experience

Mr. Le Ngoc Minh Tri has many years of experience in accounting and auditing at the entities in oil and gas industry, to be specific, Accountant at PetroVietnam Tourism Corporation and then Chief Accountant for Project Management Unit of Ca Mau Gas - Power - Fertilizer IP. In 2011, he was concurrently appointed as Chief Accountant for PetroVietnam Ca Mau Fertilizer Company Limited, apart from his position as Chief Accountant for Project Management Unit of Ca Mau Gas - Power - Fertilizer IP. In June 2015, he was appointed as Deputy General Director of PVCFC.



Mr. LE NGOC MINH TRI
Deputy General Director
YOB: 1970

Qualification

- » Master Degree in Financial Banking.

Working experience

Mr. Dinh Nhu Cuong has many years of experience in accounting. He respectively held the positions of General Accountant in Finance, Planning and Investment Department of Ca Mau City and was in charge of Budget Accounting Department of Ca Mau City from 1998 to March 2007. In April 2007, Mr. Dinh Nhu Cuong started working in the field oil and gas and respectively undertook many positions, including Accountant for Project Management Unit of Ca Mau Gas - Power - Fertilizer IP; Specialist, Manager of Accounting Department; and Vice Chief of Finance - Accounting Division. In February 2016, he was appointed as Chief Accountant cum Chief of Finance - Accounting Division of PVCFC.



Mr. DINH NHU CUONG
Chief Accountant
YOB: 1977

BOARD OF SUPERVISORS



Ms. **PHAN THI CAM HUONG**

Chief of the Board
YOB: 1977

Qualification

» Bachelor Degree in State Finance.

Working experience

Ms. Phan Thi Cam Huong has 12 years of experience with the positions of Accountant and then Chief Accountant of Thien Thanh Manufacturing and Trading Co., Ltd., and Chief Accountant of Tan Thanh Phu My Vietnam Co., Ltd., respectively. From 2011 to 2015, she worked for PVCFC and respectively undertook the positions of Accountant and Deputy Head of Finance Division. From January 2015, she was elected as the Chief of Board of Supervisors.

Mr. **DO MINH DUONG**

Member
YOB: 1979

Qualification

» Bachelor Degree in General Accounting.

Working experience

From 2002, Mr. Do Minh Duong held the position of Deputy Manager of Food Technology Store under Ca Mau Trading Joint Stock Company. From February 2008, he worked for Project Management Unit of Ca Mau Gas - Power - Fertilizer IP. From October 2012, he joined PVCFC and undertook the positions of Specialist of Finance - Accounting Division, Specialist and then Team Leader of Internal Control Division. In April 2016, he was elected as member of Board of Supervisors by General Shareholders' Meeting of PVCFC from April 21st 2016.

Mr. **NGUYEN THANH HAO**

Member (concurrently)
YOB: 1979

Qualification

» Master Degree in Business Administration.
» Bachelor Degree in General Accounting.

Working experience

From 2001 to 2008, Mr. Nguyen Thanh Hao worked in the field of banking under the positions of Credit Officer and then Credit Manager. From 2008 to 2014, he held the positions of Deputy Director and then Director of PetroVietnam Finance Corporation - Can Tho Branch (now is PVCombank). From June 2014 to August 2016, he served as Director of Can Tho Branch and in charge of Southwest of PVCombank. From March 2016 to now, Mr. Nguyen Thanh Hao was concurrently Deputy Director of Large Enterprise Customer Division, Director of Business Center in the South, Business Director of Large Enterprise Customer Division in HCMC of PVCombank. From July 2017 to now, he is General Director of PVCombank Asset Exploitation & Debt Management -(PVCombank AMC). He became the member of Board of Supervisors of PVCFC from January 2015.

JOINT VENTURES AND ASSOCIATES



PETROVIETNAM PACKAGING JOINT STOCK COMPANY - PPC

- » Established on June 11th 2010.
- » Charter capital: VND40,812,490,000.
- » Main business operations: Producing Plastic products, mainly producing and trading PP and PE packages, produce fertilizers and Nitrogen compounds.
- » Address: Lot A1-3, Tra Kha IP, Ward 8, Bac Lieu City, Bac Lieu Province.
- » Tel: 02913 957 555
- » Fax: 02913 957 666
- » Email: sale@pbp.vn
- » Website: www.pbp.vn
- » Number of shares held by PVCFC: 2,082,625 shares valued at VND20,826,250,000
- » Percentage of charter capital held by PVCFC: 51.03%.



BUSINESS PERFORMANCE OVER THE YEARS

Unit: Million VND

Year	2014	2015	2016	2017
Revenue	157,007.57	144,476.51	153,420.36	186,943.95
Profit after tax	10,240.33	8,947.25	9,206.42	7,142.37

Given many difficulties in putting the fertilizer production & trading into operation, the Company gained certain results in 2017 thanks to the efforts of the entire staff.

2018's orientation: continue to focus on packaging sector development, the Company's core values, gradually approaching and developing fertilizer business.



Long-lasting Green more Savings



HOTLINE: 1900 8696

ORIENTATION AND DEVELOPMENT STRATEGY BY 2025

ORGANIZATION AND MANAGEMENT OBJECTIVES

- » Build a lean and professional organizational model adapting quickly to market change; form Strategic Business Units (SBU) at the appropriate time to take the initiative and enhance performance of each unit.
- » Apply governance model meeting international standards to improve labor productivity and business efficiency, ensuring equitable benefits for all shareholders, improving business transparency and Company's reputation in the eyes of partners in the process of international integration.
- » Successfully building PVCFC's corporate culture with solid foundation, diversified and differentiated identity based on fine-tuning and promoting core values of "Caring - Friendly, Professional - Creative, Responsible - Harmonious".

PRODUCTION DEVELOPMENT OBJECTIVES

- » Operate Ca Mau Fertilizer Plant and Ca Mau NPK Plant in safe, stable and effective manners, ensuring top market product quality.
- » Apply modern production management models, improve and optimize operations continuously to enhance production efficiency.
- » Diversify Urea based fertilizer products, synthetic fertilizers, organic fertilizers and microorganism fertilizers toward soil improvement, nutrition enhancement for plants and environmental impact limitation.
- » Research and apply efficiency improvement & production materials saving solutions.
- » Develop training services of trial, operation, maintenance and quality control for other similar plants.



With an objective to make "Dam Ca Mau - For Golden Harvests" the leading brand in the field of manufacturing and trading fertilizers in Vietnam and Southeast Asia by 2025, the leaders have set out the strategic direction of sustainable development for each stage, from short to long term to increase the value chain in production and business activities with many specific targets.



STRATEGIC BUSINESS OBJECTIVES

- » Dominate and maintain key domestic markets, build effective distribution channels nationwide for Ca Mau Fertilizer based on modern IT application integrated with e-commerce system.
- » Expand export market to neighboring countries and regions, provide a variety of fertilizers based on Urea and NPK.
- » Take the initiative in production, trading and import-export of fertilizers and chemicals to ensure average revenue growth of at least 10% per year.
- » Develop "Dam Ca Mau - For Golden Harvests" brand with entire products ranges in leading groups at local market and other countries in the region.
- » Develop business toward taking part in closed-loop value chains, from "seed - fertilizer - processing - distributing" in order to enhance brand credibility and maximize the benefits for Vietnamese agricultural products.

STRATEGIC FINANCE OBJECTIVES

- » Restructure capital toward decreasing ownership percentages of Vietnam Oil & Gas Group to attract new capital and motivate the growth.
- » Develop a financial management system which is innovative, modern and efficient; Preserve and efficient in capital raising.
- » Improve management's capacity and information technology applications in financial risk management; ensure safe and stable using finance indicators.

STRATEGIC HUMAN RESOURCES OBJECTIVES

- » Develop highly qualified human resources for production and trading; capable of reaching toward international market in the field of fertilizers and chemicals.
- » Build leadership capabilities toward multi-professional governance, conjunction together, resilience under high competitive pressure, and having high capability in management and team development.
- » Continue to build and reform corporate culture, enhance credibility and image of the Company, remuneration policy to encourage high-quality employees and get their long-term commitment with the Company.

STRATEGIC INVESTMENT & COOPERATION

- » Develop production projects toward diversifying Urea based fertilizers Urea and NPK, microbiological and organic fertilizers following market trend.
- » Make selective investment in logistics to enhance capability and efficiency of distribution system, meeting transportation and delivery schedule of customers.
- » Take part in investment, capital contribution and joint venture selectively into agricultural value chains to create added values and enhance business efficiency.
- » Make selective investment into chemicals/ petrochemicals in term of promoting technology of Ca Mau Fertilizer Plant when favorable conditions come.

STRATEGIC RESEARCH AND DEVELOPMENT (R&D) OBJECTIVES

- » Invest in research and cooperation with leading international and local institutes, universities scientists to provide high-quality product lines that meet market needs and that are also environmentally friendly - to contribute to Vietnam's sustainable agricultural development;
- » Build nutritional solutions for plants meeting market demand on productivity and quality improvement on the basis of applying modern technologies and catching the trend of Industry 4.0.

STRATEGIC CORPORATE SOCIAL RESPONSIBILITY (CSR) OBJECTIVES

- » Develop a caring and friendly brand image further with the community, especially with farmers;
- » Perform well in terms of CSR activities, and bring in benefits for farmers in line with business activities;
- » Continue to fulfill social. Aim to be among the leading enterprises in environmental protection, social welfare and community development.



Mr. Nguyen Quoc Toan
Deputy General Director
of Ernst & Young Vietnam

"With the point of view of an independent consultant, when working and collaborating with Ca Mau Fertilizer in building development strategy for the upcoming period, I realize that the Company's governance activities show both positive points and the points needed to improve to achieve better performance.

In regard of strategic steps in the forthcoming development roadmap, I affirm that Ca Mau Fertilizer is heading in right direction on the way to develop and become a big group in agricultural sector. With the strict investment into development strategy toward product diversification in the context that nitrogen fertilizer - the Company's key product is reaching market saturation and the determination (the Company has commenced the NPK Plant project and is working with some organic fertilizer partners), I believe that Ca Mau Fertilizer will gain outstanding development if continuing to maintain and promote the spirit of renovation and positive action as they are doing".

2

BUSINESS PERFORMANCE REPORT

READY **IN MIND**
THINK NEW THINGS, DO NEW THINGS





ORGANIZATION AND HUMAN RESOURCES

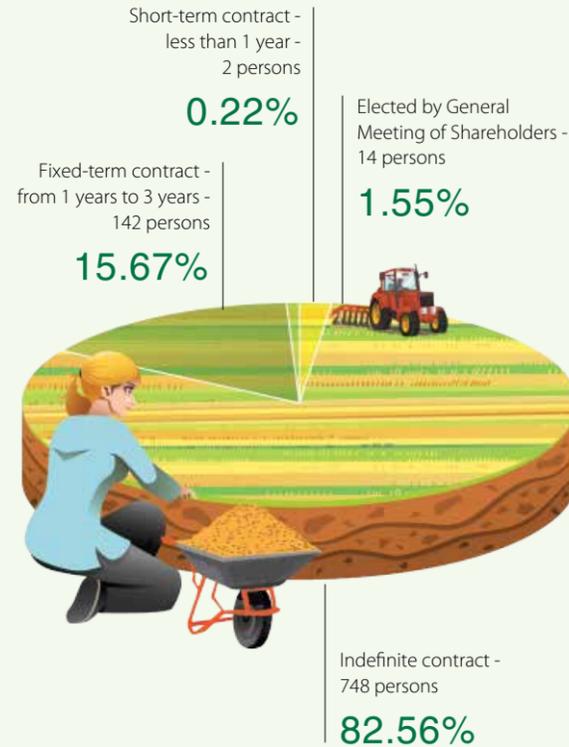
ORGANIZATION AND HUMAN RESOURCES STRUCTURE



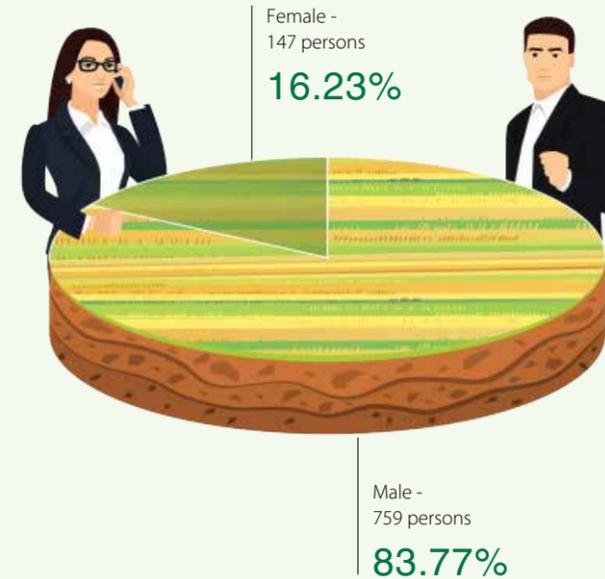
TOTAL OF EMPLOYEES

906

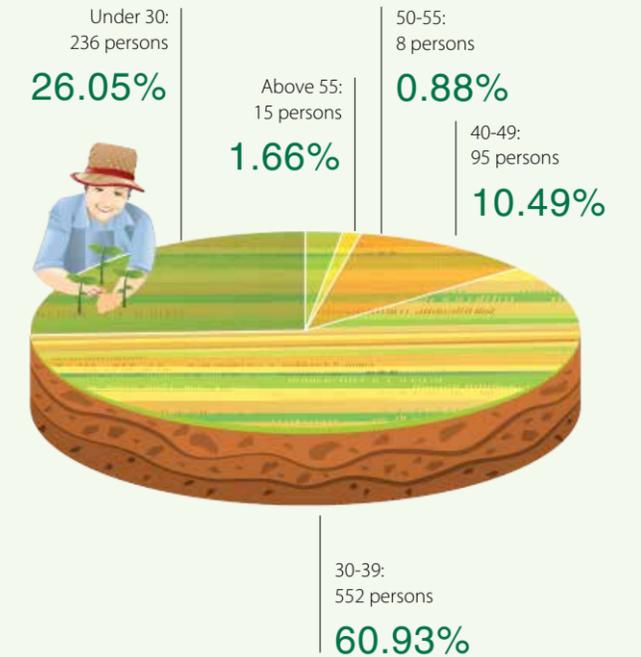
PERSONS



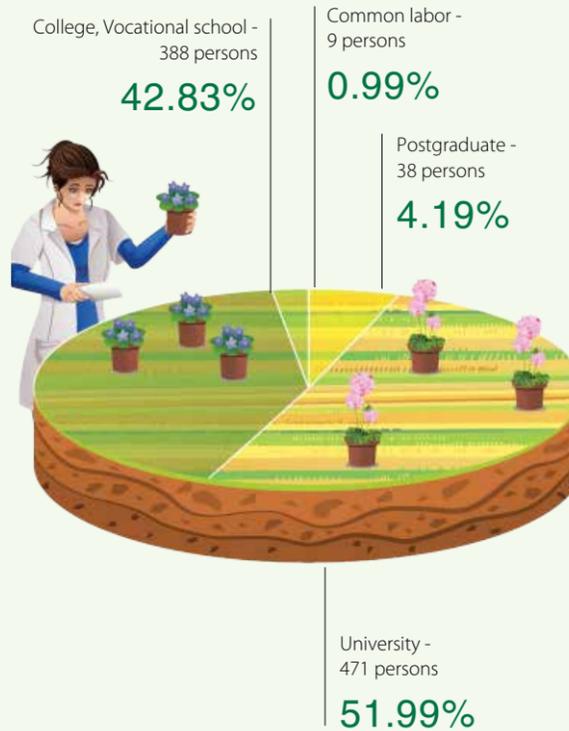
LABOR STRUCTURE BY TERM OF LABOR CONTRACT



LABOR STRUCTURE BY GENDER



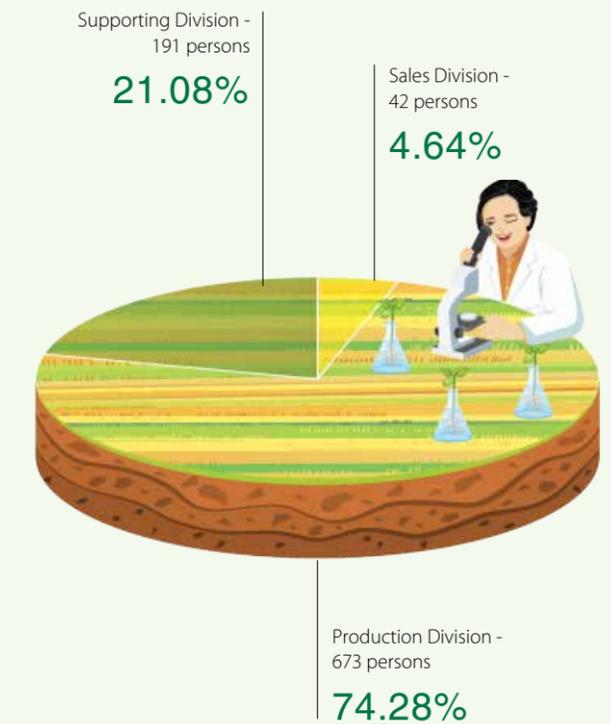
LABOR STRUCTURE BY AGE



LABOR STRUCTURE BY QUALIFICATION



LABOR STRUCTURE BY MANAGEMENT LEVEL



LABOR STRUCTURE BY FUNCTIONAL DIVISION

ORGANIZATION AND HUMAN RESOURCES (CONTINUED)



PVN's leadership, represented by Chairman Tran Sy Thanh, paid a visit and work at Ca Mau Fertilizer Plant

PERSONNEL OPERATION

In 2017, the personnel arrangement such as receiving, assigning, rotating, appointing, reappointing, etc. as well as personnel planning, assessments and classification at PVCFC were implemented under the regulations and process, based on the actual demands. The appointed staff have promoted well their responsibilities in new roles, contributing to the development of the Company.

In addition to good personnel policy and collective bargaining agreement, PVCFC has strengthened management training and frequently updated specialty/professional knowledge to all employees. The training programs have made great contributions to the enhancement of work efficiency, operation - maintenance skills and solidarity of the human resources, meeting the Company's increasing demand on production and business.

In 2017, the Company had 36 new employees to be distributed to the boards, units and branches and there were 18 employees resigned, which were classified by age, area and gender as follows:

		Number (person)	Percentage (%)
I	NEW HIRES		
1.	By gender		
	» Male	23	63.89
	» Female	13	36.11
2.	By age		
	» Over 50 years of age	0	0.00
	» 30-50 years of age	16	44.44
	» Under 30 years of age	20	55.56
II	RESIGNATION		
1.	By gender		
	» Male	16	88.89
	» Female	02	11.11
2.	By age		
	» Over 50 years of age	0	0.00
	» 30-50 years of age	10	55.56
	» Under 30 years of age	08	44.44

TRAINING ACTIVITIES

Determining human resources are the key factor in the Company's operation and development, in 2017, PVCFC organized 512 training courses with expenses up to VND14.6 billion, 6,646 trained people, reaching 127.9% of annual plan.



Training contents

- » Organize international and local specialty/professional training courses, provide internal training to strengthen regular and periodic operation - maintenance skills of employees. At present, the qualification of employees is getting higher and higher, meeting the requirements on operation and maintenance of the Plant. To be specific:
 - » Intensive training (orienting to become experts): 27 people, attending 8 training courses abroad.
 - » Management training: Organize training on governance capability for middle management, corporate governance, and risk management for 26 middle managers to improve governance capability.
 - » Organize training courses about **7 Effective Habits, Leadership with "The Speed of Belief", Effectiveness & Responsibility** and implement coaching projects to develop employees and improve productivity and efficiency.
 - » Frequently training and updating specialty/professional knowledge: Often organize training and coaching sessions at the Company such as scaffolding technique levels 1&2; Welding supervision; Accident investigation; Safety



usage guide, operation and maintenance of boiler; Safety usage guide, operation and maintenance of pressure equipment; Lean production; Designing tanks, pipes, separators and heaters; Operating loaders; Occupational safety training courses, etc. In addition, PVCFC also organized 4 specialized technical English training courses to improve foreign language skills for employees to meet working requirements.

- » Internal training: Internal training at PVCFC is very effective. Therefore, PVCFC pays high attention to this activity. In 2017, PVCFC offered 429 training courses with 4,453 trained people, reaching 222% of the plan. Internal training focuses on position rotation, new employees training in accordance with job title. Continue to standardize internal training system for the Plant by reviewing materials, preparing curriculum and question banks to serve training and development of new hires, position rotation training, career growth training and professional knowledge training for the staff.
- » Training in accordance with PVN's program: PVCFC has sent 08 staffs to participate in 07 training courses abroad and 01 training course in the country organized by PVN.

Analyze and evaluate training activities in 2017

- » Training plan and content followed the plan and schedule set since the beginning of the year. Choosing the right participants for training programs has encouraged the motivation, enthusiasm and sense of responsibility of the staff in the implementation of the tasks assigned.
- » The number of trainees was 6,646/5,198 turns of people, reaching 127.9% of annual plan for 2017, exceeding the targets. PVCFC strengthened management training, updating of professional knowledge/skills and internal training to improve the performance skills, operation and maintenance skills to meet the production and business requirements of the Company.



Joining PVCFC, all employees have equal opportunities to work, to dedicate, to shine and to be rewarded

- » Training activities in 2017 have met the production and business requirements and built a qualified team to serve new projects and development strategies of the Company.



INFORMATION OF SHAREHOLDERS

Shareholder structure, changes in owner's equity (According to the list closed on December 28th 2017)

SHARE INFORMATION

Total number of shares:	529,400,000 shares
Face value per share:	VND10,000/share
Total value of shares:	VND5,294,000,000,000
Types of outstanding shares:	Common shares
Number of freely transferable shares:	529,400,000 shares
Number of restricted shares:	0 (zero)
The Company does not have overseas trading securities	

LIST OF INTERNAL SHAREHOLDERS

No.	Name of individuals/ organizations	Position at PVCFC (if any)	Number of owning shares	Percentage of owning shares	Number of shares holding on behalf of PVN	Percentage of shares holding on behalf of PVN
I BOARD OF DIRECTORS						
1	Nguyen Duc Thanh	Chairman	8,100	0.001530%	135,323,057	25.56%
2	Tran My	Board member	2,900	0.000548%	79,410,000	15.00%
3	Tran Chi Nguyen	Board member	1,600	0.000302%	79,410,000	15.00%
4	Tran Thi Binh	Board member	0	0.000000%		
II BOARD OF MANAGEMENT						
1	Bui Minh Tien	Board member cum General Director	52,000	0.009822%	105,880,000	20.00%
2	Nguyen Duc Hanh	Deputy General Director	53,000	0.010011%		
3	Van Tien Thanh	Deputy General Director	30,000	0.005667%		
4	Hoang Trong Dung	Deputy General Director	31,600	0.005969%		
5	Le Ngoc Minh Tri	Deputy General Director	1,600	0.000302%		
6	Nguyen Tuan Anh	Deputy General Director	0	0.000000%		
III BOARD OF SUPERVISORS						
1	Phan Thi Cam Huong	Chief of Board	200	0.000038%		
2	Do Minh Duong	Supervisor	2,000	0.000378%		
3	Nguyen Thanh Hao	Supervisor	0	0.000000%		
IV CHIEF ACCOUNTANT						
1	Dinh Nhu Cuong	Chief Accountant	56,700	0.010710%		
V MAJOR SHAREHOLDER						
1	PetroVietnam Finance Fund Management Inc.		45,174,690	8.533187%		

List of shareholders holding from 5% of share capital and above

No.	Shareholder	Business registration certificate/ ID card	Address	Number of holding shares (share)	Percentage/ Charter capital (%)
1	Vietnam Oil and Gas Group - PVN	0106000811	18 Lang Ha, Ba Dinh District, Hanoi	400,023,057	75.562
2	Major shareholder: PetroVietnam Finance Fund Management Inc.	23/UBCK-GP	9 th Floor, Hapro Building, 11B Cat Linh, Dong Da, Hanoi	45,174,690	8.53
Total				445,197,747	84.092%

SHAREHOLDER STRUCTURE AS AT DECEMBER 28TH 2017

No.	Shareholder	Quantity (individual/ organization)	Number of shares (share)			Face value per share (VND)	Percentage (%)
			Already deposited	Not yet deposited	Total number of shares		
I	Domestic shareholders	4,407	513,033,833	744,200	513,778,033		97.05
1	Shareholders which are organizations	30	453,762,030	300,000	454,062,030	4,540,620,300,000	85.77
1.1	In which: PVN		400,023,057	0	400,023,057	4,000,230,570,000	75.56
1.2	Major shareholder: PetroVietnam Finance Fund Management Inc.	1	45,174,690	0	45,174,690	451,746,900,000	8.53
2	Shareholders which are individuals	4,377	59,271,803	444,200	59,716,003	597,160,030,000	11.28
II	Foreign shareholders	53	15,621,967	0	15,621,967		2.95
1	Shareholders which are organizations	13	13,825,560	0	13,825,560	138,255,600,000	2.61
2	Shareholders which are individuals	40	1,796,407	0	1,796,407	17,964,070,000	0.34
Total		4,460	528,655,800	744,200,000	529,400,000	5,294,000,000,000	100.00

TREASURY STOCKS

- » Current number of treasury stocks: 0 (zero).
- » Treasury stock transaction: In 2017, there was no treasury stock transaction.
- » Change in owner's equity: In 2017, the company has no change in owner's equity.
- » Other securities: In 2017, the Company does not issue any securities.

"At PVCFC, investor relation is a frequent activity through the communication in business results, investment, corporate governance, financial position, etc. Besides regular information, extraordinary information in the operation of enterprises is also transferred to investors in time. PVCFC regularly hold investors meetings to address issues that investors are interested in and provide information in a transparent and objective manner, giving investors a better view on the current business activities as well as medium-to-long-term development prospects of the Company, helping investors properly evaluate the value of enterprises, ensuring their interests when investing in PVCFC."

According to Analysis and Research Department - Vietcombank Securities JSC - VCBS.

REPORT AND ASSESSMENT OF BOM

GENERAL ASSESSMENT

Inheriting the achievements in 2016, PVCFC implemented the operations in 2017 with proactive spirit, applying modern governance tools effectively, taking full advantage of opportunities and having effective solutions, timely overcoming difficulties and thereby, helping PVCFC to exceed the planned targets. Some affecting factors and conditions are as follows:

ADVANTAGES

- » PVCFC has always received the close and prompt instructions from Vietnam National Oil and Gas Group, the support from the Ministries/ Industries/ Government in regulating gas price to ensure the performance efficiency.
- » Stable supply of gas allows high-productivity operation of the Plant.
- » The Group creates favorable conditions in operating flexible sales policy, enhancing competitiveness.
- » The weather is convenient for agricultural production, contributing to stabilizing and increasing demand on fertilizer.
- » The solidarity of all PVCFC staff.

DISADVANTAGES

- » Imported Urea is still on the rise, putting great pressure on domestic producers.
- » Counterfeit and poor quality fertilizers are more and more popular and affect reputation of many brands.



BUSINESS REPORT AND PERFORMANCE ASSESSMENT IN 2017

IMPLEMENTATION RESULTS OF BUSINESS TARGETS

No.	Item	Unit	Implemented in 2016	2017		Comparison (%)	
				Plan	Implementation	4=3/2	5=3/1
A	B	C	1	2	3	4=3/2	5=3/1
I TARGETS IN QUANTITIES (*)							
1	Production volume						
-	Ca Mau Fertilizer (Urea conversion)	Thousand tons	804.10	752.23	851.08	113%	106%
2	Consumption volume						
-	Ca Mau Fertilizer (Urea conversion)	Thousand tons	812.36	752.23	864.50	115%	106%
-	Proprietary trading		43.38	75.00	69.18	92%	159%
II FINANCIAL INDICATORS (CONSOLIDATED)							
1	Total revenue	Billion VND	5,218	5,328	5,920	111%	113%
2	Profit before tax	Billion VND	658.89	666.18	679.33	102%	103%
3	Profit after tax	Billion VND	624.34	632.80	641.38	101%	103%
4	Obligation to the State budget	Billion VND	81.11	55.09	86.18	156%	106%
III FINANCIAL INDICATORS (PARENT COMPANY)							
1	Total revenue	Billion VND	5,202	5,300	5,915	112%	114%
2	Profit before tax	Billion VND	652.77	665.79	676.16	102%	104%
3	Profit after tax	Billion VND	619.30	632.62	637.88	101%	103%
4	ROE	Billion VND	12.33%	12.58%	12.77%	102%	104%
5	Construction and equipment procurement	Billion VND	105.76	540.50	161.95	30%	153%
6	Obligation to the State budget	Billion VND	73.90	50.09	79.76	159%	108%

REPORT AND ASSESSMENT OF BOM (CONTINUED)



The Plant operated safe and stable in more than 300 consecutive days at a high capacity, reaching 103.2% of design capacity (compared to capacity of Urea Plant), making significant contribution in completing production targets of 2017 by 53 days ahead of schedule. 2017 was also the first year the Company's output hit the record of 851.08 thousand tons after 6 years of operation.



RECEIVED OPERATIONAL EXCELLENCE CERTIFICATE with more **300** than CONSECUTIVE DAYS operation of NH₃ Workshop from Haldor Topsoe

PRODUCTION OPERATION

- » The Plant operated safe and stable in more than 300 consecutive days at a high capacity, reaching 103.2% of design capacity (compared to capacity of Urea Plant), making significant contribution in completing production targets of 2017 by 53 days ahead of schedule. 2017 was also the first year the Company's output hit the record of 851.08 thousand tons after 6 years of operation.
- » Total productive maintenance (TPM): PVCFC has completed TPM within 16 days in accordance with the criteria: safety, quality and saving 14.9% of costs thanks to active preparation since September 2016. Material coding work is implemented continuously. Up to now, PVCFC has coded 49,585 items to update into CMMS and ERP, helping to optimize inventories.
- » Consumption of energy, chemicals, and materials are lower than the norms. PVCFC has reviewed and approved the norms applied in 2018 in line with technical improvements at the Plant and controlled consumption accurately.



PRODUCTION OUTPUT REACHED **851.08** THOUSAND TONS

MARKETING AND BUSINESS MANAGEMENT

- » Continued to maintain market share in target markets and expanded consumption market for traditional and new fertilizers, especially in Mekong Delta, Cambodia, Southern East and Central Highlands of Vietnam.
- » In 2017, PVCFC renovated packaging design and brand identity, completed and implemented communication strategies, marketing strategies, etc. simultaneously toward the brand development orientation associated with sustainable and high-tech agriculture as Government's orientation.
- » Applied information technology into business operation of Big Data project, gaining initial success in distribution management system (DMS) in Long An and Tra Vinh. Accordingly, the Company wishes to connect and interact with customers quickly, streamlining business structure and enhancing efficiency.
- » Implemented the activities to support and promote the sales of Ca Mau Fertilizer including Urea, new products, imported products, prepared market penetration for Ca Mau NPK products, and signed long-term distribution contract with Israeli Potash.



Launched new brand identity and offered full nutritional product ranges for plants



PVCFC received certificate for excellent operation from Haldor Topsoe.



CAPACITY OF MATERIAL IMPORT TERMINAL REACHED **500,000** TONS

BASIC CONSTRUCTION

- » Project of Plant to produce complex fertilizer from molten Urea with capacity of 300,000 tons/year and material import port with capacity of 500,000 tons: PVCFC signed EPC contract and commenced the construction on November 8th 2017. Currently, contractors are implementing the project in accordance with the EPC contract to put the plant and the port into operation at the beginning of the 2nd quarter of 2019.
- » In 2017, PVCFC also reviewed its investment portfolio, carefully implementing investment preparation and implementation to ensure efficiency and risks reduction.



COMMENCED CONSTRUCTION OF COMPLEX FERTILIZER PLANT WITH CAPACITY OF **300,000** TONS/YEAR

IMPROVEMENTS ON ORGANIZATIONAL STRUCTURE, POLICY AND MANAGEMENT IN 2017

Corporate governance

- » Improved governance tools from production, financial management to risk management, to be specific:
 - » Maximized ERP software - Phase 1, developed and added more functions such as: Notes to the combined financial statements, distribution management, customer relations, and logistics.
- » Coordinated with consulting agency to develop business intelligence (BI) system to manage, control analysis and forecast internal and external impacts.
- » Improved and promoted the inspection and supervision of Safety - Innovation Initiative - 5S program to improve production efficiency of the Plant.
- » After completing the entire process according to COSO, the Company established a unit in charge of compliance inspection to ensure the Company's business operations comply with the laws.



REPORT AND ASSESSMENT OF BOM (CONTINUED)



With the philosophy of developing corporate strength from individual strength and “human resources is key to corporate success”, PVCFC is gradually completing a unique cultural identity where the employees can work - dedicate - shine and be rewarded through practical activities.



Corporate culture organization and management

- » CEO continues giving highest decentralization to Deputy General Directors, Chief Accountant/ Branch Directors, thereby makes the corporate governance more and more comprehensive and consistent, the authorized persons becomes more active in training and development, improving management knowledge and skills.
- » With the philosophy of developing team strength from individual strength and “human resources is key to organizational success”, PVCFC is gradually completing a unique cultural identity where the employees can work - dedicate - be rewarded and shine through practical activities such as handling works in the spirit of 7 effective habits, training and developing skills, organizing quarterly physical exams, holding seminars to share good book titles, maintaining sport clubs to communicate, share and understand, etc.

Restructuration

- » Together with consulting agency, **PVCFC completed strategy development and plans implementation**, focusing on solutions when the gas pricing mechanism ends after 2018.
- » Finalized and reported divestment plan to the Group, reducing PVN's ownership percentages from 75.56% to 51% of charter capital.

Research and development

In 2017, PVCFC continued to invest and foster research and development of new fertilizer lines toward environmentally-friendly practice for a smart and sustainable agriculture, to be specific:

- » **Launched Research and Development Center**, completed facilities, organizational structure, processes and regulations to promote research activities in accordance with the strategic orientations.
- » Completed three test centers in Ca Mau, Can Tho and Lam Dong to study and test new products.
- » Continued to cooperate with international and local partners (Institute of Industrial Chemistry, VAST, Israeli partner, Rynan Smart Fertilizer, etc.) to develop new fertilizer lines and apply new technologies in hi-tech agriculture.

Cost management and savings/ reduction

- » PVCFC well controlled costs and product prices by assigning detailed cost plans to each department as a basis for controlling and evaluating the reasonable use of costs.
- » In 2017, PVCFC saved VND73.64 billion, reaching 281% of the plan, including VND25.19 billion from materials and energy, VND47.45 billion from management and sales, and VND 1.002 billion from construction costs.

Human resources training and development

- » The Company determined human resources are one of the most valuable assets to create enterprise competitiveness. Therefore, PVCFC paid high attention to human resource development by training skills, knowledge and especially attitude to ensure the available manpower are sufficient in quantity and quality to reach the Company's goals.
- » Provided training to 6,646 people, reaching 127.9% of the plan for 2017. Intensified training in management skills, updated professional/specialty knowledge and internal training to strengthen performance skills and operation - maintenance skills. Training programs have been selected to be suitable to each subject of employees to help them enhance skills and perfect themselves to meet the production and business requirements of the Company in Industry 4.0.



REPORT AND ASSESSMENT OF BOM (CONTINUED)



Human resources, compensation and benefits, and policies

- » Number of employees in 2017 was 906 people, reaching 96% of the annual plan (35 people lower than the target).
- » Compensation and benefits: the Company continued to consider and improve policies for employees. The Company has always created a dynamic working environment and well implemented the policies on occupational safety, salary, bonus, insurance and other policies in line with the laws and the Company's regulations.

Occupational safety and firefighting and fire prevention

- » Security, safety, environment, firefighting and fire prevention: Continuously supervised to ensure safety and stable operation of the Plant and keep environmental hygiene surrounding the Plant and make sure there is no accident or incident affecting working hours. The Company strengthened contractor supervision and management to ensure safety and quality of on-going projects. The Company maintained and improved environmental management system in line with OHSAS 18001: 2007 standards in occupational health, safety and environment.

Financial, capital use and assets situation

- » The Company self-balances and does not mobilize short-term capital. The Company has prepared and frequently updated monthly and quarterly cash flow plan to ensure working capital for business operations.
- » Investment capital: PVCFC is holding 51.03% of charter capital, equivalent to VND20.83 billion of PetroVietnam Packaging JSC (PPC). In 2017, PPC completed almost business targets. The dividend payment rate of PPC was 12% as planned.
- » Asset management: PVCFC conducts procurements according to the demand and the norm of the Company. As for fixed assets, the Company has built and operated a strict management process, performed periodic maintenance and enhanced asset efficiency. ROA of 5.03% in 2017 has shown the Company's effective operation.
- » Most of current liabilities are the payables to suppliers and advances from customers, current portion of long-term loans, and other short-term payables.
- » Short-term debt ratio is 1.92 times and quick ratio is 1.77 times. Those are indicating that the Company is capable to repay on time.

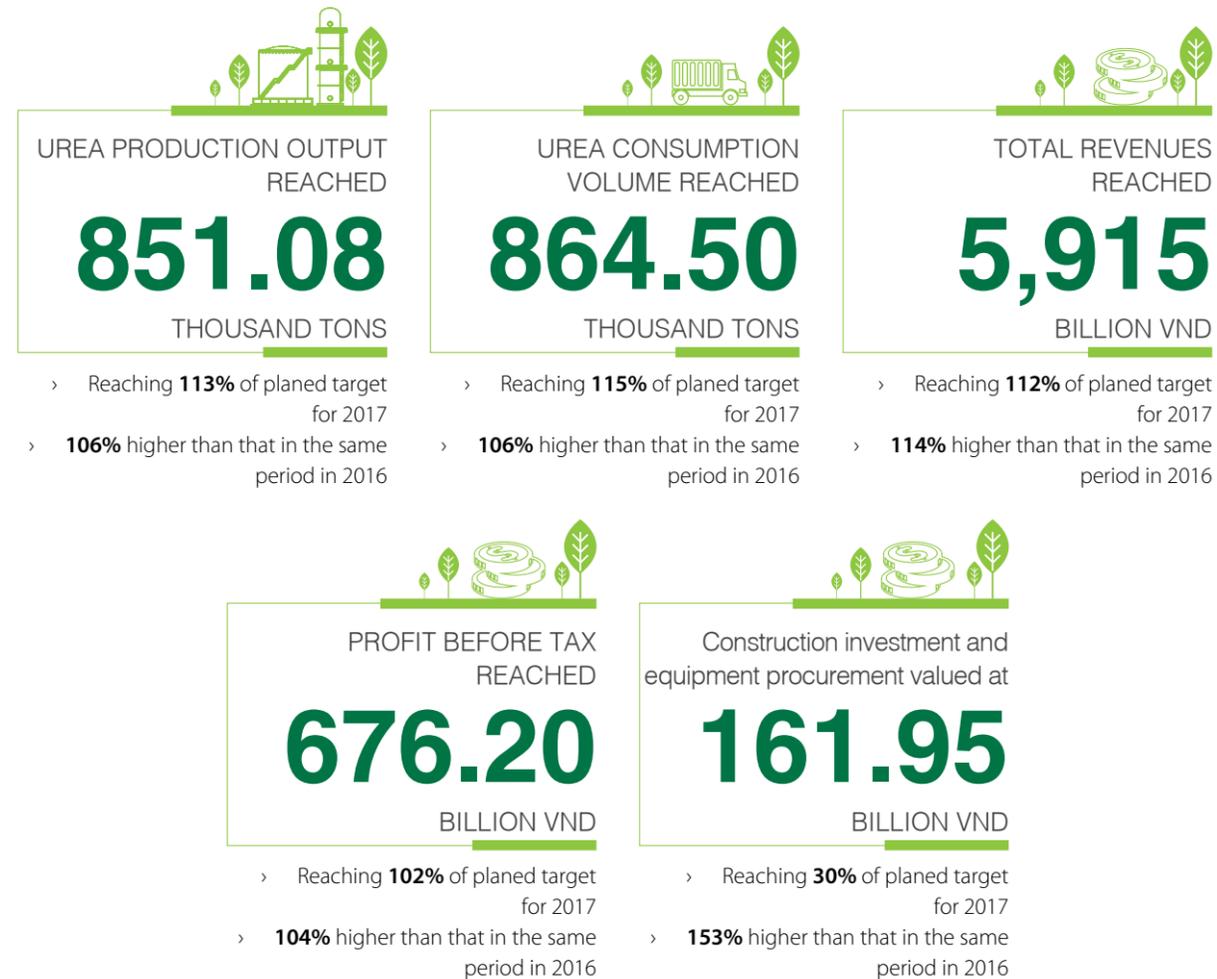


Safety, firefighting and fire prevention in operation always are prioritized by PVCFC.

REPORT AND ASSESSMENT OF BOM (CONTINUED)

ANALYSIS ON BUSINESS RESULTS

Business results of Parent Company



PVCFC fulfilled and exceeded all planned targets on production, consumption and profit thanks to the stable gas supply. However, the construction investment and equipment procurement did not meet the planned target due to some projects such as "Manufacturing complex fertilizer from molten urea with capacity 300,000 tons/year" - the Company needs to evaluate project effectiveness more carefully", "Material import port with capacity of 500,000 tons/year" - technological measures need to be adjusted to pick out the best option.

Business results of subsidiary - PetroVietnam Packaging Joint Stock Company (PPC)

Packaging Plant operated stably at the capacity of 95% of design. N.Humate+TE Plant came into operation in April 2017 and is operating at the capacity of 70% of design, producing about 70 tons/day.

- » Package product: In 2017, 18,814 thousand of packages were produced, reaching 93.5% of the plan for 2017, equivalent to 94% of the same period in 2016. Consumption volume numbered at 19,821 thousand of packages, reaching 99% of the plan for 2017, equivalent to 97% of the same period in 2016. Revenue was recorded at VND159.12 billion, reaching 109% of the plan for 2017.
- » N.Humate+TE product: Since the Plant was put into operation behind schedule, the results were not satisfied with the planned targets.
- » Profit after tax (Package and fertilizer) gained totally VND7.14 billion, reaching 136% of the plan for 2017, equivalent to 78% of the same period in 2016.

LESSONS LEARNED

From the above-mentioned results gained in 2017, PVCFC has drawn the lessons as follows:

- » Take advantage of the attention and direction from Vietnam National Oil and Gas Group and the relevant ministries to make reasonable and persuasive proposals, especially regarding to gas supply and price.
- » Continuously improve governance capabilities, manage closely, strictly and flexibly which helps PVCFC implement quickly and apply effectively management tools such as ERP, COSO, 5S, AtSS, etc.).

- » Assign budget to each department/division and each task to ensure cost efficiency.
- » Build solidarity and agreement aiming toward common goal, whereas promoting an important role of leaders.
- » Review and rearrange the resources appropriately to maximize advantages and enhancing resource efficiency for waste prevention.

ASSESSMENT REPORT ON ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

PVCFC's leaders always highly appreciate responsibility awareness and require the employees' strict compliance with the environmental regulations.

The Company's waste is managed by advanced technologies as well as an experienced and qualified team to ensure minimum wastewater, emissions, and solid waste in quantity and sufficient requirement before discharging to the environment.

The Company always fully complies with the legal regulations on environment and has not suffered any penalty or fine against environmental violations.



REPORT AND ASSESSMENT OF BOM (CONTINUED)

BUSINESS PLAN FOR 2018

2018 is an important year for strategy implementation in 2018-2023 period. Apart from advantages and opportunities, PVCFC realizes that the most difficulties and challenges of the Company are the stability in gas supply for the Plant's

effective operation and the fierce competitiveness in the fertilizer market, especially in imported fertilizer. To overcome tough time, PVCFC has planned out the key goals, objectives and solutions in 2018 as follow:

MAIN OBJECTIVES

- 1 Operate the plant safely, stably and effectively. Accelerate optimization programs and energy savings to enhance production efficiency.
- 2 Perform maintenance and repair in safety, on schedule and ensuring cost efficiency.
- 3 Successfully conduct restructuring PVCFC according to the Government's policy and instruction of PetroVietnam, accordingly withdrawing ownership percentages of PetroVietnam's capital in PVCFC in 2018, down to 51% of charter capital.
- 4 Complete and implement the Company's development strategy to take the opportunities in the future toward sustainable development.
- 5 Strengthen research of new products with high added value to meet the demand of the market and to be suitable to the Company's competitive advantages.
- 6 Continue to develop the brand "Ca Mau Fertilizer" based on image of a "Nurturer"; prepare market penetration for new products.
- 7 Develop investment projects in 2018 on schedule and in compliance with the law, especially Plant to produce complex fertilizer from molten Urea with capacity of 300,000 tons/year.
- 8 Complete and apply modern governance tools simultaneously. Strictly control costs and product price to ensure competitiveness with other same products.
- 9 Review, amend/supplement and complete regulation/internal regulation system in line with the laws/decrees and new applicable legal documents from the State, the Group and actual situation of the Company.
- 10 Continue to build corporate culture, creating the environment and motivation for sustainable development.

PLANNED TARGETS FOR 2018

OUTPUT TARGETS

No.	Item	Unit	Plan for 2018
1	Production output		
1.1	Ca Mau Fertilizer	Thousand tons	751
2	Selling output		
2.1	Ca Mau Fertilizer	Thousand tons	751
2.2	Other fertilizers	Thousand tons	90

FINANCIAL PLAN FOR THE WHOLE COMPANY

No.	Item	Unit	Plan for 2018
I	Financial targets (Consolidated)		
1	Total revenue	Billion VND	5,496
2	Profit before tax	Billion VND	685
3	Profit after tax	Billion VND	650
4	Obligation to the State budget	Billion VND	58
II	Financial targets (Parent Company)		
1	Owner's equity	Billion VND	6,235
-	In which: Charter capital/Average Owner's equity	Billion VND	5,294
2	Total revenue	Billion VND	5,473
3	Profit before tax	Billion VND	683
4	Profit after tax	Billion VND	649
5	Profit before tax/Average Owner's equity	%	12%
6	Obligation to the State budget	Billion VND	51
7	Investment in basic construction and equipment procurement		
7.1	Total investment in basic construction & equipment procurement	Billion VND	735.7
7.2	Source of investment capital	Billion VND	735.7
-	Owner's equity	Billion VND	262.5
-	Loan and others	Billion VND	473.2



LONG-TERM INVESTMENT AND DEVELOPMENT PLAN

In 2018, in addition to focusing on key projects development such as "Plant to produce complex fertilizer from molten Urea with capacity of 300,000 tons/year" and "Material import port with capacity of 500,000 tons/year", PVCFC pushes the research and application of information technology and energy optimization projects, to be specific:

» Projects of applying information technology catching the trend of Industry 4.0 to improve competitiveness and business efficiency by distribution management system; approach and interact with customers, build strong bond between PVCFC and consumers through advanced technologies based on big data platform.

» Projects of optimizing technology and enhancing gas use efficiency: forecasting the lack of gas supply for Southern West after 2018, PVCFC has been seeking for solutions to reduce material consumption such as project of recovering flash gas (gas emissions), using permeate gas, condensate, biogas, etc. to optimize capacity of the Plant in the shortage of gas, ensure to maintain operation efficiency for PVCFC.

» Projects of new product development: Take advantage of equipment system and modern petrochemical technology of the factory, the Company is seeking for opportunity to invest and develop new products in both fertilizer and petrochemical fields to create added values in the future.

REPORT AND ASSESSMENT OF BOM (CONTINUED)

KEY PERFORMANCE MEASURES

CORPORATE GOVERNANCE

- » Complete strategies and measures to implement the strategies. Implement PVN's divestment from PVCFC, down to 51% of charter capital, as approved by BOD of PVCFC and PVN.
- » Continue to assign and manage plans according to goals and cost centers.
- » Operate internal control system and risk management according to COSO and governance reporting system serving the leadership (ERP-BI).

PRODUCTION OPERATION

- » Complete and implement Plant operation and maintenance strategy to ensure safe, stable and effective operation toward Industry 4.0.
- » Deploy TPM, helping optimize equipment efficiency, actively maintain and eliminate downtime due to subjective reasons.
- » Study and take actions to the shortage of gas supply.



In 2017, the Company held tours for hundreds of distributors to visit the Plant in order to strengthen customer care service and market development.



The representative of Ca Mau Fertilizer signed a contract to distribute Israeli Potash product in Vietnam.

BUSINESS AND MARKET DEVELOPMENT

- » Actively deploy a flexible sales policy, closely follow up supply-demand and price fluctuations both international and local market to consume Ca Mau Fertilizers effectively.
- » Complete and implement DMS and customer care system into operation; continue to develop the brand "Dam Ca Mau - For golden harvests" according to differentiating strategy with image of a "Nurturer".

HUMAN RESOURCES AND TRAINING

- » Develop human resource management tools, including setting up performance dictionaries and Key Performance Indicators (KPIs) throughout the Company.
- » Build a plan for talent management, professional training and high-quality human resource development.
- » Maintain PVCFC culture reform project focusing on building the contents of PVCFC's unique culture identity in 2018.

TECHNOLOGY AND SCIENCE

- » Consolidate organizational structure and effectively manage operation of R&D center.
- » Continue to research and diversify product lines, smart and environmentally-friendly fertilizers in line with Company's strategic orientation.

CAPITAL, ASSET AND INVESTMENT MANAGEMENT

- » Strictly control cash flows, restructure loans and reduce risk in foreign exchange rate. Focus on accelerating investment projects on the basis of well-controlled costs, progress and quality.
- » Control progress and closely comply with legal regulations, especially in the project of Plant producing complex fertilizer from molten urea with capacity of 300,000 tons/year.

HEALTH, SAFETY AND ENVIRONMENT

- » Strictly comply with legal regulations relating to health - safety - environment.
- » Effectively operate occupational health and safety according to OHSAS 18001:2007.

REPORT OF BOARD OF DIRECTORS



Since the beginning of the year, together with the Board of Management, BOD has deployed proactively the operations in, strongly applied modern management tools, taken advantages and having effective and timely measures to overcome difficulties, thereby helping the Company successfully complete the targets and duties assigned by the GMS.



ASSESSMENT ON THE COMPANY'S PERFORMANCE

BUSINESS RESULTS



TOTAL REVENUES

5,920

BILLION VND



PROFIT BEFORE TAX

679.3

BILLION VND

» Since the periodic maintenance in August 2016, the Plant operated safely and stably in 300 consecutive days at a high capacity, at average 108% of designed capacity (based on capacity of Ammonia workshop), making a significant contribution in completing the production target of 2017 53 days ahead of schedule. 2017 was also the first year the Company hit the record of 851.08 thousand tons of output (reaching 113% of the plan) after 6 years of operation.

» Total revenues reached VND5,920 billion, completing 111% of the plan. Profit before tax was recorded at VND679.3 billion, reaching 102% of the plan for 2017. Products were consumed timely, minimizing inventories, in which 864.50 thousand tons of Urea was successfully

sold, reaching 115% of the plan. Thanks to the prompt solutions, in 2017, PVCFC continued to maintain its market share and enhance brand value in the market.

IMPLEMENTATION RESULTS OF KEY TASKS

Strategy and planning

» Implementing the instruction of PetroVietnam on strategy development and divestment plan of PVN from PVCFC, in 2017, PVCFC determined its suitable development directions, focusing on the solutions after 2018 when the gas price regulation mechanism ends. The **Company has completed capital strategy and reported to the Group about the plan and timeline for PVN's divestment down to 51% of charter capital of PVCFC** in line with the Restructuring Plan approved by the Government.

» **Implementing the development strategy of "Ca Mau Fertilizer" brand in 2017 - 2020 period with differentiation.** In 2017, PVCFC improved and changed product package models and brand identity, completed and deployed communication and marketing strategy simultaneously as well as brand development orientation associating with sustainable and hi-tech agriculture.

Corporate governance

» In 2017, the Company amended and released some internal regulations such as Business Management Regulation, Regulation on investment capital management into other company, Compliance Management Regulation, Regulation on salary, bonus and Remunerations to BOD, BOM, etc.

» Already put ERP - Phase 1 into operation and added in more functions; **continue to deploy ERP - Phase 2; standardize internal processes under COSO**; deploy Big Data project applying information technology in managing, collecting and exploiting data for sales and distribution management.

» Human resources training and development was focused in 2017. The Company trained 6,646 people, reaching 127.9% of annual plan. The Company is **implemeting KPI system** to help the Company recognize individual performance exactly, motivating the employees and strengthen their trust and commitment to the Company.

» Operation and exploitation economic-technical norms match with the advanced technologies at the Plant and effectively control the consumption rate effectively. The consumption of energy, chemicals and materials are lower than the norms. The estimated average consumption rate of main fuels (gas and power) is 3% lower than the norms.

» Build a solidarity collective, jointly aiming toward Company's goals. Through the activities under culture reform program, PVCFC gradually complete a particular cultural identity where the employees will work - dedicate - be rewarded and shine in practical activities.

» Push research and development activities in line with fertilizer lines development, which contributes to create and build a smart and sustainable agriculture. During the year, PVCFC has established an R&D center, continued to cooperate with international and local partners in researching liquid fertilizer lines, bio fertilizers, smart fertilizers and applying new technologies in high-tech agriculture.

In addition to directing the performance of business operations, environmental and social responsibility are also recognized by PVCFC as one of the top priorities. Given awareness that safety and environment are a vital issue of an enterprise, since establishment, PVCFC has always shown high sense of responsibility to comply with the environmental laws. PVCFC has been implementing environmental protection according to the Safety - Quality - Environment management system under ISO 9001, ISO 14001, and OHSAS 18001 standard. With the orientation of sustainable development, PVCFC continues to strengthen research for product diversification and develop environmentally-friendly product lines.

In addition, implementing the important policy of PVN to develop business in association with corporate social responsibility, in 2017, PVCFC continues to carry out meaningful CSR activities. During the year, **PVCFC has spent VND40 billion sponsorship donation such as scholarships for poor students, building schools, clinics, etc.** Moreover, the programs such as farmer companion, start-up funding projects in agricultural sector, etc. are regularly implemented by PVCFC with the purpose of harmonizing benefits among enterprises, customers, partners and social communities.

Other tasks

» In 2017, the Company implemented the project of investing and constructing the Plant to produce complex fertilizer from molten Urea with capacity of 300,000 tons/year and material import port with capacity of 500,000 tons/year in careful manner, ensuring effectiveness and savings and complying with the process.

» Finished total production maintenance within 16 days, ensuring safety, quality and saving 14.9% of costs. Periodic maintenance is always implemented as scheduled, ensuring backup equipments is always available.

THE ENTERPRISE WITH

BEST MANAGEMENT SYSTEM

IN 2017 OF PETROVIETNAM



REPORT OF BOARD OF DIRECTORS (CONTINUED)



Leaders of Vietnam National Oil and Gas Group awarded Certificate of Merit "Best management system in 2017" for PVCFC.

BOD'S SUPERVISION ON BOM

SUPERVISION METHOD

- » Supervise the progress of business planning for 2017 and the implementation of planned targets approved by the General Meeting of Shareholders.
- » Attend BOM's periodic meetings on business operations and monthly/quarterly meetings to timely support and ensure the performance efficiency of BOM, BOM's assisting team and the representatives of Company's capital in other entities.
- » Closely coordinate with BOS in checking and handling the actual business activities of the Company, appraising financial statements in accordance with the prevailing regulations.
- » BOM has managed and operated business operations in high sense of responsibility, ensuring compliance with the resolutions of GMS and the directions of BOD as well as complying with the procedures and regulations in the operation of the Company as described in the Company's Charter, Corporate governance regulation and legal regulations.
- » Business results grew compared to 2016, especially in production and consumption with encouraging achievements. The Plant was operated effectively, safely and stably. Accordingly, the Company received "Operational Excellence Certificate" from Haldor Topsoe A/S (Denmark) with a record of more than 300 consecutive days of operation at Ammonia workshop in 2017.

SUPERVISION RESULT

- In 2017, BOD assessed that BOM has successfully completed its role of business execution and made efforts to excellently accomplish the planned targets, to be specific:
- » Continuously improve governance capabilities, managing closely, flexibly and strictly, thereby helping PVCFC apply governance tools effectively.
 - » Comply with the laws in the operation of the Company.



Consolidate and implement the Company Development Strategy



Consolidate risk management system



Seek for partners and implement PVN's divestment from PVCFC down to 51% of charter capital



Practice savings and strictly manage costs in production and business activities

BOD'S OPERATIONAL ORIENTATION IN 2018

The market forecast in 2018 continues facing difficulties and shortage of gas. 2018 is the final year to apply gas price regulation mechanism. Given that situation, BOD has set out some key tasks as follows:

STRATEGY AND PLAN

- » Complete and deploy the development strategies to catch up opportunities in the future toward sustainable development.
 - » Supervise the implementation of business plan in 2018 and build business plan for 2019 with high efficiency assurance. Develop market and prepare market penetration for selling products of NPK Plant.
 - » Instruct and direct to deploy investment projects in 2018, ensuring efficiency, schedule and compliance with the law, especially the project of complex fertilizer plant with capacity of 300,000 tons per year and material import port.
 - » Seek partners and implement PVN's divestment from PVCFC, down to 51% of charter capital in line with the Restructuring Plan approved by the Government.
 - » Accelerate research of strategic products to meet market demands; suitable with Company's competitive advantages.
 - » Instruct governance, management and operation of the Plant in safety and stability; well-implementing maintenance and repair in safety, ensuring progress, quality and cost saving.
 - » Instruct the selling of fertilizers from Ca Mau Fertilizer Plant and the subsidiary - PPC, ensuring business efficiency, consolidating and enhancing brand and product value. Diversify products and services for customers.
 - » Support PPC in strategy development and governance to maximize potentials and improve business performance.
 - » Continue to complete and implement culture reform project, creating environment and motivation for sustainable development.
- ### CORPORATE GOVERNANCE
- » Continue to complete and apply modern governance tools and maximize the Company's resources effectively. Study to apply the fourth industrial revolution into business operations (distribution management, agricultural data support, brand promotion, etc.)
 - » Continue to promote training and development of human resources for management and professional roles to create quality human resources meeting the development requirements of the Company.
 - » Continue to improve risk management system to minimize negative impacts on business performance and sustainable development goals of the Company.
 - » Strengthen practices of savings, strictly manage costs in production and business activities; continue culture reform program and sustainable brand development.

REPORT OF BOARD OF SUPERVISORS

INSPECTION AND SUPERVISION RESULTS IN 2017 AND PLAN FOR 2018



In 2017, BOS held six (06) meetings with full participation of members to get comments from the members on the following issues: getting agreement on verification of financial statements, assessing the Company's business operations; reviewing and evaluating inspection and supervision results during the year; developing operational plan for 2018, etc.



ASSESSMENT ON BOS PERFORMANCE IN 2017

BOS has supervised the Company's operation in 2017 based on the plan approved by GMS, focusing on the following issues: the compliance with the Company's Charter, resolutions and decisions of GMS and BOD and the Company's internal regulations; the use and preservation of capital; the implementation of business plans in 2017; the implementation of economic-technical norms, measures to save/reduce costs; the implementation of investment projects; and verification of financial statements.

The inspection and supervision were carried out by reviewing and evaluating the periodical and extraordinary reports of the entities and departments on business operations and financial position of the Company; directly

inspecting activities of units/departments; supervising the implementation of recommendations from inspection team; attending meetings of BOD, periodic meetings and other meetings of PVCFC. Accordingly, BOS has given timely recommendations and suggestions to BOD and General Director and quarterly reported the inspection and supervision results to the higher management level (PVN).

In 2017, BOS held six (06) meetings with full participation of members to get comments from the members on the following issues: getting agreement on verification of financial statements, assessing the Company's business operations; reviewing and evaluating inspection and supervision results during the year; developing operational plan for 2018, etc.



Activities of each member

BOS consists of 03 supervisors to be responsible for the duties which are specifically assigned to each member, to be specific:

Ms. **PHAN THI CAM HUONG**
Chief of the Board

- > Taking general responsible for running activities of BOS.
- > Making supervising plan for the year and organizing implementation.
- > Inspecting and supervising the compliance with the State's regulations and the Company's Charter, the implementation of resolutions and decisions; the implementation of business plan and financial position of the Company.
- > Considering approval and selection of auditor for financial statements; appraising financial statements.

Mr. **DO MINH DUONG**
Supervisor

- > Inspecting and supervising investment and procurement; economic-technical norms; human resources and training.
- > Taking part in building and implementing inspection and supervision plan during the year.

Mr. **NGUYEN THANH HAO**
Supervisor

- > Supervising the use, management and preservation of capital at the Company; taking part in the verification of financial statements.
- > Participating in making plan for the year.

The members of BOS have made efforts to fulfill their responsibilities and functions as well as successfully completed their duties and plan for inspection and supervision as approved by GMS.

Salaries, remunerations and operating expenses of BOS

Salaries, remunerations and operating expenses of each BOS member are paid in accordance with the Company's regulations and are approved by GMS. Total income of BOS in 2017 was VND1.9 billion.

RESULTS OF SUPERVISION ON BUSINESS OPERATIONS AND FINANCIAL POSITION IN 2017

SUPERVISION ON BUSINESS OPERATIONS

In 2017, given the situation that imported fertilizer continued to increase and GPP Plant went into operation, PVCFC encountered many difficulties and challenges. However, with the close and timely direction of BOD and the active and flexible management of BOM, the Company has completed the planned targets for business and production. The results are as follows:

- » Total production (Urea fertilizer): 851.08 thousand tons, reaching 113% of the plan.
- » Total consumption (Urea fertilizer): 864.50 thousand tons, reaching 115% of the plan.
- » Total revenue: VND5,920 billion, reaching 111% of the plan.
- » Profit before tax: VND679.3 billion, reaching 102% of the plan.
- » Contribution to the State budget: VND86.18 billion, reaching 156% of the plan.
- » Dividend payment: The Company has paid the remaining dividend in 2016 at the rate of 5% (equivalent to VND500 per share).

REPORT OF BOARD OF SUPERVISORS (CONTINUED)



Automatic port system at Ca Mau Fertilizer Plant

- » **Business situation:** PVCFC's plant has operated safely and stably with the average capacity of 103.2%, completing the production target in 2017 in 53 days ahead of schedule. Total production maintenance was performed in safety, on schedule and ensuring cost efficiency.

PVCFC continued to maintain and increase the consumption proportion in target markets. Deployed sales promotion toward diversification in content and form of cooperation. Put distribution management system (DMS) into trial operation and received positive feedback from agents and end-customers.

The Company has launched new brand identity, communication strategy and website. Communication and market research were organized regularly through organizing customer conferences, farmer seminars; sponsorship, advertising and CSR programs, etc.

- » **Implementation of construction projects:** Two large projects i.e. investment project to produce complex fertilizer from molten urea with capacity of 300,000 tons per year for which the Company has signed EPC contract, commenced the construction on November 8th 2017 and move forward to next steps at present, and 500,000-ton-per-year material import port for which construction drawings and cost estimates are being completed according to the technology adjustment plan.

Total implemented value of investment projects in 2017 was VND161.95 billion, reaching 30% of the plan. All investment projects are implemented in accordance with the applicable regulations and are strictly supervised.



PVCFC has cooperated with domestic and foreign partners to study the liquid, biological and smart fertilizer lines applied in high-tech agriculture.

- » **Research and development:** In 2017, PVCFC has launched its R&D center, improving facilities, organizational structure, processes and regulations. Completed studies on product characteristics and evaluation on crop efficiency in saline soil, acid soil and organophosphate poisoning soil. In addition, PVCFC has cooperated with international and local partners to research liquid, biological and smart fertilizer lines applied in high-tech agriculture.
- » **Restructuring:** PVCFC has coordinated with the consulting firm to finalize capital strategy and made report to the Group on PVN's divestment from PVCFC, down to 51% under the Restructuring plan approved by the Government.
- » **Corporate governance:** Corporate governance is always paid highest attention from the Company's leadership. The Company has put into application and implemented effectively modern management systems. The Company is also developing development strategy, building corporate culture, creating environment and motivation for sustainable development.

Strengthening human resources, promoting assignment and decentralization in the leadership; modifying, supplementing and finishing regulations and processes in accordance with the State's regulations and the actual situation at the Company.

- » **Financial investment:** As of December 31st 2017, PVCFC invested in only one (01) subsidiary - PetroVietnam Packaging Joint Stock Company with the contributed capital of VND20.83 billion, accounting for 51.03% of charter capital of this company.

SUPERVISION ON FINANCIAL POSITION

Based on inspecting and supervising the actual operation at the Company and the auditor's report of independent auditor (Deloitte Vietnam Co., Ltd.) on financial statements for the fiscal year ended December 31st 2017, BOS assessed that the financial position of PVCFC in 2017 was healthy, ensuring debt repayment, capital preservation and development. The assessment results are as follows:

- » The financial statements have given a true and fair view, in all material respects, of the financial position of the Company as at December 31st 2017.
- » The financial statements have fully presented the business results and the financial position of the Company and are presented in accordance with the applicable forms as regulated by the Ministry of Finance.
- » The recording, opening of accounting books, and classification of accounts have met the accounting standards issued by the Ministry of Finance.
- » PVCFC has complied with regulations on capital management and financial management in 2017.
- » Key financial ratios were higher than allowable levels, to be specific: current ratio (1.92 times), quick ratio (1.77 times), debt to total assets ratio (0.51 times), debt-to-equity ratio (1.02 times), Return on Equity - ROE (10.69%), and Return on Assets - ROA (5.03%).

REPORT OF BOARD OF SUPERVISORS (CONTINUED)

SUPERVISION ON ACTIVITIES OF BOD AND BOM



In 2017, BOD organized 6 official meetings to make timely decisions and directions in carrying out the tasks assigned by GMS. The reports of BOD and BOM have fully and truly reflected the business results of PVCFC in 2017.



- » BOD has issued resolutions and decisions related to the operation of PVCFC in accordance with the order and authority, the law and the Company's regulations. BOM has also instructed functional departments to strictly implement the resolutions and instructions of BOD and GMS.
- » BOD members have fully participated in meetings and worked in high sense of responsibility. They have well performed the role of supervising, directing and creating favorable conditions for BOM to operate business activities.
- » BOM has made great efforts and managed PVCFC's activities in a flexible way, always complied with the law, improved the management and operation, optimized production, reduced costs, took the initiative in product consumption and over fulfilled the business targets of 2017.



BOM signed cooperation with Viettel on application of Customer Management Software

ASSESSMENT ON COORDINATION AMONG BOS, BOD AND BOM

The coordination between BOS, BOD and BOM is based on the principles of transparency, clarity, and compliance with the law to ensure the interests of the Company and shareholders.

BOD and BOM have closely coordinated, supported and facilitated BOS in inspection and supervision. Provided full information, invited BOS to attend all meetings, and implemented the recommendations of BOS.

COMMENTS AND RECOMMENDATIONS

In 2018, in addition to certain advantages, the Company still encountered many difficulties and challenges. In order to maintain and improve business performance, BOS has some recommendations as follows:

- » Promote research for new products, diversify products with high added values.
- » Strictly control the progress and cost of investment projects, especially NPK project.
- » Promote preparing market penetration for NPK products.
- » Continue to improve corporate governance, strictly control costs and inventory, reduce production costs and effectively manage cash flow.
- » Strengthen risk management in business operations.

BOS PLAN FOR 2018

BOS will continue to supervise and periodically inspect the operations of PVCFC as well as strengthen the coordination between BOS and BOD, BOM and relevant departments so that the receipt and treatment of information among the parties get the most effectiveness. The operating plan of BOS in 2018 focuses on the following contents:

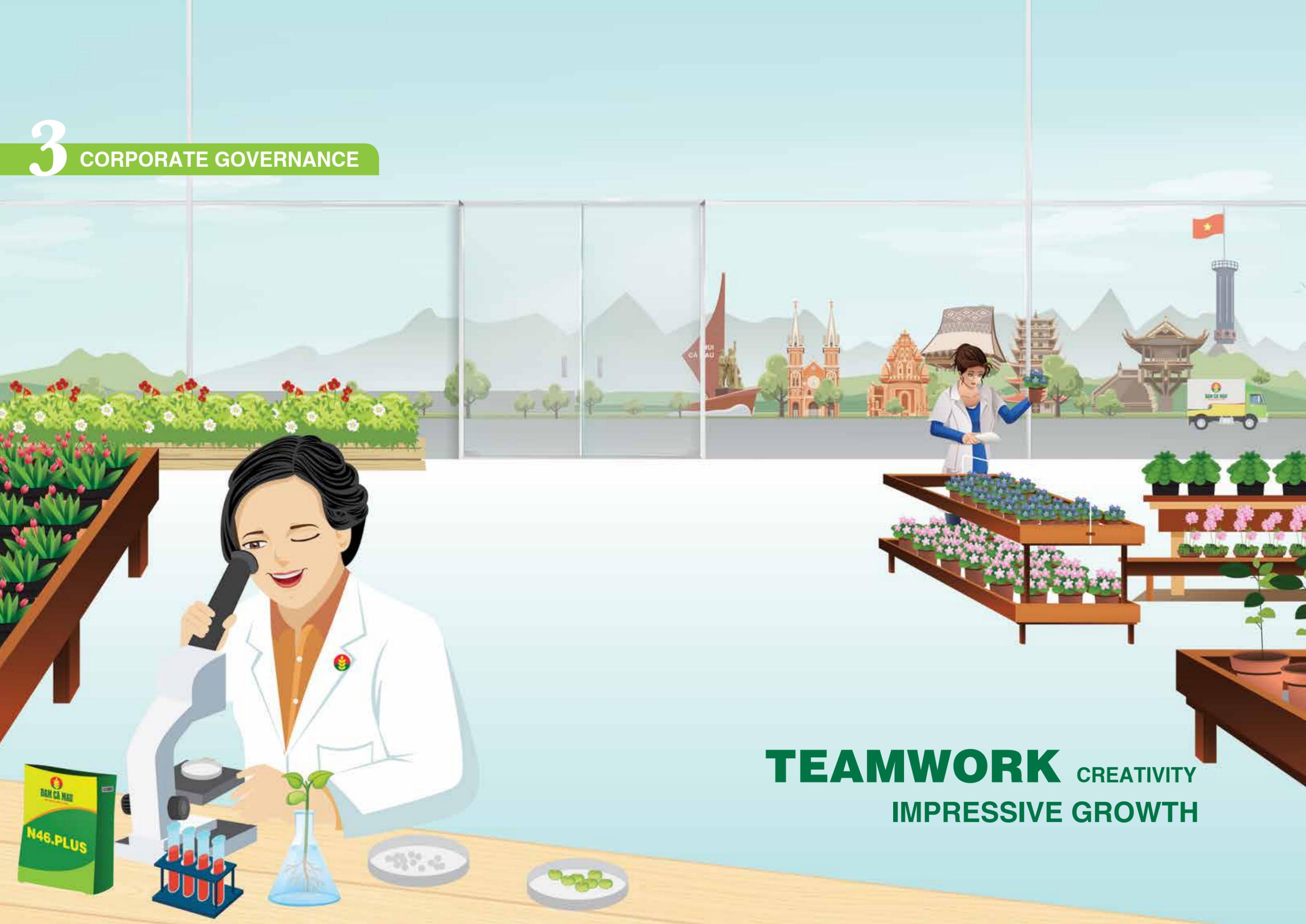
- » Inspect and supervise the implementation of economic-technical norms, cost saving/reducing measures.
- » Inspect and supervise the implementation of investment projects.
- » Inspect and supervise the management of owner's equity and PVCFC's capital in other entities.
- » Supervise the construction and deployment of PVN's divestment, down to 51% of charter capital of PVCFC.
- » Verify financial statements and quarterly/annual financial position of PVCFC.
- » Make reports and implement other duties as requested by GMS and PVN and in accordance with the prevailing regulations.
- » Supervise the management and operation of PVCFC according to the functions and duties stipulated in the Law on Enterprises and the Company's Charter.
- » Supervise the compliance with the law and the Company's Charter as well as the implementation of resolutions and decisions of GMS and BOD, regulations of Vietnam Oil and Gas Group (PVN) and internal regulations of the Company.
- » Inspect and supervise the implementation of business plan in 2018.

SELECTION OF INDEPENDENT AUDITOR

Considering and evaluating the auditing firms approved by State Securities Commission for listed companies, BOS proposed GMS to authorize BOD and BOS to select one of those auditing firms:

- » Deloitte Vietnam Co., Ltd.
- » Ernst and Young Vietnam Limited will conduct the audit for financial statements for fiscal ending 2018.

3 CORPORATE GOVERNANCE



TEAMWORK CREATIVITY
IMPRESSIVE GROWTH

STRUCTURE AND OPERATION OF BOD

MEMBERS AND STRUCTURE OF BOD

BOD in the term 2015-2020 has 5 members, including Chairman, 01 Member cum General Director, 02 members and 01 independent member.

No.	Board of Directors	Position	Number of representing shares	Number of holding shares	Remark
1	Nguyen Duc Thanh	Chairman	135,323,057	8,100	
2	Bui Minh Tien	Board member	105,880,000	52,000	Cum PVCFC' General Director
3	Tran My	Board member	79,410,000	2,900	
4	Tran Chi Nguyen	Board member	79,410,000	1,600	Cum PPC' Chairman
5	Tran Thi Binh	Board member	0	0	Independent Board member

OPERATIONS OF BOD

The activities of BOD are carried out on a collective basis according to the law, the Company's Charter and specific assignment to each member in each field to verify the contents under the BOD's competences

before making decision. At the same time, according to the assigned field, the members direct, supervise and push BOM to implement BOD's resolutions and decisions, ensuring governance effectiveness.

In 2017, BOD held 06 meetings with full attendance of all members. The meetings of BOD focused on solving important issues in development and implementation of business plans, key investment projects, etc.; reviewing vision and mission in line with the Company's strategic orientation.

BOD successfully held Annual General Meeting of Shareholders on April 21st 2017 with the attendance of all members of BOD, BOS and BOM. At the meeting, the Company's leadership satisfactorily answered the questions from shareholders. Voting results of each content are recorded in Meeting minutes. Meeting minutes and resolutions have been announced in sufficient and timely manner.

Apart from the 06 direct meetings, BOD approved the decisions by way of collecting written opinions. In 2017, the Board issued 98 Resolutions, Decisions including some important decisions as follows:

No.	Resolution/ Decision	Date	Content
1	25/NQ-PVCFC	05/01/2017	Approving business plan for 2017 of PVCFC.
2	60/QĐ-PVCFC	12/01/2017	Approving business plan for 2017 of PPC.
3	63/NQ-PVCFC	30/03/2017	Approving operation plan of PVCFC's BOD in 2017.
4	108/NQ-PVCFC	23/01/2017	Approving list of credit institutions and deposit limit of PVCFC in 2017.
5	109/QĐ-PVCFC	25/01/2017	Approving the policy on developing business digitization project and customer services of PVCFC.
6	181/QĐ-PVCFC	10/02/2017	Approving business management mechanism of PVCFC.
7	257/NQ-PVCFC	22/02/2017	Approving operation plan for 2017 of supervisors and BOS members representing PVCFC at PPC.
8	283/QĐ-PVCFC	24/02/2017	Approving and releasing management mechanism of investment capital in other enterprises of PVCFC.
9	374/QĐ-PVCFC	10/03/2017	Approving trial business plan of 2,000 tons of DCM+Nano Chitosan.
10	420/QĐ-PVCFC	22/03/2017	Releasing Compliance management mechanism.
11	442/QĐ-PVCFC	27/03/2017	Establishing Branch of PVCFC - Research & Development Center.
12	498/QĐ-PVCFC	27/03/2017	Approving the implementation of social security items in 2017 of PVCFC.
13	589/NQ-PVCFC	07/04/2017	BOD's Meeting for the Quarter I/2017.
14	615/NQ-PVCFC	12/04/2017	Approving contents of Annual General Meeting of Shareholders 2017 of PPC.
15	714/NQ-PVCFC	21/04/2017	Annual General Meeting of Shareholders 2017.
16	752/QĐ-PVCFC	27/04/2017	Approving and releasing temporary material consumption norms in producing N46.Plus and N46 Nano C+ fertilizers of PVCFC.
17	753/QĐ-PVCFC	03/05/2017	Amending and supplementing Regulations on compensation and benefit management.
18	794/QĐ-PVCFC	10/05/2017	Approving contractor selection plan for the remaining items of the project "Producing complex fertilizer from molten Urea, capacity of 300,000 tons/year".
19	882/QĐ-PVCFC	18/05/2017	Releasing Regulations on salary, bonus and remuneration for management team.
20	899/QĐ-PVCFC	19/05/2017	Approving scope of works and cost estimates of EPC Package "Design, supply of materials and construction" of the Project "Producing complex fertilizer from molten Urea, capacity of 300,000 tons/year".
21	925/QĐ-PVCFC	24/05/2017	Receiving and appointing Mr. Nguyen Tuan Anh.
22	943/QĐ-PVCFC	26/05/2017	Paying dividend of 2016 for shareholders.
23	946/QĐ-PVCFC	26/05/2017	Approving scope of works and cost estimates of the Package "Project management consultancy" of the Project "Producing complex fertilizer from molten Urea, capacity of 300,000 tons/year".



Annual General Meeting of Shareholders 2017

STRUCTURE AND OPERATION OF BOD (CONTINUED)

No.	Resolution/ Decision	Date	Content
24	1046/QĐ-PVCFC	05/06/2017	Approving the revised contractor selection plan for the Package "Design, fabricate and supply Heat Exchanger E06102 for PVCFC".
25	1050/NQ-PVCFC	05/06/2017	Approving the selection of Deloitte Vietnam Co., Ltd. as independent auditor for financial statements for the year ended 2017 of PVCFC.
26	1263/NQ-PVCFC	07/07/2017	BOD's Meeting for the Quarter II/2017.
27	1286/QĐ-PVCFC	12/07/2017	Amending contractor selection plan as per Decision no.794/QĐ-PVCFC dated 10/5/2017 of the Project "Producing complex fertilizer from molten Urea, capacity of 300,000 tons/year".
28	1641/QĐ-PVCFC	23/08/2017	Releasing Regulations on salary, bonus and remuneration for the representatives of PVCFC's contributed capital in other entities.
29	1781/QĐ-PVCFC	15/09/2017	Approving contractor selection result for the Package: Design - Material and equipment procurement - Construction and trial running of the Project "Producing complex fertilizer from molten Urea, capacity of 300,000 tons/year".
30	1799/QĐ-PVCFC	20/09/2017	Approving contractor selection result for the Package "Design, fabricate and supply Heat Exchanger E06102 for Ca Mau Fertilizer Plant".
31	1925/NQ-PVCFC	18/10/2017	BOD's Meeting for the Quarter III/2017.
32	1994/QĐ-PVCFC	31/10/2017	Approving PVCFC's development strategy toward the image of a "Nurturer" (in 2017- 2020).
33	2012/QĐ-PVCFC	06/11/2017	Approving economic growth update (FID) of the project "Producing complex fertilizer from molten Urea, capacity of 300,000 tons/year".
34	2205/QĐ-PVCFC	05/12/2017	Cooperating to distribute Israel Potash.
35	2212/QĐ-PVCFC	06/12/2017	Collecting shareholder comments in written to extract scientific and technological development fund.
36	2245/QĐ-PVCFC	11/12/2017	Approving HR plan and salary fund for employees in 2017.
37	2246/QĐ-PVCFC	11/12/2017	Approving salary fund, remuneration and bonus funds for the Company's management team in 2017.
38	2323/QĐ-PVCFC	14/12/2017	Approving and issuing "Economic-Technical Norms of PVCFC".
39	2354/QĐ-PVCFC	19/12/2017	Approving the selection of construction design and cost estimates of the Project "Material import port of Ca Mau Fertilizer Plant, capacity of 500,000 tons/year".

REPORT ON PERFORMANCE OF EACH BOD MEMBER

According to Resolution No.206/NQ-PVCFC dated March 2nd 2015 regarding "Assign the professional areas in BOD", the BOD has assigned works to each member as follows:

Mr. Nguyen Duc Thanh, Chairman of BOD, takes general responsibility in running BOD and relation with major shareholders, Parent Company and State administrative agencies; is directly in charge of the issues related to personnel and training, employee policies, promulgation and amendment of strategies, general regulations and policies, R&D, etc.; and directs the representatives for the Company's contributed capital in its subsidiary.

Mr. Bui Minh Tien, General Director, operates the Company's operation; is responsible for cooperation projects, joint venture companies/projects, and capital connection with other entity; and supervises operations of Parent company and subsidiary (PPC).

Mr. Tran Chi Nguyen is responsible for communication and trading, financial and accounting management, managing share issuance, share offering, and capital

mobilized from share issuance. Mr. Tran Chi Nguyen also holds the position of Chairman of BOD of PetroVietnam Packaging JSC (PPC).

Mr. Tran My is responsible for business plan, bidding, investment projects, and legislation and plays the role of stock market commentator.

Ms. Tran Thi Binh, independent member of BOD, undertakes long-term development strategy, economic-technical norms and technical process and product quality standards.

BOD has issued Resolution no.63/NQ-PVCFC dated January 13th 2017 approving operating plan of BOD and each member in 2017. Accordingly, all BOD members have fulfilled their duties effectively in their assigned scoped of works, reviewed and summarized the material issues (in operation, finance, compliance and risk management) with a high sense of responsibility as well as directing all the Company's activities smoothly to complete the assigned tasks.

ACTIVITIES OF INDEPENDENT MEMBER OF BOD AND SUBCOMMITTEES

Independent member of PVCFC's BOD has many years of experience in management and owns professional competences suitable to the Company's requirements and the assigned areas.

As assigned, independent member is in charge of long-term development strategies, economic-technical norms,

technical processes and product quality standards. The comments of the independent member in 2017 have shown a high role and responsibility in objective and independent manners.

BOD does not establish sub-committees.

CORPORATE GOVERNANCE TRAINING

All members of PVCFC's BOD meet the standards in accordance with the laws and the Company's Charter and are trained in corporate governance.

CHANGES IN HUMAN RESOURCES

During the year, BOD decided to receive and appoint Mr. Nguyen Tuan Anh as the Company's Deputy General Director.

OPERATING EXPENSES OF BOD

The Board members regularly work at the Company and use working rooms, utilities, means of transport, and working tools, participates in business trips and training, etc. according to the Company's Regulations on administrative norms and equipment, Regulations on business trip allowance, employee policy, etc. All expenses are allocated into general operating expenses of the Company.

SALARIES, BONUSES, REMUNERATIONS AND BENEFITS OF BOD, BOM, AND BOS

BOARD OF DIRECTORS AND BOARD OF SUPERVISORS

No.	Full Name	Position	Salary - compensation	Bonus - welfare	Total income
I. Board of Directors					
1.	Nguyen Duc Thanh	Chairman	77.4%	22.6%	100.0%
2.	Bui Minh Tien	Board member cum General Director	78.7%	21.3%	100.0%
3.	Tran My	Member	84.6%	15.4%	100.0%
4.	Tran Chi Nguyen	Member	84.8%	15.2%	100.0%
5.	Tran Thi Binh	Member	84.6%	15.4%	100.0%
II. Board of Supervisors					
1.	Phan Thi Cam Huong	Chief	84.5%	15.5%	100.0%
2.	Do Minh Duong	Member	87.8%	12.2%	100.0%
3.	Nguyen Thanh Hao	Member	100.0%	-	100.0%

BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT

No.	Full Name	Position	Salary - compensation	Bonus - welfare	Total income
I. Board of Management					
1.	Hoang Trong Dung	Deputy General Director	84.3%	15.7%	100.0%
2.	Van Tien Thanh	Deputy General Director	82.3%	17.7%	100.0%
3.	Nguyen Duc Hanh	Deputy General Director	84.5%	15.5%	100.0%
4.	Le Ngoc Minh Tri	Deputy General Director	84.8%	15.2%	100.0%
5.	Nguyen Tuan Anh	Deputy General Director (since 01/06/2017)	83.7%	16.3%	100.0%
II. Chief Accountant					
1.	Dinh Nhu Cuong	Chief Accountant	84.3%	15.7%	100.0%

TRANSACTIONS OF INTERNAL SHAREHOLDERS, MAJOR SHAREHOLDERS AND RELEVANT PERSONS

No.	Transaction conductor	Relationship with internal shareholders/ major shareholders	Number of shares holding at the beginning of the period (December 31 st 2016)	Number of shares holding at the end of the period (December 31 st 2017)	Increase/ Decrease
1	Dang Hoang Quan	Husband / Phan Thi Cam Huong - Chief of BOS	90,119	9	-90,110
2	Do Minh Duong	Member of BOS	53,000	2,000	-51,000
3	Tran Kim Phuong	Wife / Tran Chi Nguyen - Member of BOD	10,000	-	-10,000
4	Dinh Nhu Cuong	Chief Accountant	216,700	56,700	-160,000
5	Trinh Cam Ly	Wife / Nguyen Tuan Anh - Deputy General Director	-	23,000	23,000
6	PetroVietnam Finance Investment Joint Stock Company	Major shareholder	53,839,980	45,174,690	-8,665,290

The Company has no information on indirect shares of major shareholders and internal shareholders.

CONTRACT OR TRANSACTION WITH INTERNAL SHAREHOLDERS

There was no transactions between the Company and the members of BOD, BOS and BOM and other management personnel in 2017.

IMPLEMENTATION OF CORPORATE GOVERNANCE REGULATIONS

The Company fully complies with the law on governance in listed companies.



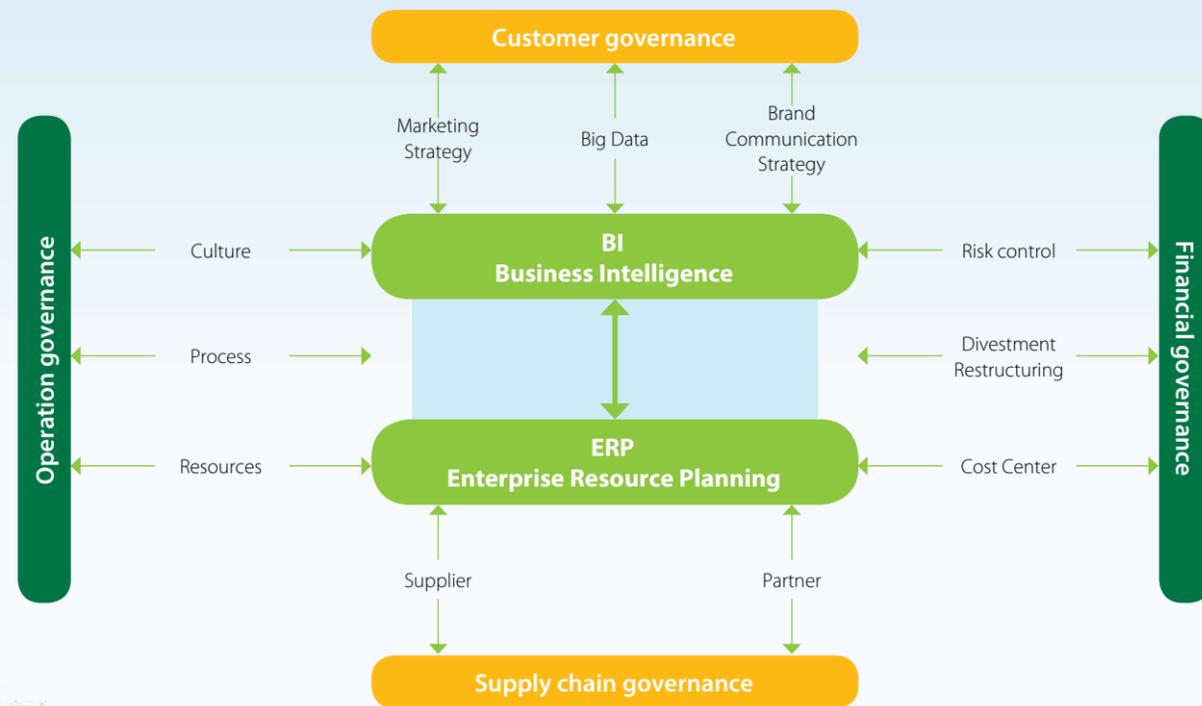
CORPORATE GOVERNANCE AT PVCFC



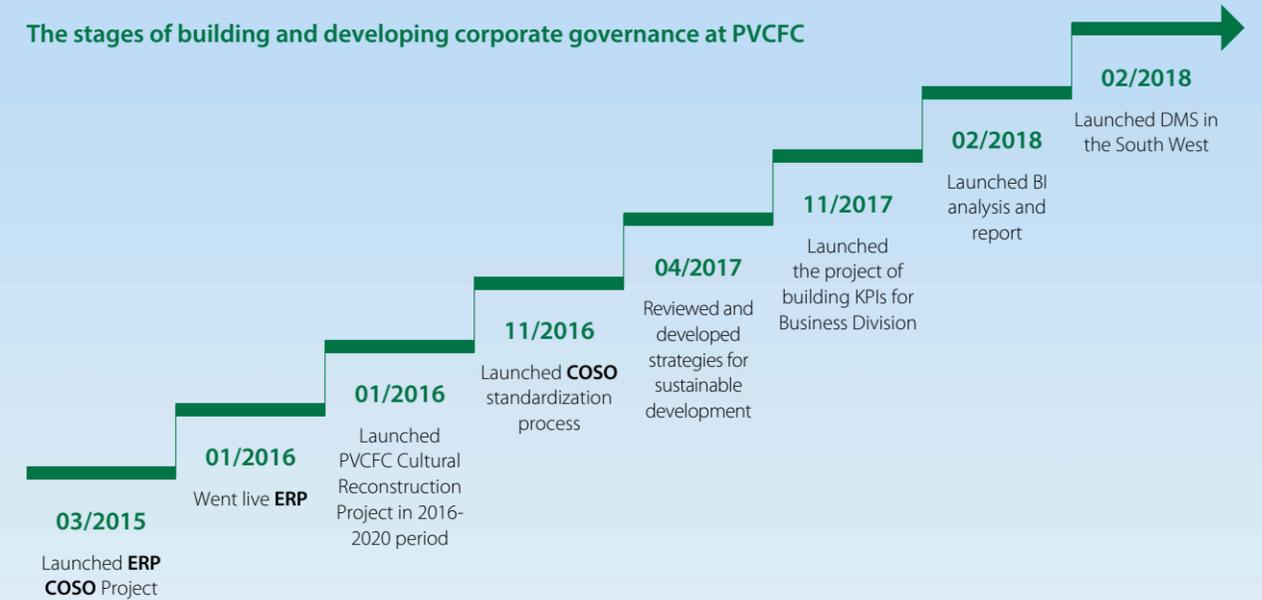
With comprehensive governance solutions and the Company's efforts, after more than 6 years of operation, PVCFC has preserved and grown capital, over fulfilled the business plan, and built an advanced and modern governance system, meeting to the fast, strong and sustainable development of the Company.



PVCFC indicates governance models in four key areas: financial governance, operations governance, customer governance, and supply chain governance, in which Enterprise Resource Planning (ERP) and Business Intelligence (BI) Reporting play the key and basic role.



The stages of building and developing corporate governance at PVCFC



PRODUCTION GOVERNANCE

- » Continue to apply controlling and supporting software in plant operation and maintenance such as CMMS, System 1, RBI, APC, etc, to enhance production efficiency. The enhancement of control applications has helped reduce the need of continuous supervision and minimize emergency handling during the production operation.
- » Continue to simultaneously implement 5S program and ASK program (safety - 5S - initiative combination) to raise awareness and take the initiative in production safety, neat and clean working environment and continuous improvement.
- » Build IT Master Plant model for Ca Mau Fertilizer Plant in 2018.

ENTERPRISE RESOURCE PLANNING (ERP) GOVERNANCE

- » Continue to operate SAP ERP (went live from January 1st 2016) with modules on production management, purchasing management, warehouse management, sales management and develop more systems to complete finance and accounting module. Up to now, the system is working stably; information and data are updated continuously and timely to optimize resources and support the leadership in corporate governance.
- » Since early 2018, the Company has started to build Business Intelligence (BI) Reporting which gets input data from ERP system, integrates analysis, comparison and evaluation tools, provides the leadership with deep and wide information through graphical interface analysis reports, dashboards and support the leadership to make decisions in quick and accurate manners. It is expected to complete and go live at the end of 2018.



CORPORATE GOVERNANCE AT PVCFC (CONTINUED)

STRATEGIC MANAGEMENT

- » Being aware of challenges after 2018, PVCFC's BOM has actively selected a consulting agency to co-operate with the Company in building development strategy, focusing on the solutions after 2018 when the gas price regulation mechanism ends.

PLANNING AND COST MANAGEMENT

- » Standardize operating expenses planning in 2017 for cost centers:
- » Assign and control a cost plan for each department in the Company in accordance with the objectives/action plans/implementation budget and cost centers to each department and thereby, manage and evaluate KPIs toward the form of cost allocation.
- » Operating expense data are centrally controlled on SAP ERP system.

RISK MANAGEMENT UNDER COSO-ERM STANDARDS

- » Set up and complete Enterprise Risk Management System under COSO-ERM standards of the United States to support the Company's governance and management. Integrate ERP-COSO-ISO-OHSAS systems to form a comprehensive control mechanism applicable to all activities at all levels.

HUMAN RESOURCES MANAGEMENT

- » Build a human resource management toolkits including: capability dictionary, key performance indicators (KPIs), and annual employee assessment criteria, based on feedbacks from relevant individuals/departments. Since the end of Quarter II/2017, KPIs have been established for business division to put into practice in April 2018.
- » Build up employee development program:
 - » Develop employee career path and suitable training programs in line with the Company's development strategy.
 - » Standardize internal training program: building training matrix, E-library, and E-learning system.
 - » Application of training techniques to develop employees, improve productivity and performance.
- » Build talent management plan to discover, foster and care for the talented people, serving long-term goals of the Company.

CORPORATE CULTURE

- » Continue to build PVCFC culture, focusing on comprehensive human development, in 2018, the Company will continue to implement Phase 2 of "PVCFC Culture Reform" project - Build cultural identity by developing and implementing cultural handbook to fine-tune core values and differentiating features in PVCFC culture.



RISK MANAGEMENT



From the start, PVCFC has applied enterprise risk management model under COSO framework. PVCFC has completed COSO risk management system - Phase 1 in the previous years. In 2017, the Company continued to carry out Phase 2: COSO - ERM.



ACHIEVEMENTS

PRODUCTION AND ENVIRONMENTAL PROTECTION RISK

At PVCFC, risk management has been set up since its business commencement date (in 2012). Up to now, the Plant always operates in safe and stable condition and is no serious incident related to occupational safety, fire and explosion, or environment. Product quality indicators are always equal to or even higher than the disclosed standards. Environmental indicators are always conformable and within the permitted limit of Vietnamese standards (TCVN), international standards (ISO), and European standards (IEC) through the specialized and interdisciplinary investigations and assessments of independent organizations and State authorities.

The Company is always proactive in training and operating by internal training programs and operation training simulator (OTS); Contacting and collaborating with State authorities (Department of Natural Resources and Environment, Department of Labor, War Invalids and Social Affairs, Fire Fighting and Prevention Police) to organize compulsory training and coaching courses according to law to raise awareness of occupational safety, health and environment.

The employees' initiatives have been successfully applied in production to enhance products quality, save energy and protect environment, bringing high effectiveness in economic, social and environment.

MARKET RISK

Risks in oversupply

PVCFC improves capability of existing distribution network, reviews and completes policies on sales, after-sale services, and promotes exportation to overseas market.

Competitive risk

PVCFC focuses on building strategic plan and flexible/appropriate business model to exist and develop under the pressure of fierce competition in the current market.

New products development risk

Catching the trend of the world, turning into organic and biological fertilizers usage instead of inorganic fertilizer, PVCFC has produced smart and hi-end fertilizers to provide solutions for soil improvement.

Responding to climate changes in recent years and heading toward environmentally-friendly goal, PVCFC actively researches and develops new products as well as strengthens cooperation with local and overseas partners in Japan, USA, India, and Canada. Particularly, many high-end fertilizers (N.Humate + TE, N46.Plus, DAP, Potash, etc.) with verified high efficiency have been introduced by the Company and received positive support from the market.

FINANCIAL RISK

Interest rate risk

PVCFC restructures loans to reduce loan interest, balances cash flows, analyses, assesses and chooses deposit terms with higher interest rate.

Exchange rate risk

The Company balances cash flows to use advanced payment contracts and makes provision for fluctuations in exchange rate.

RISKS RELATED TO INVESTMENT IN SUBSIDIARY

PVCFC has one subsidiary: PetroVietnam Packaging Joint Stock Company (PPC). At present, PPC is showing its impressive business performance thanks to many solutions in production management, corporate governance, and business operation.



RISKS RELATED TO ACTIVITIES, COMPLIANCE, AND CHANGES IN LEGISLATION

Risks in activities and compliance

Implementing project of building internal control system under COSO-IC integrated with COSO-ERM, PVCFC and PwC (Pricewaterhouse Cooper) have successfully reviewed and set up the whole production and business process of the Company in accordance with the best standards and practices in Vietnam and the world to improve efficiency and control risks in activities of the Company's departments. In addition, to ensure enforceability and compliance, in activities and efficiency of internal control system, PVCFC and PwC consultant have successfully set up and put compliance control system into operation in line with COSO and prevailing practices.

PVCFC is affected by legislation changes

Deletion of VAT of 5% on fertilizer has considerably affected the Company's business operations. However, to minimize competitive pressure and create more surpluses, the Company diversifies and improves product quality and actively expands local and overseas market as well as actively cooperates with other enterprises in fertilizer industry and State authorities to request Ministry of Industry and Trade, Ministry of Finance and the Government to apply VAT of 0% for fertilizers.

RISK MANAGEMENT STRATEGY IN 2018

PVCFC continues the roadmap of building and finishing internal control system and enterprise risk management effectively under COSO framework. In 2017 and 2018, PVCFC continues to work with PwC to develop and put Enterprise Risk Management System (ERM) under COSO framework into application. Subsequently, the Company will complete the remaining components of internal control system and officially put the most advanced internal control system integrated with enterprise risk management system under COSO framework in 2018.

STRUCTURE AND OPERATION OF RISK MANAGEMENT SUBCOMMITTEE

Operating in the field of Urea production from gas materials, PVCFC pays high attention to risk management, especially risk in fire safety and environment. At present, the Company is applying a risk management model including the Board of Supervisors and there is no Risk Management Committee or Risk Management Committee. The Company has a Risk Management Division under Internal Control Board and risk management staffs who are working at the departments, divisions and workshops and are responsible for developing and applying risk management tools, identifying risks and proposing solutions to prevent and minimize losses upon actual risks.



NURTURE **GREEN SPROUTS**
DELIVER SWEET FRUITS

SUSTAINABLE DEVELOPMENT MESSAGE

Operating in the field of producing and trading fertilizer and providing nutritional solutions for plants, PetroVietnam Ca Mau Fertilizer Joint Stock Company (PVCFC) asserted its long-term goal of sustainable development in a sustainable agriculture in Vietnam. That strategy is reflected through many action programs and can be summarized in three active aspects: product, human and community.

In course of product, PVCFC concentrates on promoting research and development of new products toward organic trend, harmonizing the elements of land, water, air, etc. to ensure production development is closely associated with environmental preservation. The Company also transfers fertilizer techniques properly to farmers to minimize environmental impact.

For human factor, PVCFC defines this is either target or motivation for development. Therefore, the Company always has a strategy to support, train and develop human resources sustainably, including the reform of a corporate culture with both solid foundation and identity. It is an environment where the differentiation is respected to promote creativity and mindset is constantly innovated to enhance professional qualifications and skills.

In order to going far and sustainably, PVCFC determined an association with the community. It is also the mission of PVCFC to balance benefits among stakeholders and fulfill the responsibilities to society, community and environment. The recognition of the community is a true measure for the Company's sustainable development.



BUI MINH TIEN
General Director



REPORTING STATEMENTS



Throughout the development history, PVCFC has always given sustainable development a strategic position and implemented the economic growth objectives on the principle of balancing interests among stakeholders toward the prosperity of the community, society and environmental sustainability.

2017 is an important year for PVCFC reflecting clearly the breakthrough, willingness, and “think innovatively - take action innovatively” motto of the Company in every activity so that PVCFC is ready to enter a new development period whereas sustainable development goals continue to be put at a deeper and more comprehensive level in all production and business activities.

Contents of sustainable development report

In 2017, PVCFC actively applied Sustainability Reporting Handbook according to the Guidelines on preparation of Annual Report 2016 of Vietnam Annual Report Awards (ARA), Guidelines on environmental and social disclosure of State Securities Commission, and Circular No.155/2015/TT-BTC of the Ministry of Finance giving guidance on information disclosure in the securities market. We also referred to GRI Standards in determining material areas affecting the stakeholders to have a comprehensive view in developing the contents of sustainable development report as well as giving out sustainable business strategies in the future.

During the year, although facing many difficulties and challenges, PVCFC actively analyzed the factors that have been causing positive and negative effects on business operations to ensure highest business efficiency and balance benefits of stakeholders.

Report period

Information and data in sustainable development report are updated for the fiscal year ended 2017 of PetroVietnam Ca Mau Fertilizer Joint Stock Company, from January 1st 2017 to December 31st 2017. The reports on occupational safety, society, and environment are consolidated from main activities at Parent company and member companies. The report reflects operating results in 2017 and mentions the Company’s sustainable development orientations and objectives for the coming years.



PVCFC always strives to maintain effective business in order to bring practical contributions to the lives of farmers and the national economy which helps create jobs for millions of Vietnamese people.



Method to determine contents of the report

Approaching sustainable development issues at PVCFC results from the Company’s long-term growth goals in combination with social development and environmental protection to make positive contributions to the general development of the society.

2017 was the third year PVCFC presented sustainable development contents as a part of Annual Report. The issues relating to sustainable development goals continued to be assessed and considered in relation to current activities. Critical issues were clearly determined to be reviewed, improved and further presented in sustainable development report 2018.

Scope and boundary of the report

The report was prepared in Vietnam, regarding to fertilizer production and trading, for the activities of PetroVietnam Ca Mau Fertilizer Joint Stock Company (PVCFC) and its subsidiary and functional departments.



Contact

We are looking forwards to your sincere opinions for a more transparent and sufficient report contents. To give your feedback on sustainable development report, please access to:

» Website: <http://www.pvcfc.com.vn/>
(Contact)

PARTICIPATION OF STAKEHOLDERS

CUSTOMERS - FARMERS



- » Considering the trust and satisfaction of customers as a measure of product quality and brand credibility in the market.
- » Providing quality products into the market which are suitable for many kinds of soils and plants, environmentally-friendly and with reasonable prices.
- » Expressing gratitude to customers through the farmer accompanying programs such as "For Golden Harvest - Sincere Gratitude", promotion activities and after sales services.
- » Actively protecting customers from counterfeit and poor quality fertilizers; promoting methods to identify real and fake products.

CUSTOMERS - DISTRIBUTORS & AGENTS



- » Commitment long-term benefits for distributors, especially agent network through sales promotion activities, farmer seminars, logistics, promotion programs, discounts, etc. according to the Company's sales policy.
- » Supporting consultancy on new products N46.Plus which was launched in the market in 2016, giving clear consultancy on efficiency and environmental friendliness.

EMPLOYEES



- » Being aware that manpower is the most important factor for enterprise development, PVCFC always implements attractive welfare and remuneration policies as well as builds friendly and harmonious working environment for employees to jointly develop.
- » As expected in 2018, PVCFC will apply KPI to raise fairness and transparency in employee's performance assessment and clarify responsibilities of each employee in each specific position and job title.
- » PVCFC increasingly studies to release and modify policies on salary, bonus and allowance clearly to be worth the efforts and dedication of employees, especially allowance for workers in the Plant.

PARTNERS



- » Implementing business principles on the basis of fairness, integrity, win-win in cooperation with PVCFC.
- » Building transparent collaboration mechanism without opportunism affecting the Company's general benefits.
- » Fair treatment among domestic and overseas partners.

SUPPLIERS



- » Not taking advantages of the Company's credibility to give unreasonable requirements to suppliers and not cooperating with the suppliers who intentionally entice or pay commissions, allowances, or gifts for PVCFC's staffs.
- » Selecting suppliers transparently and fairly, based on their profiles, quality, competences and experiences, etc.
- » Not disclosing confidential information of suppliers to their competitors.

SHAREHOLDERS AND INVESTORS



- » Always paying high attention to information disclosure in accordance with regulations of the Ministry of Finance to ensure timely information provision to shareholders and investors and transparency in business operations.
- » Actively disclosing important information which may have influence on rights and benefits as well as decisions of investors to help shareholders and investors follow up closely with activities of PVCFC.
- » Exchanging and disclosing information must ensure an equal investment opportunity for all investors.
- » Not disclosing information of investors and shareholders without permission.

SOCIETY - COMMUNITY



- » PVCFC always puts responsibilities to society and environment above all in our sustainable development strategies and is committed to minimizing environmental impacts in operating the Plant.
- » All activities of PVCFC are implemented with highest business ethics and sense of responsibility to ensure environmental protection, bring values to the farmers and contribute to the general growth of the society and the country.
- » Continuing to promote "For Golden Harvest - Sincere Gratitude" program, charity activities, scholarship and donation to poor students, joining hand to develop the community.

LOCAL AUTHORITIES AND STATE AGENCIES



- » Strictly complying with the laws on tax, environmental protection, occupational safety, etc.
- » Actively coordinating with local authorities in building factory, completing the project phase on schedule, contributing to the State budget and creating jobs for local labor force.
- » Giving appropriate suggestions to adjust the policies and regulations that are not suitable to the reality, helping the Government and the State agencies for better management.

PRESS AND MEDIA



- » Building a good relationship with press and media agencies on the basis of transparency and legality.
- » Providing messages and information about the Company's activities clearly, accurately, sufficiently, and objectively.
- » Providing information relating to counterfeit fertilizers so that the press and media agencies can promptly inform to the farmers.

MECHANISM TO RECEIVE OPINIONS FROM STAKEHOLDERS

In the general tendency on essential needs of sustainable development, PVCFC always focuses on the influence ability of stakeholders regardless of small or large extent. Therefore, all feedback from the stakeholders is considered and solved by PVCFC. During the year, PVCFC has actively built a sustainable relationship with each stakeholder, based on the brand value and business ethics of the Company to bring long-term value chain for all parties.

In 2017, sustainable development matters were paid high attention by PVCFC. The Company actively approached and exchanged with stakeholders via many interactive channels. The mechanism to receive opinions from stakeholders is specified as below:

SUBJECTS • INTERACTION CHANNELS	
<p>CUSTOMERS - FARMERS</p> 	<ul style="list-style-type: none"> » Collaborating with leading experts through seminars, conferences, and dialogues with farmers via television. » Organizing training and coaching courses about technical knowledge and fertilizer application methods for farmers. » Connecting and honoring achievements of farmers through meaningful programs such as promotion (in forms of gifts or products); giving gifts such as clothes, helmets, plastic basin for fertilizer distribution, etc. to the farmers both in Vietnam and Cambodia. » Setting up 24/24 telephone exchange to directly receive feedback from farmers.
<p>CUSTOMERS - DISTRIBUTORS & AGENTS</p> 	<ul style="list-style-type: none"> » Negotiating to sign sales contracts with local and overseas distributors, agents, and commercial customers to consume products. » Interacting with customers to know their demands and expectations through marketing teams in Vietnam and in Cambodia. » Deploying regular customer care programs such as visiting and giving gifts to customers on their special occasions. » Connecting customers through tourism activities, etc. » Creating connection between distributors and agents. » Interacting with customers via 24/24 telephone exchange.

SUBJECTS • INTERACTION CHANNELS	
<p>PARTNERS</p> 	<ul style="list-style-type: none"> » Meeting and exchanging directly with partners. » Getting agreement in cooperation contracts to build long-term relationships. » Cooperating to expand scope of agricultural value chains, especially focusing on researches to create products and services in the direction of providing “nutritional product ranges” for high value plants.
<p>SHAREHOLDERS AND INVESTORS</p> 	<ul style="list-style-type: none"> » Organizing annual or extraordinary General Meeting of Shareholders according to law. » Exchanging via email, phone, fax, etc. » Holding annual meetings to summarize and report the Company’s business results for shareholders and investors. » Disclosing information in the Company’s website. » Participating in investment forums and seminars to share information and investment opportunities.
<p>LOCAL AUTHORITIES AND STATE AGENCIES</p> 	<ul style="list-style-type: none"> » Making all required reports during the operating progress such as environmental protection, firefighting and prevention, price declaration and announcement, fertilizer market stabilization, regulations on promotion and advertising, etc. » Giving opinions on legal documents issued by the State. » Coordinating with investigation teams of ministries, departments, etc., explaining relevant matters and fixing outstanding limitations (if any) as requested by the investigation teams. » Coordinating with State agencies to prevent fake and poor quality products. » Joining organizations and associations such as Fertilizer Association of Vietnam, Oil and Gas Young Enterprise Association, etc. » Attending the conferences and seminars held by ministries, departments, etc. » Coordinating with State agencies and related entities to deploy the key programs such as “Large-scale rice field model”, “New-type cooperative model” to supply fertilizers for material zones at the localities.

MECHANISM TO RECEIVE OPINIONS FROM STAKEHOLDERS (CONTINUED)

SUBJECTS • INTERACTION CHANNELS

EMPLOYEES



- » Approving Collective Bargaining Agreement signed between the Company's leaders and the employees' representative.
- » Establishing Trade Union, Veterans Association, Youth Union, Club for the Women's Advancement, etc.
- » Getting opinions via email, surveying, etc.
- » Holding programs to vote typical individuals and collectives.
- » Holding programs to propagandize occupational Health - Safety - Environment for entire employees, especially the employees working in factory.
- » Deploy "PVCFC culture reform".
- » Organizing seminars and inviting speakers to share experiences and skills for employees.
- » Building training plan and organizing training courses for employees.
- » Organizing internal activities on art, sport, tourism, etc.
- » Encourage employees to participate in charity activities such as supporting flood victims, poor people, poor students, building gratitude houses, etc.

SUPPLIERS



- » Directly meeting and exchanging via email, phone, etc. with suppliers.
- » Approving regulations and policies on procurement and consumption of products and services.
- » Approving tending activities and evaluating suppliers.
- » Building interactive channels between two parties to improve quality of products and services.

COMMUNITY - SOCIETY



- » Implementing annual corporate social responsibility activities according to the Company's plan such as building gratitude houses, schools, etc.
- » Holding programs to share and support disadvantaged people due to natural disasters, etc.
- » Maintaining annual scholarship "Dam Ca Mau - For Golden Harvests" to support and encourage poor students with good achievements.
- » Sponsoring events and activities of entities involved in agriculture, rural area, fertilizer, farmer, etc.

SUBJECTS • INTERACTION CHANNELS

PRESS AND MEDIA



- » Disclosing information transparently in mass media.
- » Meeting and responding to press interviews on request (direct, indirect).
- » Making press releases and holding press conference when there is an event to be announced.
- » Frequently updating important news and events in the Company's website, completing website contents in English to expand scope and reach foreign customers who want to learn about the Company in order to increase investment opportunities.



MECHANISM TO RECEIVE OPINIONS FROM STAKEHOLDERS (CONTINUED)

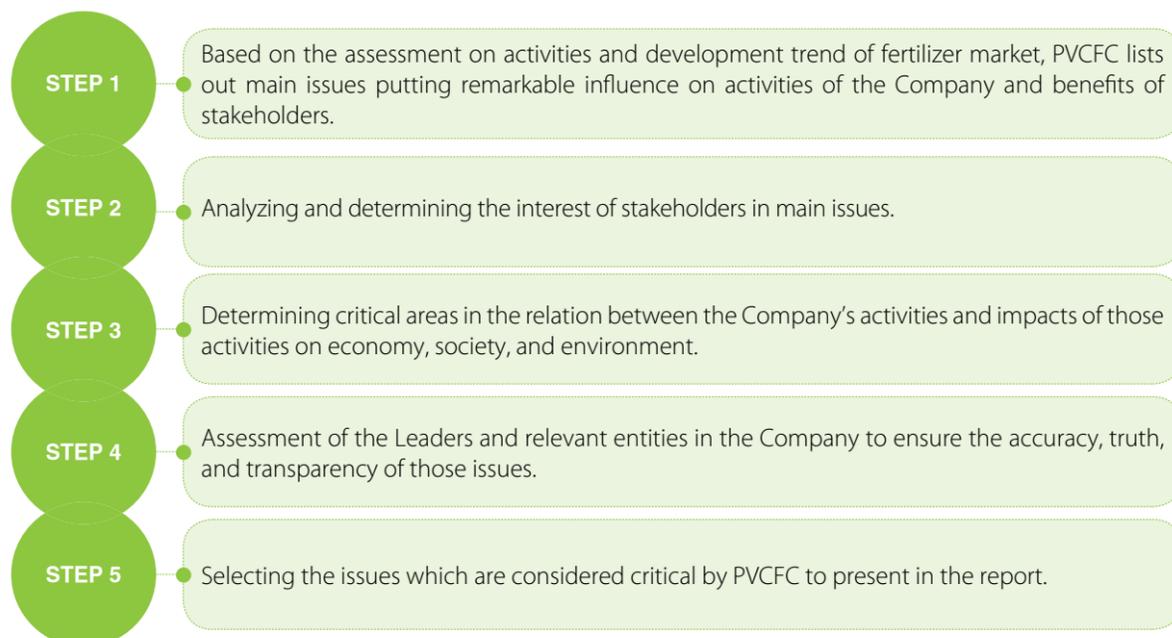
BASIS TO DETERMINE MATERIAL AREAS

PVCFC's Sustainable Development Report 2017 is prepared with lots of fluctuations and fierce competition in fertilizer market. In 2017, besides non-stop market manipulation of counterfeit and poor-quality goods, causing losses to consumers, the fierce competition from imported fertilizer also caused many difficulties for the local manufacturers. Therefore, this report will focus on the remedies to losses caused by the market as well as presenting best measures for the Company's business operations.

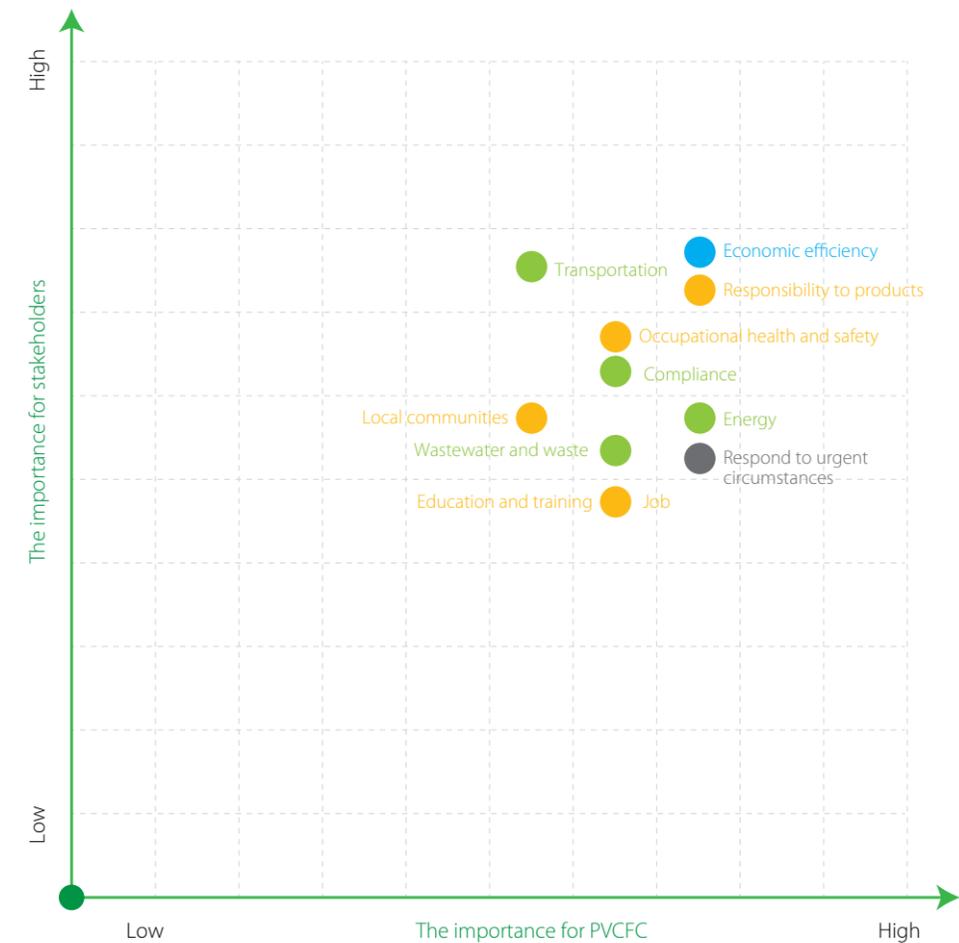
Sustainable development report of PVCFC in 2017 was implemented through the assessment on critical areas involved in economy, society and environment in relation with the Company's business operations as well as demand from stakeholders. Accurate determination of critical areas is very important to ensure best benefits of stakeholders and is a basis for further completion of sustainable report 2018.

PROCEDURE OF CRITICAL AREAS ASSESSMENT AND DETERMINATION

Procedure for critical area assessment and determination includes the following steps:



Accordingly, the critical areas to be determined including:



ETHICS AND INTEGRITY

CORPORATE CULTURE AT PVCFC



Corporate culture is a decisive factor for sustainable development and success of an enterprise and each enterprise has a unique culture. For PVCFC, the past 6 years of sustainable development are the strongest evidence for a corporate culture putting ethics, integrity and human development above all.

PVCFC gathered Vietnamese people who talented and brave together with the determination in working towards the set common goals. Each member of PVCFC always takes the initiative in their work and makes every effort to increasingly learn and improve themselves. They consider corporate culture and spirit of 7 effective habits that the Company deployed in early 2016 as a guideline. This is also the starting point for a PVCFC culture with modern working style, harmoniously combining traditional values of Vietnamese culture and global values which will be a foundation for the Company's leading position in the field of agricultural fertilizer.

"7 Effective Habits" have become the cultural foundation which helps PVCFC handle the work more effectively in a higher sense of responsibility, giving each member of PVCFC a motivation to self-train and improve individual capability to aim at new development in work and life. On the basis of its beautiful culture, PVCFC has increasingly gathered the best human resources and partners to achieve successes in every action plan and every innovation program in management and technology. Thanks to those, only in a short time, PVCFC has caught up with the world's agricultural fertilizer, especially in producing long-lasting green, economical and environmentally-friendly fertilizer products.

The determination, enthusiasm, ethics and humanity are not only the outstanding features at work but also an outstanding culture of PVCFC in activities in which farmers are considered as companion and the production and business are associated with corporate social responsibility, culture, entertainment and community activities.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

With the position and the certain roles in the market during the past 6 years, PVCFC has contributed to the CSR on daily basis in both quality and quantity through activities such as supporting the flood victims in the Central and Northern provinces, sharing difficulties of the people in flooded areas, giving gifts to the poor in Lunar New Year, etc. Particularly, PVCFC's Veterans Association has visited Vietnamese Heroic Mothers and the families under preferential treatment policy to give them encouragement and hand over "Friendship" houses to veterans. The Company also sponsors facilities to support people with mental illness in Ca Mau Province, organized meaningful activities on the occasion of Remembrance Day, gives "Trade Union homes" to the typical Trade Union members of the Company with the message of sharing dream and belief in life.

Contributing to the educational development, PVCFC has continued to finance and construct many primary schools and kindergartens with totally 30 schools during the past 7 years. This is a meaningful activity of the Company to support the children of farmers in education, helping them nurture dreams as well as implementing the Company's mission. More and more well-equipped schools will be constructed by PVCFC to give the remote poor children opportunities to go school, to make their dreams come true.

To living the dream of "Nurturing knowledge", "Dam Ca Mau - For Golden Harvests" scholarship has given hundreds of scholarships at total values of VND2 billion to VND2.5 billion, actively taking part in social activities, especially caring for the young generations.

CONSIDER FARMERS AS COMPANIONS

PVCFC increasingly researches to introduce new products with high quality meeting specific nutrition needs on each plants, adding values for the farmers. The Company provides the market with high quality products at reasonable price, helping the farmers save input costs for agriculture remarkably, contributing to improve quality of agricultural products and increasing income of the farmers.

PVCFC has organized thousands of seminars and trial use of fertilizers as well as supporting policies to the farmers to actively support and take part in the new rural development programs through many activities such as technology transfer to the farmers, helping them improve cultivation knowledge, etc., more deeply and widely developing

fertilizer usage guidance program according to the nutritional product ranges for each stage, supporting the farmers with trial use of products, giving them practical experience in their cultivation.



PVCFC agricultural engineers were guiding the farmers to use fertilizers effectively on the fields.

CULTURAL ACTIVITIES AT PVCFC

Deeply understanding that "A strong mind in a healthy body", at PVCFC, besides production and business tasks, after the hard working hours and dedication to the works, many sports, entertainment and cultural activities are organized to enhance mental health for employees. To be specific:



The Company has established clubs of ping pong, tennis, badminton, aerobic, yoga, walking, etc. with well-equipped tools and facilities for employees and their families.

The Company has also developed a book reading club with many meaningful activities including book reading, introducing, discussing to book review to enhance physical and mental health of employees and thereby, developing mindset of employees to give out effective business plans as well as optimal operation and maintenance solutions, increasingly developing the collective brand.

The Company has organized a mini marathon named PVCFC RUN 2017 and "Children garden" where the children are guided to plant flowers

making the Company's dormitory more beautiful. In addition, many sports and entertainment programs are often held by the Company, especially on the occasion of holidays and festivals. These activities are always maintained as a traditional culture at PVCFC.

Striving to develop simultaneously and balancing physical, mental, intellectual health aspects is the key for each person to promote inner strength, creativity and dedication aiming toward further goals, bringing PVCFC to new achievements. With a solid foundation of corporate culture, each member of PVCFC considers the Company as a second house where they engage, spend almost their time to live and work here and are proud of a member of PVCFC in spite of their position and role.

CORPORATE GOVERNANCE MODEL TOWARD SUSTAINABLE DEVELOPMENT



ENSURE INDEPENDENCE OF THE THIRD PARTY

The development and implementation of activities and development strategies of PVCFC always have the participation of independent units as the roles of consultant or inspectors for the Company's activities. The assessment and assurance on the independence of the third parties are reflected in relevant activities. To be specific:

- » Independent audit on the Company's interim/year-end financial statements.
- » Supervision assessment or re-issuance of certificates on ISO 9001 - Quality control, OHSAS 18001 - Occupational safety and health, and ISO 14001 - Environment management.
- » In addition, investigation and inspection of the State administrative agencies, relevant authorities and Vietnam Gas & Oil Group in the course of the compliance with the laws in all the Company's business operations.



For sustainable development goals, the Company has built up and applied management systems to quality control, environment and occupational health and safety.

CORPORATE GOVERNANCE MODEL

The Company has obtained Certificate of OHSAS 18001 on occupational health and safety, Certificate of ISO 14001 on environmental management and Certificate of ISO 9001 on quality control from DNV GL Business Assurance.



POLICY ON QUALITY - SAFETY - HEALTH AND ENVIRONMENT

The Company has also developed and issued the policy on Quality - Safety - Health and Environment with specific contents promulgated to the employees. The Company commits to well implement this policy as follows:

- » Develop the Company to become a leader in providing nutritional solutions for plants in Vietnam and in the region with high quality products.
- » Operate the Plant safely and stably, ensuring service quality and effective distribution.

- » Ensure stable and quick supply of products based on market demand.
- » Implement business ethics, pay attention to benefits of employees and stakeholders by ensuring occupational health and safety, improving working environment.

COMMITMENT OF PVCFC

To well implement the policies on Quality - Safety - Health and Environment, PVCFC is committed to:

- » Building up, maintaining and improving continuously the management system (QHSE) integrated with sustainable development policy toward the satisfaction of increasing demands of customers, stakeholders and communities.
- » Fully complying with the applicable laws and standards on Quality - Safety - Health and Environment.
- » Developing high-tech human resources, creating a modern, positive, professional and creative working environment.
- » Applying technical initiatives and advanced management solutions to enhance business performance.
- » Actively supporting and participating social activities, engaging and implementing the responsibilities to the community.

ENVIRONMENTAL ISSUES

REPORT ON CONSUMPTION OF GAS, POWER AND WATER

Consumption	Unit	2017	2016	2015	Consumption for a ton of Urea (conversion)		
					2017	2016	2015
1. Natural gas	SM ³	506,718,685	488,454,326	498,872,227	0.535	0.587	0.620
	GJ (HHV)	19,921,862	19,379,477.7	19,928,235.3	21.234	23.291	24.783
2. Power	MWh	158,125,960	158,440,544	160,477,120	0.186	0.190	0.200
3. Water	m ³	1,126,414	1,173,162	1,196,354	1.341	1.410	1.488



GAS MATERIAL CONSUMPTION IN 2017

506,718,685
SM³

GAS CONSUMPTION

- » Gas material consumption in 2017: 506,718,685 SM³.
- » Gas material consumption in 2016: 488,454,326 SM³.
- » Gas material consumption in 2015: 498,872,227 SM³.



TOTAL POWER CONSUMPTION IN 2017

158,125,960
MWh

POWER ENERGY

- » Production and domestics power consumption
- » Total power consumption for production and living activities in 2017 numbered at 158,125,960 MWh.
- » Total power consumption for production and living activities in 2016 numbered at 158,440,544 MWh.
- » Total power consumption for production and living activities in 2015 numbered at 160,477,120 MWh.



WATER CONSUMPTION IN 2017
1,126,414
m³

WATER CONSUMPTION

- » The water serving the Company is supplied by two waster supply companies i.e. Ca Mau Water Supply-Sewerage & Urban Work Co., Ltd., Khanh An Water Supply and Environment JSC.
- » Water consumption for production and living activities in 2017 numbered at 1,126,414m³.
- » Water consumption for production and living activities in 2016 numbered at 1,173,162m³.
- » Water consumption for production and living activities in 2015 numbered at 1,196,354m³.



In 2017, after upgrading the plant capacity up to 110%, consumption norms of power, gas and water remarkably decreased. PVCFC also implemented some other material and energy saving measures, bringing high effectiveness in saving power and water for the Company, to be specific:



SOLUTIONS FOR MATERIAL CONSUMPTION AND ENERGY SAVINGS

- » Encouraging the employees to enhance awareness of power and water saving.
- » Repairing and replacing the pipes and equipment with water leakage risk.
- » Water is recycled.
- » Cooling water is recycled without discharge.
- » A part of condensing water is led to the demineralized water production station to reuse.
- » Installing total gauges and valves to control water consumption volume according to each purpose.
- » Increasingly making investment in equipment with power saving technology.

MATERIALS

PVCFC produces Urea from gas, therefore, the Company does not use other materials for production and does not recycle materials or use recycled materials to produce the main products of the Company.



ENVIRONMENTAL ISSUES (CONTINUED)

ENVIRONMENTAL PROTECTION, CONTROL OF WASTE, GAS EMISSIONS AND DISCHARGE

“ To ensure compliance with legal regulations on environmental protection and make environmental protection become an awareness and action of all employees, PVCFC has built and applied environmental standard ISO 14001: 2015. ”

Accordingly, the Company performs environment monitoring 4 times/year in line with the commitment on environmental impact assessment and periodically takes samples for testing in each shift to ensure compliance with the law on environmental protection. Results are as follows:

Type of waste	Monitoring criteria (*)
Air	Dust, SO ₂ , NO _x , NH ₃ , CO, noise, vibration.
Domestic water	Temperature, pH, BOD ₅ , TSS, TDS, H ₂ S, Nitrat, Phosphat, Coliforms.
Water serving production (oil and NH ₃ contaminated)	Temperature, color, pH, BOD ₅ , COD, total Nitrogen, total Phosphate, Oil, floating solids, Coliform, Ammonium, heavy metals (Asen, Hydrargyrum, Plumbum, Cadmium, Cuprum).
Cooling water	Temperature, pH, Cl ₂ .



WASTEWATER, EMISSION, WASTE, NOISE, AND VIBRATION

“ Implementing the new legal regulations in granting permit on discharging river water used for cooling purpose, the Company has been granted permit on discharging to the water resource according to the Decision No.3195/GP-BTNMT dated December 14th 2017 by the Ministry of Natural Resource and Environment. The Company has also fully and strictly complied with the regulations in the permit. ”



Wastewater

Declaration and payment for environmental protection fee for wastewater are always implemented by PVCFC in line with the inter-ministerial Circular No. 63/2013/ TLT-BTNMT-BTC.

- » Production wastewater: Oil contaminated wastewater, Ammonium-contaminated wastewater, and wastewater from cooling water are complied with the prevailing standards. Discharging indicators are eligible to QCVN 40:2011/BTNMT
- » Domestic wastewater: From the activities of employees. Discharging indicators are eligible to QCVN 14/2008/BTNMT.
- » Reduction measures:
 - › Storm basin system of the Plant is separated. Domestic wastewater and production wastewater of the Plant are collected and treated at the Plant's wastewater treatment system.
 - › Total volume of wastewater of the Plant now is around 2,580m³/day (in theory). In 2018, the Company will install automatic monitoring system to control discharging parameters at general catch basin and ensure to comply with the prevailing standards.
- » Treatment method: Physical chemistry and microbiology.

Emission

Emission from 3 chimneys and 2 torches is online monitored and sample of emission is regularly tested to ensure the emission within allowable limitation (QCVN19:2009/BTNMT and QCVN21:2009/BTMT). The Company's emission is always complied with Decree No. 38/2015/ NĐ-CP and Circular No. 36/2015/TT-BTNMT.

- » Emission from sub-boilers and primary reforming: Main pollutant gases are CO and NO_x.
- » Emission from granule forming: Main pollutant gases are dust and NH₃.
- » Emission from safety valves when the Plant encounters incidents: NH₃, H₂, CH₄, etc.
- » Reduction measures:
 - › Emission of sub-boilers and primary reforming: The Company installs equipment to continuously analyze CO, NO_x, and O₂ indicators. The volume of O₂ is properly adjusted to reduce CO and NO.
 - › Emission from valves when the Plant encounters incidents will be led to the torches to burn at the temperature of 1,050°C.
 - › Oriented in 2018, the Company will install continuous automatic monitoring transducer system at the granulating chimney (Z07601).
- » Treatment method: Physical chemistry.

ENVIRONMENTAL ISSUES (CONTINUED)

Waste

- » **Domestic waste:** from offices, canteens, kitchen, toilets, etc.
 - › Collection, storage and treatment plan: Signing contract with Ca Mau Water Supply-Sewerage & Urban Work Co., Ltd. for implementation.
- » **Production waste:** Wood chips, broken pallets, plastic, steel scraps, etc.
 - › Collection, storage and treatment method: Transfer to functional entities for treatment under the law.
- » **Hazardous waste:** Oil contaminated rags, fluorescent lamps, waste oil, chemical waste of laboratories, etc.
 - › Collection, storage and treatment method: Sort and collect at source and transfer to functional entities for treatment. The 4th granted register of waste source and hazardous waste No. QLCTNH: 96.000016.T dated December 23rd 2014 of the Company was issued by Department of Natural Resources and Environment of Ca Mau Province.

Noise and vibration

- This impact arises mainly from the operation of machinery and equipment in production area from the operation progress of machinery and equipment.
- » **Reduction method**
 - › Earplugs are regularly provided to the workers to limit impact to their health. Regular check and maintenance of machinery and equipment and check of working conditions are performed.
 - › Daily, monthly and quarterly safety check is carried out to timely detect and prevent the factors that may affect occupational health.



SOLUTIONS TO COMPLETE ENVIRONMENTAL ACTIVITIES



ENVIRONMENTAL ISSUES (CONTINUED)



POLLUTION PREVENTION POLICY

PVCFC is applying the following certification on quality control and HSE:

 ISO 9001:2008 (QUALITY CONTROL)	 ISO 14001:2004 (ENVIRONMENT MANAGEMENT)	 OHSAS 18001: 2007 / ISO 45001 (OCCUPATIONAL HEALTH AND SAFETY)
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INSTRUMENTS AND METHODS TO TAKE ENVIRONMENTAL SAMPLES

Sampling method

No.	Parameter	Sampling method	No.	Parameter	Sampling method
<i>I. Wastewater quality</i>			11	Total N	TCVN 6638:2000
1	pH	TCVN 6492:2011	12	Total P	TCVN 6202:2008
2	Temperature	SMEWW 2550B:2012	13	Amoni	TCVN 61-1:1996
3	Smell	Sensorial	14	Asen (As)	TCVN 6626:2000
4	TSS	SMEWW 2540D:2012	15	Hydrargyrum (Hg)	TCVN 7877:2008
5	TDS	SMEWW 2540C:2012	16	Plumbum (Pb)	TCVN 9163B:1996
6	BOD ₅	TCVN 6001-1:2008	17	Cadimi (Cd)	TCVN 6193B:1996
7	COD	SMEWW 5220-C:2012	18	Cuprum (Cu)	TCVN 6193:1996
8	Sulfua (SO ₄ ²⁻)	SMEWW 45000-SO ₄ ²⁻ -E:2012	19	Mineral Oil	TCVN 5070-1995
9	Nitrat (NO ₃ ⁻)	TCVN 6180:1996	20	Total Coliform	TCVN 6187-1:2009
10	Photphat (PO ₄ ³⁻)	TCVN 6202:2008	21	Cl ₂	SMEWW 4500-Cl ₂ -G:2012



ENVIRONMENTAL ISSUES (CONTINUED)

Measurement method at site

No.	Parameter	Sampling method	Detection limitation	Measurement limitation	Remark
<i>I. Emission quality</i>					
1	Noise	TCVN 7878-2:2010		30 -130 dB	
2	Vibration	TCVN 6963:2001		20 -110 dB	
3	Dust	US.EPA Method 5	7.2 mg/Nm ³		
4	SO ₂	TCVN 7246:2003	5.4 mg/Nm ³		Testo 350
5	NO _x	TCVN 7245:2003	1.5 mg/Nm ³		
6	NH ₃	TQKT	1.12mg/Nm ³		
7	CO	TCVN 7242:2003	2.73 mg/Nm ³		
<i>II. Wastewater quality</i>					
1	pH	TCVN 6492:2011	-	0 -14	Equipment
2	Temperature	SMEWW2550B:2011	-	0 -7°C	Equipment
3	Smell	-	-	-	Sensorial
4	TSS	-	-	-	-
5	TDS	SMEWW2540C:2012	0 - 1.999mg/l	-	-
6	BOD ₅	TCVN 6001-1:2008	1mg/l	-	-
7	COD	SMEWW-5220.C:2012	1.4mg/l	-	-
8	Sulfua (SO ₄ ²⁻)	SMEWW 4500-SO ₄ ²⁻ .E:2012	1mg/l	-	-
9	Nitrat (NO ₃ ⁻)	TCVN 6180:1996	0.014mg/l	-	-
10	Photphat (PO ₄ ³⁻)	TCVN 6202:2008	0.007mg/l	-	-
11	Total N	TCVN 6638:2000	1mg/l	-	-
12	Total P	TCVN 6202:2008	0.007mg/l	-	-
13	Amoni	TCVN 6179-1:1996	0.026mg/l	-	-
14	Asen (As)	TCVN 6626:2000	0.002mg/l	-	-
15	Hydrargyrum (Hg)	TCVN 7877:2008	3×10 ⁻⁴ mg/l	-	-
16	Plumbum (Pb)	TCVN 6193B:1996	33×10 ⁻⁴ mg/l	-	-
17	Cadimi (Cd)	TCVN 6193B:1996	45×10 ⁻⁵ mg/l	-	-
18	Cuprum (Cu)	TCVN 6193:1996	0.028mg/l	-	-
19	Mineral Oil	TCVN 5070-1995	0.3mg/l	-	-
20	Total Coliform	TCVN 6187-2:2009	2 bacteria/100ml	-	-
21	Cl ₂	SMEWW 4500-Cl ₂ -G:2012	0.01mg/l	-	-

MONITORING RESULTS

Parameters and monitoring result of air quality

Year/ Item	2016			2017			Unit	QCVN19:2009/ BTNMT
	KT1	KT2	KT3	KT1	KT2	KT3		
Dust	54	42	62	42	23	28	mg/m ³	160
CO	30.9	30.9	<1.14	31	64	64	mg/m ³	800
NO _x	62.6	62	<1.23	72	41	61	mg/m ³	800
SO ₂	<2.66	<2.66	<2.66	<21	<10	10	mg/m ³	400
NH ₃	0	0	KPH	4.2	6	KPH	mg/m ³	40

Remark:

KT1: Emission at primary reforming chimney (Z04201).

KT2: Emission at sub-boiler chimney (Z29101).

KT3: Emission at granule forming chimney (Z07601).

Parameters and monitoring results of production wastewater quality

Year/ Item	2016			2017			Unit	QCVN40:2011/ BTNMT
	NT1	NT2	NT3	NT1	NT2	NT3		
pH	7.7	8.52	7.7	8.43	6.97	8.6		5.5-9
TSS	20	24	29	10	10	17	mg/l	81
COD	106	16	97	22	52	24	mg/l	121.5
BOD ₅	31	11	31	13	31	15	mg/l	40.5
Total N	14.36	15.6	4.98	12.2	20.6	8.54	mg/l	32.4
Total P	0.458	0.074	0.236	0.39	1.18	0.2	mg/l	4.86
Amoni	0.396	1.98	0.978	0.49	6.86	0.5	mg/l	8.1
Asen	KPH	KPH	KPH	0.005	0.005	0.005	mg/l	0.081
Hydrargyrum	KPH	KPH	KPH	0.0005	0.0005	0.0005	mg/l	0.0081
Plumbum	0.021	0.032	0.019	0.005	0.005	0.005	mg/l	0.405
Cadimi	0.017	0.051	KPH	0.002	0.002	0.002	mg/l	0.081
Mineral Oil	6.9	0.9	0.9	0.1	0.1	0.1	mg/l	8.1
Cuprum	0.075	0.063	0.056	0.05	0.05	0.05	mg/l	1.62
Temperature	31.2	35.6	40	37.5	29.8	38.1	°C	40
Total Coliform	3,300	2,200	4,000	240	3	23	MPN/100 ml	5,000

Remark:

NT1: Discharge of oil-contaminated wastewater treatment system

NT2: Discharge of ammonium-contaminated wastewater treatment system

NT3: Discharge of general pipe connecting to river

ENVIRONMENTAL COMPLIANCE

PVCFC always respects and fully complies with the applicable laws in all our activates. In 2017, PVCFC did not record any minutes or announcements related to the violations of environmental laws/regulations. The auditor's reports also did not record any penalty.

REPORTS RELATING TO GREEN CAPITAL MARKET

From its establishment, **GREEN FOUNDATION** is chosen by PVCFC and is considered a lodestar for all business activities of the Company

The whole production line and equipment at Ca Mau Fertilizer Plant is the most advanced technology from developed countries. Accordingly, a number of solutions to enhance efficiency and save fuels and energy in production, R&D activities to create environmentally friendly products, researches to increase nutrition for plants and many other programs for environmental protection, and so on have been implemented by PVCFC during the last time. With sustainable development orientation, the Company focuses on R&D activities to create green products, limiting negative impacts to water, soil, and air environment such as N-Humate+TE, N46.Plus and complex fertilizer from molten Urea accordingly, step-by step deploys investment projects and uses capital for "GREEN" purpose, willing to overcome all challenges to gain success.



SOCIAL ISSUES

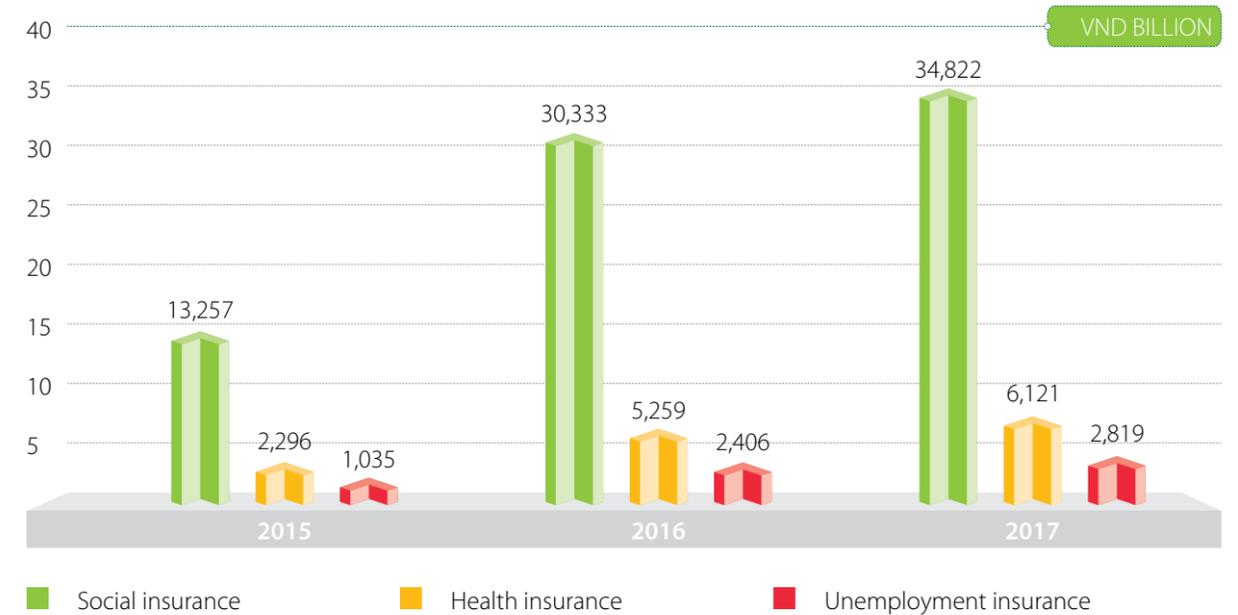
BENEFITS PROVIDED TO FULL-TIME EMPLOYEES

- » Policies applied to employees: The Company always strives to create a convenient and safe working environment for the employees as well as well implementing the policies on labor, salary, bonus, social insurance, health insurance and unemployment insurance and other policies of the law, the Group and the Company.
- » The Company makes payment for salary, bonus, overtime work, and other allowances in line with the Regulation on compensation and benefits and pays social insurance, health insurance and unemployment insurance in timely and sufficient manners as regulated in Labor Code and the Law on Social Insurance. In 2017, the Company had no debt related to social insurance, health insurance and unemployment insurance.
- » The Company strictly implements the training on occupational safety and hygiene and fully provides personal protection equipment for employees in accordance with regulations. The Company also pays hazardous and toxic allowance and gives in kind support to the laborers working in hazardous and toxic environment according to the State's regulations. The Company annually organizes health examination for all employees.
- » The Company applies personal accident insurance (PVI Care) to all employees, post-payment life insurance (Sun Life), and voluntary retirement insurance to the employees who are eligible to the conditions as described in the Company's Employee Benefit Policy in order to create favorable conditions for attracting laborers and stabilizing the lives of employees.
- » In addition to ensuring policies of labor, salary and social welfare, the Company pays high attention to the mental health of employees through many activities such as giving gifts and supporting employees in difficult circumstances, organizing cultural exchange programs and sport events to create a helpful playground and enhance solidarity in the Company.

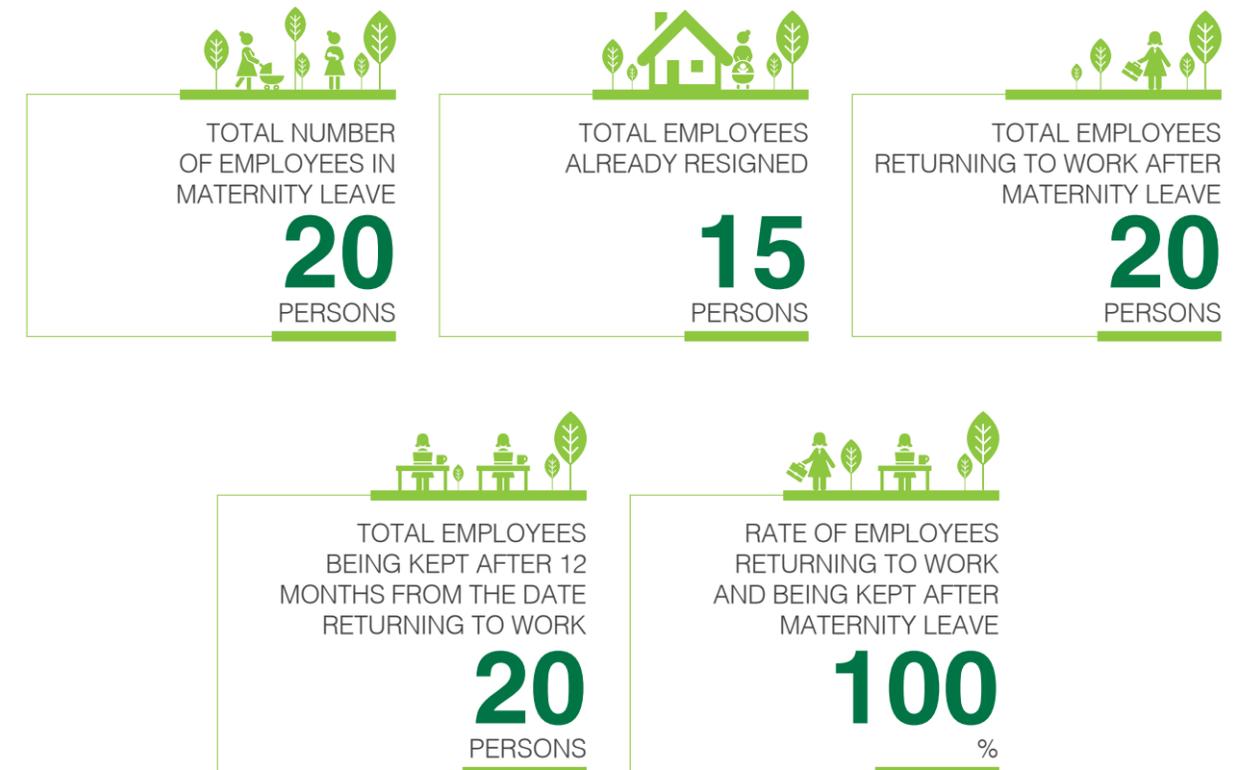


Housing area of the staff of Ca Mau Gas - Power - Fertilizer Complex

CHART OF SOCIAL INSURANCE, HEALTH INSURANCE, UNEMPLOYMENT INSURANCE OVER THE YEARS



MATERNITY LEAVE



SOCIAL ISSUES (CONTINUED)



“
The Company has a Safety - Health - Environment Department to be responsible for ensuring health and safety of employees. The employees are given periodical health examinations for early detection and prevention of diseases, including occupational diseases due to the impact of working conditions.
 ”

LABOR/MANAGEMENT RELATIONS

- » Collective bargaining agreement is signed annually (adjusted in accordance with the law) between the employer and Trade Union Chairman in Labor Conference, committing to implement the regimes and policies on compensation and benefits, creating a safe, comfortable and beneficial working environment for employees.
- » Facilitate the employees to know and give opinions on the issues relating to their rights, obligations and responsibilities.
- » Implement democratic rights of employees, organize periodical dialogue with employees at the Company.
- » Enhance sense of responsibility and obligation of employer to employees, creating favorable conditions for sociopolitical organization (Party, Trade Union, Youth Union, Veterans Association) of the Company to operate under the law.
- » Organize monthly meetings to take initiative in business operations, ensuring to fulfill the planned targets, contributing to ensuring interests and benefits of employees.



CHILD LABOR AND FORCED LABOR

The Company does not employ child labor and forced labor.

FOR THE ISSUES RELATING TO TURNOVER, EDUCATION AND TRAINING, DIVERSITY OF MANAGEMENT LEVELS AND EMPLOYEES

Please see pages 44-47 - Organization and Human Resources

- » General Director reports the business results and the implementation of collective bargaining agreement and compensation and benefits policy of the Company, and gives feedback to the recommendations of employees.
- » All employees sign labor contracts in accordance with the law.
- » The Company promulgates collective bargaining agreement and employee policy which contain the provisions on health and welfare that are more favorable to employees and higher than the law. The Company has issued regulations on in kind support to the workers directly serving production and special policies for female workers.

NO DISCRIMINATION

- » The Company is committed to non-discrimination in race, color, religion, gender, national origin and social class.
- » Total number of discrimination cases in 2017: 0 (none).

DIVERSITY AND EQUAL OPPORTUNITIES

The Company ensures fair and equal treatment to employees in all activities of training, development, promotion, payment and reward according to each individual's contribution.



SOCIAL ISSUES (CONTINUED)



To ensure long-term health for all employees, PVCFC always strictly adheres to the laws relating to Safety - Health - Environment, building occupational health and safety management system according to ISO 45001.



OCCUPATIONAL HEALTH AND SAFETY

SECURITY ASSURANCE

PVCFC regularly organizes patrols and periodic and sudden inspections on security and order performance based on the plan approved. The Company organizes its own internal security team to monitor the external security services (PVS) and closely coordinates with the Public Security of Industrial Park and Public Security of Ca Mau Province. In 2017, the security and order in PVCFC was ensured and there were no problems related to security and order or stealing cases.

SAFETY, TRAINING AND COMMUNICATION

- » In order to ensure safety for health and lives of employees in working at the plant, PVCFC has fully equipped with safety equipment and provided necessary personal protection equipment for employees, contractors and especially, trainees.
- » The Company always pays attention to internal training and professional training to improve capabilities of employees in charge of HSE work.

- ✓ Training on scaffolding Level 1 & 2 for 107 staffs.
- Training on radiation safety for 16 employees.
- Training on technological safety for 03 staffs.
- Training on safe operating technique for boiler and pressure equipment for 278 employees.
- Training on emergency for 100 employees.
- Training on occupational safety and health for 676 employees.

- » Conduct training on safety and health examination for contractors and visitors at Ca Mau Fertilizer Plant, training for new 1,943 people with focusing on occupational safety and health and fire prevention for internship students from Da Nang Polytechnic University, HCMC University of Technology, Hanoi University of Science and Technology, Hanoi University of Mining and Geology, PetroVietnam University, Industrial University, etc. to equip the students with useful knowledge, beside their professional knowledge, on occupational safety and health, fire prevention and firefighting to work after graduation safely and effectively. This has contributed to spreading the spirit of compliance with the laws on occupational safety and health and traffic safety.
- » Strengthen the propaganda in raising awareness of compliance with occupational safety and health for all employees by implementing ASK (Safety - 5S - Initiative) program. ASK includes 3 programs, to be specific, Safety Observation - to reduce risks and prevent occupational accidents and diseases, 5S Production Management - to improve working environment and labor productivity, Initiative - to recognize ideals, improvements and promote the movement of creativity in working. In 2017, the Company recorded more than 30,452

conversations/discussions on occupational safety and health. The Company has recorded the problems to improve the system and recognized the positive sides to expand and promote the safety culture for each employee. It is thanks to a complete and continuously-improved system of occupational safety and health, working habits and sense of compliance of employees have been gradually improved; the safety work is always guaranteed without occupational accidents.

HEALTH CARE AND IMPROVEMENT OF OCCUPATIONAL SAFETY AND HYGIENE

- » Health of employees is a valuable asset of the enterprise. Understanding this issue, the Company's leadership has instructed HSE Department, besides fully giving employees with periodic health and occupational disease examination under the law, to give more health checking items to promptly detect possible diseases of employees.
- » Every month, insecticides are sprayed into office and plant areas to prevent disease.
- » The Company periodically measures environmental indicators in workplace under the law and promptly gives solutions to improve the working environment which do not satisfy the standards as well as equipping personal protection for the workers at those places to prevent occupational diseases.
- » Attach to the programs of "Corporate Culture Reform" and "7 Habits of Highly Effective People" - a famous book by Stephen R. Covey, which is considered a bedside book of the leaders and successful businessmen.



SOCIAL ISSUES (CONTINUED)

» The Company has organized the program “Effectiveness and responsibility” for all employees. In addition, the Company’s leadership has launched a monthly health training and check-up program to encourage all employees to participate in physical training and sport activities at the clubs. Thanks to that, the physical health of employees will be gradually strengthened, contributing to increasing labor productivity. The quarterly number of employees participating in the program is as follows:



In addition, PVCFC regularly organizes health consultation seminars for laborers, providing them with more knowledge about family health care and disease screening for timely diagnosis and treatment.

FIREFIGHTING AND FIRE PREVENTION, RESCUE, EMERGENCY RESPONSE AND FIREFIGHTING REHEARSAL

Safety always is prioritized by PVCFC. Accordingly, firefighting and fire prevention is always implemented consistently and effectively.

Firefighting and fire prevention plays a very important role in protecting the lives of employees and assets of the enterprise. Especially, for factories with high operating capacity and continuous operation, firefighting and fire prevention and rescue works require a strict supervision. For many years, PVCFC has carried out firefighting and fire prevention inspection according to scheduled and unscheduled plan. The Company has built up and consolidated the process and guidance system on firefighting and fire prevention to serve the inspection and maintenance of firefighting and fire prevention system as well as organizing emergency response rehearsal to ensure that firefighting and fire prevention system and personnel are willing to respond in every circumstance.

» The Company has organized a force to check the firefighting and fire prevention system daily, weekly, monthly and quarterly to continuously maintain safety conditions for firefighting and fire prevention,

strictly complying with the legal regulations (Circular No.07/2016/TT-BCA)

- » Coordinate with related entities to timely repair shortcomings and damages of firefighting and fire prevention system, taking the initiative in technology and improving firefighting and fire prevention system.
- » Coordinate with related entities to implement the plan for prevention and response to emergent circumstances in 2017 as approved by BOM.
- » Emergency response rehearsal is paid high attention and strictly implemented, to be specific:

LEVEL 1

Organized 21 level-1 rehearsals (internal company) with 194 participants.

LEVEL 2

Organized 01 level-2 rehearsal (coordinating among the companies in the industrial park including PVCFC, PVPOWER, PVGA, and PVS) with 33 participants.

Thanks to regular rehearsal and strict compliance with the regulations on firefighting and fire prevention, there was no fire incident at the Company in 2017.

HUMAN RESOURCES, EDUCATION AND TRAINING

Human Resources

- » Young, dynamic, and enthusiastic human resources; well-educated from prestigious international and local universities; experienced and trained through real environment during production and business operations; fluent at foreign languages, computer skills, and ability to work independently.
- » Most of the operation, production and maintenance teams have joined the Plant since the beginning; therefore, they have a lot of experience in the construction, installation, trial running and operation of the Plant.
- » The Company always spends a significant fund for human resource training. Technicians are regularly assigned to attend the advanced training courses in developed countries.

Assessment on labor management and recruitment in 2017

- » The recruitment of the Company is governed by the Labor Code, Recruitment Regulation issued by BOD and Recruitment Process issued by General Director. The recruitment is derived from the actual needs of the departments in the Company based on the approved annual personnel targets. The recruitment is always carried out strictly in accordance with the procedures, the law and ensuring transparency and publicity.

- » The appointment, re-appointment, planning, assessment and classification of personnel are carried out in accordance with regulations and procedures from the actual needs. The appointed personnel have well promoted their roles and responsibilities in new positions. The appointment, re-appointment, planning, assessment and classification of personnel are carried out by PVCFC in accordance with the regulations of the Party, the State, Vietnam Oil and Gas Group and the Personnel management regulation issued by the Company’s Party Committee. The appointed personnel have promoted their roles and responsibilities in a new position, contributing to the development of the Company.

Personnel rotation and training

- » The personnel rotation is implemented based on the actual workload or based on the HR plan, in order to create favorable conditions for the personnel to learn and enrich experience in the management and operation process.
- » The planned and appointed personnel are entitled to learning and advanced training on professional and management skills corresponding to meet the requirements of each position. Most of the appointed personnel from the position of deputy department head or equivalent to above have passed the “Middle-Level Management Capabilities” training course organized by PACE.



SOCIAL ISSUES (CONTINUED)

CA MAU FERTILIZER MAKING EFFORTS FOR COMMUNITY, SHARING FOR SOCIETY

“*To ensure long-term health status for all employees, PVCFC always strictly adheres to the legal regulations on Safety - Health - Environment, building an occupational health and safety management system according to ISO 45001.*”

Understanding that “Leverage for the development of every business as well as the general development of the social community is when we are aware of combining responsibility and coordinating strength among the parties to jointly create the development. It is this close connection that creates the foundations for sustainable development”. In 2017, PVCFC has made continuous efforts for the community and joined hands for a prosperous society.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

Given difficulties in national economy and facing the fierce competition in the market along with maintaining and pushing effective business and production, increasingly growing “Dam Ca Mau - For Golden Harvests” brand, over the past 6 years, Ca Mau Fertilizer has spent more than VND300 billion to carry out many meaningful projects and programs for society. The Company’s leadership determines that this is not only a duty but also the sharing and concern for the community and implementing the Group’s major policy on business development associated with social responsibility.

- » From the CSR fund which is always higher than that of the previous year, PVCFC has been: constructing many schools for educational development, supporting public works such as bridge and traffic roads in rural areas, funding poor pupils and students, etc., contributing to poverty reduction, human intelligence enhancement, etc.
- » The activities such as visiting and giving gifts to families under preferential treatment policy, offering free illness treatment and free medicine and supporting to upgrade health stations are always concerned and maintained by PVCFC, showing a beauty in corporate culture and creating a good relationship with the social community.
- » PVCFC defines that doing CSR well is implementing well the policy of the Party and the State on economic development, sharing responsibilities with the community and adhering with the farmers and the poor. New roads, new bridges, new schools, etc. are the most practical evidences of sense of responsibility of PVCFC to the social responsibility.



OUTSTANDING ACTIVITIES IN 2017

- 1 Build kindergartens, primary schools and secondary schools in provinces and cities nationwide with the investment values from VND3 billion to VND5 billion for each school. During the past 6 years, Ca Mau Fertilizer has invested in 30 schools.
- 2 Build and upgrade many medical stations to ensure the initial illness examination and treatment for local people.
- 3 Continue “Dam Ca Mau - For Golden Harvests” scholarship annually as a commitment for learning promotion movement in the country and fostering the dream to go school and develop intelligence. This scholarship spends from VND2 billion to VND2.5 billion every year.
- 4 Support to overcome natural disasters, humanitarian assistance.
- 5 Many rural bridges are put into operation, developing the countryside and supporting the community.
- 6 Visit families under preferential treatment policy on the occasion of holidays and Lunar New Year. Give gifts to the poor in Ca Mau and Mekong Delta provinces.



“Effective nutritional solutions for plants are the heart of the PVCFC expert team”.

Associate Professor - Dr. Nguyen Bao Ve talked about Ca Mau Fertilizer



FARMING WORKS ARE EASIER & MORE ECONOMICAL thanks to Ca Mau Fertilizer

At the time of harvest, every family is very busy from housework to farming works. One Sunday morning under the sunshine, a group of engineers from Ca Mau Fertilizer visited few farmers who have been close customers of Ca Mau Fertilizer for many years..

Visiting the rice field of man named Bay Chung at My Phu A Hamlet, Hoa My Commune, Phung Hiep District, Hau Giang Province, we met him standing under the shade to relax after checking around his rice fields. Wiping the sweat from his forehead, he happily told that his family has used Ca Mau fertilizers for 5 years. Although the climate changes are very complicated recently, he still believe in Ca Mau fertilizers, challenging all kinds of weather. High quality products from Ca Mau Fertilizer Plant have provided sufficient nutrients, helping his rice trees grow strongly and have a good resistance to the weather. Slowly absorbing fertilizer also make rice tree more sturdy and less diseases.

Not far from the rice field of Bay Chung is Ba Tri's ones. He comes from Tuyen Thanh Commune, Kien Tuong Town, Moc Hoa District, Long An Province. After visiting his rice fields, Ba Tri said in smiles, "I has used Ca Mau fertilizers for 3 years and I do not want to change to any other kinds". I have tried dividing the rice fields into 4 parts and applying different cultivation methods with different kinds of fertilizers. Finally, after making comparison, I continue to choose Ca Mau Fertilizers because of its productivity and effectiveness. Ca Mau Fertilizer not only helps me with easier farming works but also save considerable expenses. Also thanks to the experts from Ca Mau Fertilizer Plant who have guided us carefully how to use fertilizers effectively in modern agricultural practices, rice productivity is higher and higher. Household economy gets stable and we can invest on the studying of our children".

Attending many seminars on demonstration model of Ca Mau Fertilizer product ranges, Mr. Sau Dung, living in Hoa Hung Commune, Giong Rieng District, Kien Giang Province

shares that Ca Mau fertilizers are easy to mix, less dust, slowly dissolve, making rice plant sturdier and less disease. He told that his family is very happy because the rice price is increasing while the harvest comes, promising a golden season. In a more-than-1.5-hectare field using Ca Mau Fertilizer for 5 consecutive years, the rice plants are showing off golden seeds, shimmering in the wind. He consistently collects 500-550kg of rice per 1000 m² rice field.

These are the experiences of three individuals among many farmers trusting and using Ca Mau Fertilizer in such a long time and getting positive results. Although the products are trusted by the farmers, PVCFC increasingly researches and improves the quality of products as well as being constantly creative to develop new nutritional solutions for plants. With the mission of accompanying and supporting the farmers in developing a green sustainable agriculture, bringing in high economic values, PVCFC frequently develops demonstration models using Ca Mau fertilizers in order to give technical guidance visually and lively, helping farmers access to the fertilizer application methods suitable to specific farming conditions to increase productivity, profitability and environment and health protection.



Long - lasting green more Savings

“Ca Mau Fertilizer has high quality and full nutrients”
- said Mr. Lam
My Phu A Hamlet, Hoa My Commune, Phung Hiep District, Hau Giang Province.

“Ca Mau Fertilizer is very kind. The Company always expresses deep gratitude to us”
- said Mr. Sau Dung
Hoa Hung Commune, Giong Rieng District, Kien Giang Province.

“Three years using Ca Mau Urea makes my agriculture works much easier”
- said Mr. Ba Tri
Tuyen Thanh Commune, Kien Tuong Town, Long An Province.

“Ca Mau Fertilizer helps me save cost and manpower by 3 times”
said Mr. Pham Van Su
Bac Chan II Hamlet, Tuyen Thanh Commune, Kien Tuong Town, Long An Province.

Hoang Sa Islands

Phu Quoc Island

Truong Sa Islands

NUTRITIONAL SOLUTIONS FOR PLANTS

GRI STANDARDS CHECKLIST

GRI Standard Number	GRI STANDARDS	Sustainable Development Report 2017	Page
GRI 102	General Disclosures		
102-1	Name of the organization	<input checked="" type="checkbox"/>	13
102-3	Location of headquarters	<input checked="" type="checkbox"/>	13
102-4	Location of operations	<input checked="" type="checkbox"/>	20 - 21
102-5	Ownership and legal form	<input checked="" type="checkbox"/>	8
102-6	Markets served	<input checked="" type="checkbox"/>	20 - 21
102-7	Scale of the organization	<input checked="" type="checkbox"/>	17 - 20 - 21
102-8	Information on employees and other workers	<input checked="" type="checkbox"/>	44 - 45
102-9	Supply chain	<input type="checkbox"/>	
102-10	Significant changes to the organization and its supply chain	<input type="checkbox"/>	
102-11	Precautionary Principle or approach	<input checked="" type="checkbox"/>	86 - 87
102-12	External initiatives	<input type="checkbox"/>	
102-13	Membership of associations	<input checked="" type="checkbox"/>	97
102-14	Statement from senior decision-maker	<input checked="" type="checkbox"/>	90
102-15	Key impacts, risks, and opportunities	<input type="checkbox"/>	
102-16	Values, principles, standards, and norms of behavior	<input checked="" type="checkbox"/>	102 - 103
102-17	Mechanisms for advice and concerns about ethics	<input checked="" type="checkbox"/>	93
102-18	Governance structure	<input checked="" type="checkbox"/>	104
102-19	Delegating authority	<input checked="" type="checkbox"/>	74 - 75
102-20	Executive-level responsibility for economic, environmental, and social topics	<input checked="" type="checkbox"/>	70 - 75
102-21	Consulting stakeholders on economic, environmental, and social topics	<input checked="" type="checkbox"/>	96 - 99
102-22	Composition of the highest governance body and its committees	<input checked="" type="checkbox"/>	76 - 79
102-23	Chair of the highest governance body	<input type="checkbox"/>	
102-24	Nominating and selecting the highest governance body	<input checked="" type="checkbox"/>	30 - 76
102-25	Conflicts of interest	<input type="checkbox"/>	
102-26	Role of highest governance body in setting purpose, values, and strategy	<input checked="" type="checkbox"/>	54
102-27	Collective knowledge of highest governance body	<input type="checkbox"/>	
102-28	Evaluating the highest governance body's performance	<input checked="" type="checkbox"/>	105
102-29	Identifying and managing economic, environmental, and social impacts	<input checked="" type="checkbox"/>	86 - 97
102-30	Effectiveness of risk management processes	<input checked="" type="checkbox"/>	86 - 87
102-31	Review of economic, environmental, and social topics	<input checked="" type="checkbox"/>	86 - 87

GRI Standard Number	GRI STANDARDS	Sustainable Development Report 2017	Page
102-32	Highest governance body's role in sustainability reporting	<input type="checkbox"/>	
102-33	Communicating critical concerns	<input checked="" type="checkbox"/>	100 - 101
102-34	Nature and total number of critical concerns	<input checked="" type="checkbox"/>	100 - 101
102-35	Remuneration policies	<input checked="" type="checkbox"/>	158
102-36	Process for determining remuneration	<input type="checkbox"/>	
102-37	Stakeholders' involvement in remuneration	<input type="checkbox"/>	
102-38	Annual total compensation ratio	<input type="checkbox"/>	
102-39	Percentage increase in annual total compensation ratio	<input type="checkbox"/>	
102-40	List of stakeholder groups	<input checked="" type="checkbox"/>	146 - 147
102-41	Collective bargaining agreements	<input type="checkbox"/>	
102-42	Identifying and selecting stakeholders	<input checked="" type="checkbox"/>	94 - 95
102-43	Approach to stakeholder engagement	<input checked="" type="checkbox"/>	96 - 97 - 98 - 99 - 100 - 101
102-44	Key topics and concerns raised	<input checked="" type="checkbox"/>	100 - 101
102-45	Entities included in the consolidated financial statements	<input type="checkbox"/>	
102-46	Defining report content and topic Boundaries	<input checked="" type="checkbox"/>	92 - 93
102-47	List of material topics	<input checked="" type="checkbox"/>	100 - 101
102-48	Restatements of information	<input type="checkbox"/>	
102-49	Changes in reporting	<input type="checkbox"/>	
102-52	Reporting cycle	<input checked="" type="checkbox"/>	93
102-55	GRI Content index	<input checked="" type="checkbox"/>	134
GRI 103	Management Approach		
103-1	Explanation of the material topic and its Boundary	<input checked="" type="checkbox"/>	146 - 147
103-2	The management approach and its components	<input checked="" type="checkbox"/>	70 - 75
103-3	Evaluation of the management approach	<input type="checkbox"/>	
GRI 201	Economic Performance		
201-1	Direct economic value generated and distributed	<input checked="" type="checkbox"/>	50 - 58 - 64
201-2	Financial implications and other risks and opportunities due to climate change	<input type="checkbox"/>	
201-3	Defined benefit plan obligations and other retirement plans	<input type="checkbox"/>	
201-4	Financial assistance received from government	<input type="checkbox"/>	
GRI 202	Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	<input type="checkbox"/>	
202-2	Proportion of senior management hired from the local community	<input type="checkbox"/>	

GRI STANDARDS CHECKLIST (CONTINUED)

GRI Standard Number	GRI STANDARDS	Sustainable Development Report 2017	Page
GRI 203	Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	<input checked="" type="checkbox"/>	104 - 128 - 129
203-2	Significant indirect economic impacts	<input checked="" type="checkbox"/>	106
GRI 204	Procurement Practices		
204-1	Proportion of spending on local suppliers	<input checked="" type="checkbox"/>	
GRI 205	Anti-corruption		
205-1	Operations assessed for risks related to corruption	<input checked="" type="checkbox"/>	107
205-2	Communication and training about anti-corruption policies and procedures	<input checked="" type="checkbox"/>	107
205-3	Confirmed incidents of corruption and actions taken	<input checked="" type="checkbox"/>	107
GRI 206	Anti-competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<input checked="" type="checkbox"/>	107
GRI 301	Materials		
301-1	Materials used by weight or volume	<input checked="" type="checkbox"/>	109
301-2	Recycled input materials used	<input checked="" type="checkbox"/>	109
301-3	Reclaimed products and their packaging materials	<input checked="" type="checkbox"/>	109
GRI 302	Energy		
302-1	Energy consumption within the organization	<input checked="" type="checkbox"/>	108 - 109
302-2	Energy consumption outside of the organization	<input checked="" type="checkbox"/>	
302-3	Energy intensity	<input checked="" type="checkbox"/>	
302-4	Reduction of energy consumption	<input checked="" type="checkbox"/>	108 - 109
302-5	Reductions in energy requirements of products and services	<input checked="" type="checkbox"/>	
GRI 303	Water		
303-1	Water withdrawal by source	<input checked="" type="checkbox"/>	109
303-2	Water sources significantly affected by withdrawal of water	<input checked="" type="checkbox"/>	
303-3	Water recycled and reused	<input checked="" type="checkbox"/>	109
GRI 304	Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<input checked="" type="checkbox"/>	
304-2	Significant impacts of activities, products, and services on biodiversity	<input checked="" type="checkbox"/>	
304-3	Habitats protected or restored	<input checked="" type="checkbox"/>	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<input checked="" type="checkbox"/>	

GRI Standard Number	GRI STANDARDS	Sustainable Development Report 2017	Page
GRI 305	Emissions		
305-1	Direct (Scope 1) GHG emissions	<input checked="" type="checkbox"/>	
305-2	Energy indirect (Scope 2) GHG emissions	<input checked="" type="checkbox"/>	
305-3	Other indirect (Scope 3) GHG emissions	<input checked="" type="checkbox"/>	
305-4	GHG emissions intensity	<input checked="" type="checkbox"/>	
305-5	Reduction of GHG emissions	<input checked="" type="checkbox"/>	
305-6	Emissions of ozone-depleting substances (ODS)	<input checked="" type="checkbox"/>	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<input checked="" type="checkbox"/>	
GRI 306	Effluents and Waste		
306-1	Water discharge by quality and destination	<input checked="" type="checkbox"/>	111
306-2	Waste by type and disposal method	<input checked="" type="checkbox"/>	111
306-3	Significant spills	<input checked="" type="checkbox"/>	
306-4	Transport of hazardous waste	<input checked="" type="checkbox"/>	102
306-5	Water bodies affected by water discharges and/or runoff	<input checked="" type="checkbox"/>	
GRI 307	Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	<input checked="" type="checkbox"/>	117
GRI 308	Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	<input checked="" type="checkbox"/>	
308-2	Negative environmental impacts in the supply chain and actions taken	<input checked="" type="checkbox"/>	
GRI 401	Employment		
401-1	New employee hires and employee turnover	<input checked="" type="checkbox"/>	46
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<input checked="" type="checkbox"/>	120 - 121
401-3	Parental leave	<input checked="" type="checkbox"/>	121
GRI 402	Labor/Management Relations		
402-1	Minimum notice periods regarding operational changes	<input checked="" type="checkbox"/>	
GRI 403	Occupational Health and Safety		
403-1	Workers representation in formal joint management-worker health and safety committees	<input checked="" type="checkbox"/>	122
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<input checked="" type="checkbox"/>	122 - 123
403-3	Workers with high incidence or high risk of diseases related to their occupation	<input checked="" type="checkbox"/>	122 - 123
403-4	Health and safety topics covered in formal agreements with trade unions	<input checked="" type="checkbox"/>	

GRI STANDARDS CHECKLIST (CONTINUED)

GRI Standard Number	GRI STANDARDS	Sustainable Development Report 2017	Page
GRI 404	Training and Education		
404-1	Average hours of training per year per employee	<input checked="" type="checkbox"/>	
404-2	Programs for upgrading employee skills and transition assistance programs	<input checked="" type="checkbox"/>	47
404-3	Percentage of employees receiving regular performance and career development reviews	<input checked="" type="checkbox"/>	
GRI 405	Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	<input checked="" type="checkbox"/>	44 - 45 - 46 47
405-2	Ratio of basic salary and remuneration of women to men	<input checked="" type="checkbox"/>	
GRI 406	Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	<input checked="" type="checkbox"/>	
GRI 407	Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<input checked="" type="checkbox"/>	
GRI 408	Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	<input checked="" type="checkbox"/>	123
GRI 409	Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<input checked="" type="checkbox"/>	123
GRI 410	Security Practices		
410-1	Security personnel trained in human rights policies or procedures	<input checked="" type="checkbox"/>	124 - 125
GRI 411	Rights of Indigenous Peoples		
411-1	Incidents of violations involving rights of indigenous peoples	<input checked="" type="checkbox"/>	
GRI 412	Human Rights Assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	<input checked="" type="checkbox"/>	
412-2	Employee training on human rights policies or procedures	<input checked="" type="checkbox"/>	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<input checked="" type="checkbox"/>	
GRI 413	Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	<input checked="" type="checkbox"/>	
413-2	Operations with significant actual and potential negative impacts on local communities	<input checked="" type="checkbox"/>	

GRI Standard Number	GRI STANDARDS	Sustainable Development Report 2017	Page
GRI 414	Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	<input checked="" type="checkbox"/>	
414-2	Negative social impacts in the supply chain and actions taken	<input checked="" type="checkbox"/>	
GRI 415	Public Policy		
415-1	Political contributions	<input checked="" type="checkbox"/>	
GRI 416	Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	<input checked="" type="checkbox"/>	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<input checked="" type="checkbox"/>	106
GRI 417	Marketing and Labeling		
417-1	Requirements for product and service information and labeling	<input checked="" type="checkbox"/>	106
417-2	Incidents of non-compliance concerning product and service information and labeling	<input checked="" type="checkbox"/>	106
417-3	Incidents of non-compliance concerning marketing communications	<input checked="" type="checkbox"/>	
GRI 418	Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<input checked="" type="checkbox"/>	
GRI 419	Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	<input checked="" type="checkbox"/>	116

SAFETY **EFFICIENCY**
GOLDEN SEASON



STATEMENT OF THE BOARD OF DIRECTORS

PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

(Incorporated in the Socialist Republic of Vietnam)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

TABLE OF CONTENTS

CONTENTS	PAGE(S)
STATEMENT OF THE BOARD OF DIRECTORS	141 - 142
INDEPENDENT AUDITORS' REPORT	143 - 144
CONSOLIDATED BALANCE SHEET	145 - 146
CONSOLIDATED INCOME STATEMENT	147
CONSOLIDATED CASH FLOW STATEMENT	148 - 149
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	150 - 178

The Board of Directors of PetroVietnam Camau Fertilizer Joint Stock Company (the "Company") presents this report together with the Company's consolidated financial statements for the year ended 31 December 2017.

BOARDS OF MANAGEMENT AND DIRECTORS

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

BOARD OF MANAGEMENT

Mr. Nguyen Duc Thanh	Chairman
Mr. Bui Minh Tien	Member
Ms. Tran Thi Binh	Member
Mr. Tran Chi Nguyen	Member
Mr. Tran My	Member

BOARD OF DIRECTORS

Mr. Bui Minh Tien	General Director
Mr. Hoang Trong Dung	Deputy General Director
Mr. Van Tien Thanh	Deputy General Director
Mr. Nguyen Duc Hanh	Deputy General Director
Mr. Le Ngoc Minh Tri	Deputy General Director
Mr. Nguyen Tuan Anh	Deputy General Director (appointed on 24 May 2017)

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the consolidated financial statements, which give a true and fair view of the financial position of the Company and its subsidiary as at 31 December 2017, and their financial performance and their cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. In preparing these consolidated financial statements, the Board of Directors is required to:

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



STATEMENT OF THE BOARD OF DIRECTORS (CONTINUED)

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY (CONTINUED)

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

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

For and on behalf of the Board of Directors,



Le Ngoc Minh Tri
Deputy General Director

17 March 2018

INDEPENDENT AUDITORS' REPORT

**TO: THE SHAREHOLDERS
THE BOARD OF MANAGEMENT AND BOARD OF DIRECTORS
PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY**

We have audited the accompanying consolidated financial statements of PetroVietnam Camau Fertilizer Joint Stock Company (the "Company"), prepared on 17 March 2018, as set out from page 145 to page 178, which comprise the consolidated balance sheet as at 31 December 2017, the consolidated income statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors 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 consolidated financial reporting and for such internal control as the Board of Directors determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, 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 the financial position of the Company and its subsidiary as at 31 December 2017, and their financial performance and their cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.

No.: 616 /VN1A-HN-BC

INDEPENDENT AUDITORS' REPORT (CONTINUED)

EMPHASIS OF MATTERS

- ✓ The Company has been officially transformed into a joint stock company since 15 January 2015. The consolidated financial statements for the year ended 31 December 2017 do not include any adjustments that may arise related to the determination of the State capital portion as the Company has not had a minutes of determination of the State capital portion as at the date of the Company's official transformation into a joint stock company.
- ✓ As stated in Note 8 of the Notes to the consolidated financial statements, the Company has been recording a receivable from Vietnam Oil and Gas Group related to the equitization phase with the amount of approximately VND 276.8 billion. Such amount is the Company's profit for the period from 01 January 2014 to 14 January 2015, which has been overpaid to the Group. The Board of Directors determined that this receivable would be recovered when the Company performs finalization regarding the State capital portion with Vietnam Oil and Gas Group.

Our opinion is not modified in respect of these matters.



Tran Huy Cong
Deputy General Director
Audit Practising Registration Certificate
No. 0891-2018-001-1

Do Trung Kien
Auditor
Audit Practising Registration Certificate
No. 1924-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

17 March 2018
Hanoi, S.R. Vietnam

Form B01-DN/HN

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		4,838,709,104,648	4,034,415,094,113
I. Cash and cash equivalents	110	4	1,896,184,894,173	813,518,747,412
1. Cash	111		393,834,894,173	481,518,747,412
2. Cash equivalents	112		1,502,350,000,000	332,000,000,000
II. Short-term financial investments	120	5	2,100,000,000,000	2,300,000,000,000
1. Held-to-maturity investments	123		2,100,000,000,000	2,300,000,000,000
III. Short-term receivables	130		400,478,657,863	481,716,332,388
1. Short-term trade receivables	131	6	1,298,187,390	6,814,108,300
2. Short-term advances to suppliers	132	7	88,361,010,852	18,741,754,171
3. Other short-term receivables	136	8	310,340,894,112	456,160,469,917
4. Deficits in assets awaiting solution	139		478,565,509	-
IV. Inventories	140	9	370,662,712,495	374,120,518,186
1. Inventories	141		370,662,712,495	375,625,582,334
2. Provision for devaluation of inventories	149		-	(1,505,064,148)
V. Other short-term assets	150		71,382,840,117	65,059,496,127
1. Short-term prepayments	151	10	27,233,376,867	29,671,646,612
2. Value added tax deductibles	152		43,662,950,934	32,040,550,899
3. Taxes and other receivables from the State budget	153	16	486,512,316	3,347,298,616
B. NON-CURRENT ASSETS	200		7,617,455,035,205	8,932,636,790,069
I. Long-term receivables	210		3,000,000	3,000,000
1. Other long-term receivables	216	8	3,000,000	3,000,000
II. Fixed assets	220		7,501,543,498,779	8,754,407,466,113
1. Tangible fixed assets	221	11	7,469,583,622,805	8,691,967,185,395
- Cost	222		13,931,183,545,130	13,861,770,166,630
- Accumulated depreciation	223		(6,461,599,922,325)	(5,169,802,981,235)
2. Intangible assets	227	12	31,959,875,974	62,440,280,718
- Cost	228		85,774,363,908	95,872,466,668
- Accumulated amortisation	229		(53,814,487,934)	(33,432,185,950)
III. Long-term assets in progress	240		104,446,521,029	79,196,837,346
1. Construction in progress	242	13	104,446,521,029	79,196,837,346
IV. Other long-term assets	260		11,462,015,397	99,029,486,610
1. Long-term prepayments	261	10	8,528,310,860	99,029,486,610
2. Deferred tax assets	262		2,933,704,537	-
TOTAL ASSET (270 = 100 + 200)	270		12,456,164,139,853	12,967,051,884,182

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET

As at 31 December 2017 (continued)

Form B01-DN/HN

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		6,302,642,116,732	7,116,808,808,039
I. Current liabilities	310		2,525,325,658,242	2,535,800,653,695
1. Short-term trade payables	311	14	437,540,179,720	688,405,588,269
2. Short-term advances from customers	312	15	83,530,106,522	64,450,940,342
3. Taxes and amounts payable to the State budget	313	16	15,559,115,869	3,374,874,622
4. Payables to employees	314		53,668,946,577	47,541,974,859
5. Short-term accrued expenses	315	17	610,284,379,084	67,875,659,036
6. Other current payables	319	18	221,137,473,632	248,030,850,984
7. Short-term loans and obligations under finance leases	320	19	1,062,377,986,921	1,359,162,384,314
8. Bonus and welfare funds	322		41,227,469,917	56,958,381,269
II. Long-term liabilities	330		3,777,316,458,490	4,581,008,154,344
1. Other long-term payables	337	18	-	1,055,667,075
2. Long-term loans and obligations under finance leases	338	20	3,673,878,941,199	4,538,380,155,040
3. Scientific and technological development fund	343	21	103,437,517,291	41,572,332,229
D. EQUITY	400		6,153,522,023,121	5,850,243,076,143
I. Owners' equity	410	22	6,153,522,023,121	5,850,243,076,143
1. Owners' contributed capital	411		5,294,000,000,000	5,294,000,000,000
- Ordinary shares carrying voting rights	411a		5,294,000,000,000	5,294,000,000,000
2. Investment and development fund	418		238,735,534,003	161,063,726,429
3. Retained earnings	421		594,403,715,402	368,288,538,698
- Retained earnings accumulated to the prior year end	421a		98,105,509,479	570,337,282
- Retained earnings of the current year	421b		496,298,205,923	367,718,201,416
4. Non-controlling interests	429		26,382,773,716	26,890,811,016
TOTAL RESOURCES (440 = 300 + 400)	440		12,456,164,139,853	12,967,051,884,182

 Dinh Nhat Duong
Preparer

 Dinh Nhu Cuong
Chief Accountant

 Le Ngoc Minh Tri
Deputy General Director

17 March 2018

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

Form B02-DN/HN

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	25	5,832,973,328,808	4,971,748,943,654
2. Deductions	02	25	85,218,359,150	61,578,260,352
3. Net revenue from goods sold and services rendered (10=01-02)	10		5,747,754,969,658	4,910,170,683,302
4. Cost of sales	11	26	4,366,452,519,088	3,595,507,736,544
5. Gross profit from goods sold and services rendered (20=10-11)	20		1,381,302,450,570	1,314,662,946,758
6. Financial income	21	28	168,762,736,688	281,352,006,888
7. Financial expenses	22	29	202,888,783,558	432,719,478,011
- In which: Interest expense	23		182,986,530,390	206,622,388,743
8. Selling expenses	25	30	333,600,305,285	275,833,011,237
9. General and administration expenses	26	30	337,350,868,958	254,753,830,327
10. Operating profit (30=20+(21-22)-(25+26))	30		676,225,229,457	632,708,634,071
11. Other income	31	31	3,182,396,723	26,209,791,117
12. Other expenses	32	31	82,492,494	27,031,577
13. Profit from other activities (40=31-32)	40	31	3,099,904,229	26,182,759,540
14. Accounting profit before tax (50=30+40)	50		679,325,133,686	658,891,393,611
15. Current corporate income tax expense	51	32	40,882,128,966	34,551,571,563
16. Deferred corporate tax (income)/expense	52		(2,933,704,537)	-
17. Net profit after corporate income tax (60=50-51-52)	60		641,376,709,257	624,339,822,048
17.1. Equity holders of the Parent Company	61		637,879,025,730	619,831,354,510
17.2. Non-controlling interests	62		3,497,683,527	4,508,467,538
18. Basic earnings per share	70	33	1,074	1,011

 Dinh Nhat Duong
Preparer

 Dinh Nhu Cuong
Chief Accountant

 Le Ngoc Minh Tri
Deputy General Director

17 March 2018

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2017

Form B03-DN/HN

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	679,325,133,686	658,891,393,611
2. Adjustments for:			
Depreciation and amortisation	02	1,309,000,550,484	1,292,036,751,160
Provisions	03	(1,505,064,148)	792,216,475
Foreign exchange (gain)/loss arising from translating foreign currency items	04	(10,234,614,310)	72,779,573,574
(Gain) from investing activities	05	(156,680,247,539)	(155,766,178,207)
Interest expense	06	182,986,530,390	206,622,388,743
Other adjustments	07	72,825,537,606	15,000,000,000
3. Operating profit before movements in working capital	08	2,075,717,826,169	2,090,356,145,356
Changes in receivables	09	27,973,717,696	(422,503,226,805)
Changes in inventories	10	4,962,869,839	16,417,103,018
Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	362,668,158,683	(32,280,566,034)
Changes in prepaid expenses	12	92,939,445,495	(3,419,886,119)
Interest paid	14	(177,285,840,755)	(204,848,817,000)
Corporate income tax paid	15	(26,829,335,955)	(6,006,124,720)
Other cash inflows	16	-	-
Other cash outflows	17	(93,912,397,585)	(64,190,319,665)
Balance of investment and development fund transferred to the Group		-	(286,574,832,277)
Net cash generated by operating activities	20	2,266,234,443,587	1,086,949,475,754
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(119,674,908,983)	(172,907,748,871)
2. Cash outflow for lending, buying debt instruments of other entities	23	(4,800,000,000,000)	(5,100,000,000,000)
3. Cash recovered from lending, selling debt instruments of other entities	24	5,000,000,000,000	5,502,555,555,556
4. Interest earned, dividends and profits received	27	153,838,386,428	164,284,492,616
Net cash generated by investing activities	30	234,163,477,445	393,932,299,301

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2017 (continued)

Form B03-DN/HN

Unit: VND

ITEMS	Codes	Current year	Prior year
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	198,310,040,751	142,496,074,020
2. Repayment of borrowings	34	(1,348,465,440,374)	(1,390,029,720,486)
3. Dividends and profits paid	36	(267,607,040,000)	(634,944,650,000)
Net cash (used in) financing activities	40	(1,417,762,439,623)	(1,882,478,296,466)
Net increase/(decrease) in cash (50=20+30+40)	50	1,082,635,481,409	(401,596,521,411)
Cash and cash equivalents at the beginning of the year	60	813,518,747,412	1,215,079,331,489
Effect of changes in foreign exchange rates	61	30,665,352	35,937,334
Cash and cash equivalents at the end of the year (70=50+60+61)	70	1,896,184,894,173	813,518,747,412



 Dinh Nhat Duong
Preparer

 Dinh Nhu Cuong
Chief Accountant

 Le Ngoc Minh Tri
Deputy General Director

17 March 2018

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Form B09-DN/HN

1. GENERAL INFORMATION

Structure of ownership

PetroVietnam Camau Fertilizer Joint Stock Company (the "Company"), formerly known as PetroVietnam Camau Fertilizer Company Limited - a subsidiary of Vietnam Oil and Gas Group, was established in Vietnam under Corporate Registration Certificate No. 2001012298 issued by Camau Province's Department of Planning and Investment on 24 March 2011.

PetroVietnam Camau Fertilizer Company Limited was officially transformed into a Joint Stock Company with the name of PetroVietnam Camau Fertilizer Joint Stock Company under Corporate Registration Certificate for Joint Stock Company No. 2001012298 issued by Camau Province's Department of Planning and Investment on 15 January 2015, with the charter capital of VND 5,294,000,000,000. The Company's stocks were listed on Ho Chi Minh City Stock Exchange on 31 March 2015 under the stock code as "DCM".

The parent company of the Company is Vietnam Oil and Gas Group.

The number of employees of the Company and its subsidiary as at 31 December 2017 was 1,187 (as at 31 December 2016: 1,053).

Operating industry and principal activities

The operating industry of the Company includes:

- ✓ Production of fertilizers, nitrogen compounds and basic chemicals.
- ✓ Wholesale of fertilizers, chemicals used in industry - agriculture.
- ✓ Retail of fertilizers, chemicals used in industry - agriculture.
- ✓ Architectural activities and consultancy on techniques using fertilizers and chemicals.
- ✓ Warehousing, storage and handling cargo.
- ✓ Research and experiment of development of natural science and engineering, technical testing and analysing.
- ✓ Machinery and equipment repair and maintenance.

The principal activities of the Company are fertilizer production and trading.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

The Company's structure

The subsidiary of the Company is PetroVietnam Packaging Joint Stock Company. General information about the subsidiary is as below:

	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
PetroVietnam Packaging Joint Stock Company	Bac Lieu	51,03%	51,03%	Package and fertilizer manufacturing

Form B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Company has 02 branches that are dependent accounting units, located in plot D, Ward 1 Industrial Zone, Ngo Quyen Street, Ward 1, Ca Mau City, Ca Mau Province, have their own seal for transaction and are allowed to open accounts at banks in accordance with Vietnamese laws. Details of the Company's branches are as follows:

- ✓ Branch of PetroVietnam Ca Mau Fertilizer Joint Stock Company – Project Management Unit was established under Decision No. 1109/QD-PVCFC dated 01 June 2016 of the Board of Management.
- ✓ Branch of PetroVietnam Ca Mau Fertilizer Joint Stock Company – Research and Development Unit was established under Decision No. 442/QD-PVCFC dated 27 March 2017 of the Board of Management.

Disclosure of information comparability in the consolidated financial statements

Comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2016.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

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

Financial year

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company 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 consolidated financial reporting requires the Board of Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Board of Directors' best knowledge, actual results may differ from those estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B09-DN/HN

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprise controlled by the Company (its subsidiary) for the year ended 31 December 2017. Control is achieved where the Company 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 subsidiary 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 subsidiary to bring the accounting policies used in line with those used by the Company.

Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination (see below) and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiary are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

Financial investments

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Company has the positive intent or ability to hold to maturity, including bank term deposits held to maturity to earn periodic interest.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the consolidated income statement on accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision for doubtful debts.

Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

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

Form B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventory includes direct materials, direct labour costs and overheads, where applicable, that have been incurred in bringing the inventories to their present location and condition. Issue cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution. The Company accounts inventory under perpetual inventory count method.

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

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

	Current year (Years)
Buildings and structures	5 - 25
Machinery and equipment	5 - 12
Motor vehicles and transmission equipment	5 - 8
Office equipment	3 - 6
Others	3 - 6

The Company's tangible fixed assets were revalued when it was equitized as a state-owned enterprise. Their cost and accumulated depreciation are adjusted based on the revaluation value approved by competent authorities as regulated. Adjusted depreciation was applied when the Company officially started operating as a joint stock company.

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 amortisation

Intangible assets represent land use rights, copyright, patents and computer software that are stated at cost less accumulated amortisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B09-DN/HN

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

Land use rights increase because of the revaluation and transfer to another form in which the State assigns land to the enterprise in exchange of land use fee, allowing the Company to record an increase in payables to the State when being transformed into a Joint Stock Company.

Intangible assets are amortised using the straight-line method over their estimated useful lives as follows:

	Current year (Years)
Land use rights	20 - 50
Copyright, patents	3
Computer software	3

The Company's intangible assets were revalued when it was equitized as a state-owned enterprises. Their cost and accumulated amortisation are adjusted based on the revaluation value approved by competent authorities as regulated. Adjusted amortisation was applied when the Company officially started operating as a joint stock company.

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 directly attributable costs in accordance with the Company's accounting policy. Such costs will be included in the estimated costs of the fixed assets (if settled costs have not been approved) when they are put into use.

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

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments comprise the cost of Camau Fertilizer Production Plant's asset insurance, fixed assets repair expenses, expense for catalyst, goodwill and other types of long-term prepayments.

The Company's goodwill arises as a result of determining the business value for equitization. This goodwill will be allocated to operating expenses in 3 years since the Company officially operates as a joint stock company.

The cost of Camau Fertilizer Production Plant's asset insurance will be allocated to operation expenses based on the insurance period.

Other types of long-term prepayments comprise cost of catalyst, small tools, supplies issued for consumption, fixed asset repair expenses, etc which are expected to provide future economic benefits to the Company for one year or more. These expenditures have been capitalised as long-term prepayments, and are allocated to the consolidated income statement using the straight-line method over the period of no more than 3 years.

Form B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Science and Technology Development Fund

Science and Technology Development Fund is appropriated at a rate of no more than 10% of taxable profit in order to invest in science and technology activities of the Company. This Fund was formed on the basis of the Company's development and technology innovation demand and is recognized in the operation results of the year.

Foreign currencies

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 consolidated income statement.

As guided by Official Letter No. 4360/DKVN-TCKT dated 30 June 2015 issued by Vietnam Oil and Gas Group and Official Letter No. 7526/BTC-TCDN dated 08 June 2015 issued by Ministry of Finance on the exchange rate of foreign currencies, the Company applied the buying rate announced by Joint Stock Commercial Bank for Foreign Trade of Vietnam to translate monetary items denominated in foreign currencies as at 31 December 2017. The above mentioned rate differs from that stated in Circular No. 200/2014/TT-BTC dated 22 December 2014 issued by the Ministry of Finance guiding the accounting regime for enterprises ("Circular 200").

Revenue recognition

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

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with the ownership or effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

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

Dividend income from investments is recognised when the Company's right to receive payment has been established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Form B09-DN/HN

Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

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 profit before tax 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.

According to Investment Certificate No. 61101000153 dated 04 December 2012 issued by the People's Committee of Camau province, the Company is entitled to tax incentives with regard to Camau Fertilizer Plant project as follows:

- ✓ Corporate income tax: The Company is entitled to preferential tax rates, tax exemption and reduction in accordance with provisions of the prevailing law on corporate income tax.
- ✓ Land tax: The Company is exempted/reduced from land use tax, land use fees, rentals and water surface rental in accordance with provisions of the prevailing laws on land and tax.
- ✓ Import duty: The Company is exempted from import duty with regard to equipment, materials, motor vehicles and other goods for the implementation of investment projects in accordance with the law on import/export duties.

For income from main business activities arising from Camau Fertilizer Plant Project, the Company is in the period of corporate income tax incentives. The year 2017 was the second year the Company was entitled to a 50% reduction in tax payable. For other business activities than Camau Fertilizer Plant Project, the Company is obliged to pay corporate income tax at the applicable rate based on taxable profit.

Corporate income tax of PetroVietnam Packaging Joint Stock Company (the Company's subsidiary - PPC) is applied as follows:

- ✓ For package manufacturing and trading activity: according to Decision No. 22/2010/QĐ-UBND dated 01 September 2010 issued by People's Committee of Bac Lieu province regarding promulgation of regulations and policies on investment encouragement, support and incentives in Bac Lieu province and the first Investment Certificate No. 60221000003 dated 23 June 2013 issued by Bac Lieu Industrial Zones Management Unit. Accordingly, PPC is entitled to tax incentives as follows: preferential tax rate of 20% for 10 years and tax exemption for 2 years from the first year PPC has taxable profit (2012), 50% tax reduction in tax payable for the next 4 years applicable to newly established enterprises of Investment Projects in areas with difficult socio-economic conditions. The year 2017 is the third year in which PPC is entitled to 50% tax deduction in tax payable.
- ✓ For fertilizer manufacturing and trading activity: the Company has had no taxable profit yet.

Form B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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

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

4. CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	331,972,815	84,430,897
Bank demand deposits	393,502,921,358	481,434,316,515
Cash equivalents (*)	1,502,350,000,000	332,000,000,000
	1,896,184,894,173	813,518,747,412

(*) Cash equivalents represent the deposits in VND at commercial banks with original terms of three months or less.

Bank demand deposits and cash equivalents are deposited at commercial banks in Vietnam. The Company regularly evaluates and believes that the above deposits are exposed to no risk of recoverability or liquidation.

5. SHORT-TERM FINANCIAL INVESTMENTS

	Closing balance		Opening balance	
	Cost VND	Carrying amount VND	Cost VND	Carrying amount VND
Short-term held-to-maturity investments				
Term deposits with maturity over 3 months	2,100,000,000,000	2,100,000,000,000	2,300,000,000,000	2,300,000,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Form B09-DN/HN

6. SHORT-TERM TRADE RECEIVABLES

	Closing balance VND	Opening balance VND
Hung Vuong Song Doc Joint Stock Company	553,135,000	-
Tuong Nguyen Import & Export Trading and Services Co., Ltd.	162,085,000	3,102,057,200
Phu My Chemical and Construction Co., Ltd.	-	3,600,130,403
Other customers	582,967,390	111,920,697
	1,298,187,390	6,814,108,300

7. SHORT-TERM ADVANCES TO SUPPLIERS

	Closing balance VND	Opening balance VND
Chemical Industry Engineering Joint Stock Company	47,759,883,484	-
PVD Trading and Technical Services Joint Stock Company	15,120,373,378	-
Yokogawa Vietnam Company Limited	5,573,649,360	-
VMARK Communication Corporation	2,763,700,000	-
Vimico Equipment and Accessories Co., Ltd.	895,294,617	2,115,198,796
Tri Viet Trading Engineering Company Limited	576,254,255	6,785,642,866
Other suppliers	15,671,855,758	9,840,912,509
	88,361,010,852	18,741,754,171
Short-term advances to related parties (details presented in Note 36)	17,919,325,565	-

8. OTHER RECEIVABLES

	Closing balance VND	Opening balance VND
a) Other short-term receivables		
Receivable from Vietnam Oil and Gas Group	276,761,701,091	393,555,154,634
- Estimated gas receivable for the year ended 31 December 2016	-	116,793,453,543
- Receivable related to the equitization phase (i)	276,761,701,091	276,761,701,091
Accrued interest receivable from term deposits	27,045,577,779	24,203,716,668
Capital granted to Camau Gas - Electricity - Fertilizer Project Management Unit (*)	-	19,718,000,000
Advances to employees	6,147,410,887	6,366,971,000
Receivable from PVI Insurance Ho Chi Minh City	-	4,053,625,704
Collateral, deposits	325,000,000	390,000,000
Other receivables	61,204,355	7,873,001,911
	310,340,894,112	456,160,469,917
b) Other long-term receivables		
Long-term collateral, deposits	3,000,000	3,000,000
	3,000,000	3,000,000
Other short-term receivables from related parties (details presented in Note 36)	276,761,701,091	415,245,932,412

Form B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

- (i) Represent profit of the period from 01 January 2014 to 14 January 2015, which had been transferred to Vietnam Oil and Gas Group due to the effect of price unit adjustment to gas purchased by the Company from Vietnam Oil and Gas Group during this period. This receivable will be recovered when the Company performs finalization regarding the State capital portion with Vietnam Oil and Gas Group.
- (ii) The balance of capital granted to Camau Gas - Electricity - Fertilizer Project Management Unit ("Project Management Unit") represents the amount the Company transferred to the Project Management Unit since 2013 to settle liabilities. This capital funding has no collateral and bears no interest. This balance was offset against the other short-term payables regarding input VAT for purchasing gas in the construction period before official commercial operations in 2017.

9. INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Raw materials	207,282,458,199	-	178,516,791,621	-
Tools and supplies	4,833,713,407	-	1,686,454,799	-
Work in progress	35,052,347,008	-	56,423,373,299	(1,505,064,148)
Finished goods	113,052,877,561	-	56,484,144,839	-
Goods	10,441,316,320	-	27,061,792,000	-
Goods on consignment	-	-	55,453,025,776	-
	370,662,712,495	-	375,625,582,334	(1,505,064,148)

As at 31 December 2017, the Company assessed the net realisable value and reversed provision for devaluation of inventories with the amount of VND 1,505,064,148.

10. PREPAYMENTS

	Closing balance VND	Opening balance VND
a) Short-term		
Assets insurance for Camau Fertilizer Plant	16,751,612,330	16,920,110,765
Warranty extension and software copyrights	4,760,218,148	6,910,830,835
Advertising pano	1,240,979,132	2,677,433,264
Other short-term prepaid expenses	4,480,567,257	3,163,271,748
	27,233,376,867	29,671,646,612
b) Long-term		
Goodwill (*)	-	46,513,175,754
Fixed asset repair expenses	-	20,130,240,727
Employee training expense	558,307,812	-
Catalyst chemicals	1,556,423,768	23,398,011,981
Other long-term prepaid expenses	6,413,579,280	8,988,058,148
	8,528,310,860	99,029,486,610

(*) The Company's goodwill represents the value of goodwill arising from the determination of enterprise value for the purpose of equitization. Such goodwill is recognized in profit or loss within 3 years from the year in which the Company officially started operating as a joint stock company. The amount recognized as expense for the year was VND 46,513,175,754.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Form B09-DN/HN

11. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles and transmission equipment VND	Office equipment VND	Others VND	Total VND
COST						
Opening balance	3,374,394,301,307	10,313,630,444,234	58,678,893,124	56,377,936,721	58,688,591,244	13,861,770,166,630
Transfer from construction in progress	17,402,780,362	15,943,959,478	882,002,616	-	-	34,228,742,456
Purchases	358,448,339	25,372,751,018	2,386,938,539	6,996,498,148	70,000,000	35,184,636,044
Reclassification	-	2,682,631,200	-	(2,682,631,200)	-	-
Closing balance	3,392,155,530,008	10,357,629,785,930	61,947,834,279	60,691,803,669	58,758,591,244	13,931,183,545,130
ACCUMULATED DEPRECIATION						
Opening balance	1,347,501,159,723	3,739,610,912,891	35,171,639,014	31,165,426,176	16,353,843,431	5,169,802,981,235
Charge for the year	301,520,507,502	971,389,646,514	9,225,147,503	9,080,016,074	581,623,497	1,291,796,941,090
Closing balance	1,649,021,667,225	4,711,000,559,405	44,396,786,517	40,245,442,250	16,935,466,928	6,461,599,922,325
NET BOOK VALUE						
Closing balance	1,743,133,862,783	5,646,629,226,525	17,551,047,762	20,446,361,419	41,823,124,316	7,469,583,622,805
Opening balance	2,026,893,141,584	6,574,019,531,343	23,507,254,110	25,212,510,545	42,334,747,813	8,691,967,185,395

As stated further in Note 20, PetroVietnam Camau Fertilizer Joint Stock Company (the Holding Company) has pledged the entire fixed assets formed from Camau Fertilizer Plant Project which have the carrying value of VND 7,127,915,909,028 as at 31 December 2017 (as at 31 December 2016: VND 8,346,611,298,925) to secure bank loans.

As stated in Note 20, PetroVietnam Packaging Joint Stock Company (the subsidiary) has pledged the entire fixed assets formed from Bac Lieu Packaging Production Plant Project and the fixed assets formed from granted loans with the total carrying amount of VND 73,279,224,370 as at 31 December 2017 (as at 31 December 2016: VND 49,061,353,253) to secure bank loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu branch.

The cost of the Company's tangible fixed assets as at 31 December 2017 includes VND 121,669,759,949 (as at 31 December 2016: VND 88,868,489,549) of fixed assets which have been fully depreciated but are still in use.

Form B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

12. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Copyright, patents VND	Computer software VND	Total VND
COST				
Opening balance	33,333,655,327	32,189,954,173	30,348,857,168	95,872,466,668
Additions	-	293,512,000	747,155,000	1,040,667,000
Other decrease (i)	(11,138,769,760)	-	-	(11,138,769,760)
Closing balance	22,194,885,567	32,483,466,173	31,096,012,168	85,774,363,908
ACCUMULATED AMORTISATION				
Opening balance	3,778,161,865	13,824,183,167	15,829,840,918	33,432,185,950
Charge for the year	1,487,400,597	10,753,359,328	9,693,158,787	21,933,918,712
Other decrease (i)	(1,551,616,728)	-	-	(1,551,616,728)
Closing balance	3,713,945,734	24,577,542,495	25,522,999,705	53,814,487,934
NET BOOK VALUE				
Closing balance	18,480,939,833	7,905,923,678	5,573,012,463	31,959,875,974
Opening balance	29,555,493,462	18,365,771,006	14,519,016,250	62,440,280,718

(i) According to Decision No. 70/QD-UBND dated 30 May 2017 of the Ca Mau Provincial People's Committee and Official Letter No. 1720/TB-CT dated 16 June 2017 of the Ca Mau Tax Department on approval of land price for the Project of construction of housing area for employees of PetroVietnam Ca Mau Fertilizer Joint Stock Company, the approved value of land use rights with the term of 20 years is VND 21,920,834,360. The Company has adjusted its land use rights and corresponding amortisation charges into its separate financial statements for this year.

The cost of the Company's intangible assets as at 31 December 2017 includes VND 16,268,335,312 (as at 31 December 2016: VND 770,105,114) of intangible assets which have been fully amortised but are still in use.

13. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
- Complex fertilizer production lines from melted Ure	59,991,150,644	27,028,312,486
- Public housing area clearance cost	19,217,326,485	19,217,326,485
- Improvement for sieving of grain size	9,466,711,521	2,768,240,076
- Repair and renovation of houses phase 3	5,832,841,102	-
- CCTV system phase 2	4,295,997,851	3,434,800,673
- Bac Lieu Fertilizer Plant	-	25,511,944,151
- Others	5,642,493,426	1,236,213,475
	104,446,521,029	79,196,837,346

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Form B09-DN/HN

14. SHORT-TERM TRADE PAYABLES

VND

	Closing balance		Opening balance	
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
Short-term trade payables				
Vietnam Oil and Gas Group (*)	198,267,385,610	198,267,385,610	494,320,135,459	494,320,135,459
PetroVietnam Power Corporation	33,178,356,253	33,178,356,253	33,178,233,697	33,178,233,697
Tri Viet Trading Engineering Company Limited	17,521,782,922	17,521,782,922	1,804,871,343	1,804,871,343
F.A Joint Stock Company	16,751,956,855	16,751,956,855	-	-
Sun Life Vietnam Insurance Company Limited	12,224,099,267	12,224,099,267	-	-
Others	159,596,598,813	159,596,598,813	159,102,347,770	159,102,347,770
	437,540,179,720	437,540,179,720	688,405,588,269	688,405,588,269
Trade payables to related parties (details presented in Note 36)	250,752,258,961	250,752,258,961	547,884,668,383	547,884,668,383

(*) Payable to Vietnam Oil and Gas Group mainly represents the amount payable by the Company to purchase natural gas of Block PM3 CAA and Block 46-Cai Nuoc under Contract Annex No. 04 dated 17 November 2014 amending Gas Purchases & Sales Contract No. 3918/HD-DKVN dated 23 May 2012 between the Company and the Holding Company - Vietnam Oil and Gas Group.

15. SHORT-TERM ADVANCES FROM CUSTOMERS

	Closing balance VND	Opening balance VND
Tuong Nguyen Import & Export Trading and Services Co., Ltd.	14,503,050,000	5,381,802,353
Dang Lan Service Trade Company Limited	8,810,500,000	-
Nguyen Khoa Trading, Ltd.	7,352,499,999	4,017,834,899
Huu Nghi Company Limited	6,261,232,500	422,410,833
Five Star International Fertilizer Cambodia Co., LTD	5,857,720,000	347,756,433
Hung Thanh Agricultural Materials Company Limited	5,477,842,360	-
Tuong Dung Private Enterprise	5,273,000,000	1,971,087,800
The Man Single Member Limited Liability Company	3,404,358,900	4,584,358,900
Hung Thanh Private Enterprise	432,286,240	3,023,291,970
Thai Son Trading and Services Co., Ltd.	330,000,000	974,646,000
Dang Lan Private Enterprise	-	11,259,334,800
Duy Thanh Co., Ltd.	-	992,381,200
Other customers	25,827,616,523	32,468,416,354
	83,530,106,522	64,450,940,342

Form B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

16. TAXES AND AMOUNTS RECEIVABLE FROM/PAYABLE TO THE STATE BUDGET

VND

Items	Opening balance	Movement in the year			Closing balance
		Amount payable	Amount net-off	Amount paid	
a) Receivables					
Value added tax	157,422,454	18,597,814,884	14,251,817,149	4,277,740,992	89,165,711
Corporate income tax	2,792,529,557	2,792,529,557	-	-	-
Land rental fee	397,346,605	264,435,222	-	264,435,222	397,346,605
	3,347,298,616	21,654,779,663	14,251,817,149	4,542,176,214	486,512,316
b) Payables					
Value added tax	1,053,239,200	16,152,118,990	11,776,614,628	5,133,682,374	295,061,188
Import duty	-	8,455,024,522	-	8,455,024,522	-
Personal income tax	311,619,722	38,095,719,409	-	26,829,335,955	11,578,003,176
Personal income tax	91,600,340	1,199,899,740	-	1,158,103,620	133,396,460
Other taxes	1,918,415,360	26,649,557,039	-	25,015,317,354	3,552,655,045
Personal income tax	1,309,097,587	23,904,285,150	-	21,774,980,362	3,438,402,375
Other taxes	609,317,773	2,745,271,889	-	3,240,336,992	114,252,670
	3,374,874,622	90,552,319,700	11,776,614,628	66,591,463,825	15,559,115,869

17. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
Personal income tax	64,274,035,669	58,538,290,059
Trade discount	45,183,361,668	-
Estimated gas payable for the year ended 31 December 2017 (i)	479,181,172,915	-
Guarantee fees	4,370,452,035	3,948,609,528
Goods purchase expenses and others	17,275,356,797	5,388,759,449
	610,284,379,084	67,875,659,036
Accrued expenses payable to related parties (details presented in Note 36)	479,181,172,915	-

(i) Estimated gas payable to Vietnam Oil and Gas Group for the year ended 31 December 2017 was determined and adjusted by the Company at the temporarily settled price in 2017 of USD 3.038/million BTU based on Decision No. 1245/QD-DKVN dated 01 March 2018 of the Chief Executive Officer of Vietnam Oil and Gas Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Form B09-DN/HN

18. OTHER PAYABLES

	Closing balance VND	Opening balance VND
a) Other short-term payables		
Camau Gas - Power - Fertilizer Project Management Unit	55,851,413,429	75,571,633,412
- Input VAT for purchasing gas in the construction period before official commercial operations	49,897,065,571	69,617,285,554
- Other payables	5,954,347,858	5,954,347,858
Payables to Vietnam Oil and Gas Group	152,890,357,958	152,448,336,377
- Completed "Camau Fertilizer Production Plant" Project handed over (i)	78,515,027,920	78,515,027,920
- Profit payable (ii)	40,732,029,647	40,732,029,647
- 2014 CIT overpayment	32,381,736,667	32,381,736,667
- Corporate income tax payable in the period from 01/01/2015 to 14/01/2015	1,176,849,040	1,176,849,040
- Payable for equitization	247,500,000	247,500,000
- Other payables	(162,785,316)	(604,806,897)
Safety reward fund (iii)	2,155,892,699	968,785,241
Trade union fee	1,271,810,485	884,990,682
Short-term deposits and mortgages received	571,366,000	2,184,282,500
Other short-term payables	8,396,633,061	15,972,822,772
	221,137,473,632	248,030,850,984
b) Other long-term payables		
Payable to the State budget for land use rights handed over	-	1,055,667,075
	-	1,055,667,075
Other payables to related parties (details presented in Note 36)	208,741,771,387	228,019,969,789

- (i) According to Decision No. 1989/QD-DKVN dated 25 March 2014 issued by the Members' Council of Vietnam Oil and Gas Group on approval of final accounts of the completed Camau Fertilizer Production Plant project, the Company took over fixed assets and current assets of Camau Fertilizer Plant according to the finalized value. The Company temporarily recognized the difference between the handed over value and the charter capital and received loans as a payable to Vietnam Oil and Gas Group. The payable balance will be adjusted when the Company performed capital finalization with the Group.
- (ii) Represent carried-forward effects on profit payable to Vietnam Oil and Gas Group due to adjustments to the consolidated financial statements for the period from 01 January 2014 to 14 January 2015 based on recommendations of the State Auditor. The profit payable balance will be adjusted when the Company performs finalization regarding the State capital portion with Vietnam Oil and Gas Group.
- (iii) The Company made appropriation to safety reward fund under Official Letter No. 3514/LDTBXH-LDTL dated 16 September 2013 issued by the Ministry of Labour-Invalids and Social Affairs regarding safety reward in order to pay beneficiaries who are workers and staff of Camau Fertilizer Production Plant.

Form B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

19. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Items	Opening balance		In the year		Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
Short-term loans (i)	-	-	119,039,671,765	115,430,649,165	3,609,022,600	3,609,022,600
Current portion of longterm loans (Note 20)	1,359,162,384,314	1,359,162,384,314	1,244,165,002,820	1,544,558,422,813	1,058,768,964,321	1,058,768,964,321
	1,359,162,384,314	1,359,162,384,314	1,363,204,674,585	1,659,989,071,978	1,062,377,986,921	1,062,377,986,921

- (i) Present the short-term loans of PetroVietnam Packaging Joint Stock Company (the Company's subsidiary) from Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch in the loan terms of no more than 3 months to supplement working capital for black urea and package production and trading. The loans are not secured and bear interest at the base rate plus the required margin, but no less than the interest rate floor set by the lender.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Form B09-DN/HH

20. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Items	Opening balance		In the period		Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
Long-term loans						
BNP Paribas Bank, Credit Agricole Bank, Export - Import Bank of China (i)	3,498,110,000,000	3,498,110,000,000	-	506,330,000,000	2,991,780,000,000	2,991,780,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade (ii)	1,931,852,620,271	1,931,852,620,271	-	365,645,769,166	1,566,206,851,105	1,566,206,851,105
Vietnam Public Joint Stock Commercial Bank - Can Tho Branch (iii)	373,560,934,469	373,560,934,469	-	344,888,736,461	28,672,198,008	28,672,198,008
National Commercial Joint Stock Bank - Sai Gon Branch (iv)	58,333,000,000	58,333,000,000	-	17,237,097,193	41,095,902,807	41,095,902,807
Saigon - Hanoi Commercial Joint Stock Bank (v)	-	-	67,992,690,692	-	67,992,690,692	67,992,690,692
Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch (vi)	35,685,984,614	35,685,984,614	11,277,678,294	10,063,400,000	36,900,262,908	36,900,262,908
Total	5,897,542,539,354	5,897,542,539,354	79,270,368,986	1,244,165,002,820	4,732,647,905,520	4,732,647,905,520
In which:						
Amount due for settlement within 12 months	1,359,162,384,314				1,058,768,964,321	
Amount due for settlement after 12 months	4,538,380,155,040				3,673,878,941,199	

According to Decisions No. 533/QĐ-DKVN and 534/QĐ-DKVN dated 19 January 2013 issued by the Chief Executive Officer of Vietnam Oil and Gas Group (the "Group"), since 15 January 2013, the Group has transferred to the Company responsibilities, duties and rights of the Borrower (except the loan withdrawal), as prescribed in Credit Agreements. The details of the Credit Agreements are as follows:

- (i) This is the loan obtained from the Group under Equity Credit Agreement between a group of banks, i.e. BNP Paribas Bank, Export - Import Bank of China and Credit Agricole Bank, with Vietnam Oil and Gas Group as the borrower. The agreement was signed on 15 September 2011 with the principal of USD 220,000,000. The purpose of the loan is to invest in "Camau Fertilizer Plant" project. The loan term is 120 months from the date of the first disbursement which falls on 25 July 2012. The interest rate is 6-month LIBOR for due term and adjusted once every 06 months from the first withdrawal date. The loan interest is paid once every 6 months.

Form B09-DN/HH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

- (ii) This is the loan obtained from the Group under State Investment Credit Agreement No. HDTDDT-CM/PV-VIETINBANK2009 dated 25 September 2009 between Vietnam Oil and Gas Group (the borrower) and Vietnam Joint Stock Commercial Bank for Industry and Trade (Vietinbank - the lender) in order to finance Camau Fertilizer Plant project. The loan term is 120 months from the first disbursement date; in which the grace period is 30 months from the first disbursement date, the principal repayment period is 90 months from the end of the grace period. The interest rate (calculated on the outstanding balance for due term) is the USD 6-month saving deposit interest paid in arrears of Vietinbank plus (+) 2.5% per annum; the interest rate is adjusted once every 6 months from the first withdrawal date. The overdue interest rate equals the interest rate for due term plus 1% per annum. The loan interest is paid once every 3 months. As at 31 December 2017, the outstanding principal balance is USD 69,102,442 (as at 31 December 2016: USD 85,047,442).
- (iii) This is the loan under Credit Agreement No. 235/HDW-PVB-CNCT dated 31 October 2014 between the Company and Vietnam Public Joint Stock Commercial Bank - Can Tho Branch with the credit limit of USD 48,071,638.74 in order to restructure the loan that is used to finance Camau Fertilizer Plant project according to State Investment Credit Agreement No. 01/2010/HDTDDT-NHPT dated 17 June 2010 between the Group and Vietnam Development Bank. The maximum loan term is 38 months from the first disbursement date. Loan interest rate is determined by reference interest plus margin interest (3.15% per annum and fixed during the loan term) on specified date and this interest rate does not exceed 5% at any time of the loan term. The applicable interest rate for the first year is 4% per annum. Interest will be paid monthly on the first day of the month.
- Vietnam Oil and Gas Group and the Company have pledged fixed assets including buildings and structures, machinery, equipment of Camau Fertilizer Plant to secure the loans above.
- (iv) This is the loan under Credit Agreement No. 197/16/HDCV/101 dated 10 June 2016 between National Commercial Joint Stock Bank ("NCB") - Sai Gon Branch and the Company with the credit limit of VND 105,200,000,000, for the purpose of recovering investment capital and investing in the construction Project of "Packed Ure Warehouse with the capacity of 10,000 tons at Camau Fertilizer Plant". The loan term is 36 months from the first disbursement date. The lending interest rate is determined by the average deposit interest rate for individuals with 12-month maturity period and interests paid in arrears of five (05) banks: Joint Stock Commercial Bank for Investment and Development of Vietnam, Vietnam Joint Stock Commercial Bank for Foreign Trade of Vietnam, Vietnam Bank for Agriculture and Rural Development, Joint Stock Commercial Bank for Industry and Trade of Vietnam and NCB at the time of adjusting lending interest rate plus (+) a margin of 2% per annum.
- (v) This is the loan under the Credit Agreement No. 559/2017/HDTDH-PN/SHB.110100 dated 8 November 2017 between Saigon - Hanoi Commercial Joint Stock Bank ("SHB") and the Company with the credit limit of VND 615,700,000,000, for the purpose of investing in the construction project of Composite Fertilizer Production from melted Urea" with the capacity of 300,000 tons/year. The loan term is 60 months from the first disbursement date. The loan bears an interest rate of 7.5% per annum for the first 12 months from the first disbursement, and then the interest rate is adjusted every 3 months with the adjusted interest rate determined by the average deposit interest rate for individuals with 12-month maturity period and interests paid in arrears with banks: Joint Stock Commercial Bank for Investment and Development of Vietnam, Vietnam Joint Stock Commercial Bank for Foreign Trade of Vietnam, Vietnam Joint Stock Commercial Bank for Industry and Trade and SHB at the time of adjusting lending interest rate plus (+) a margin of 1.7% per annum.
- (vi) This is the long-term loan of PetroVietnam Packaging Joint Stock Company (the Company's subsidiary - PPC) obtained from Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch under credit agreements with the terms from 3 years to 7 years to sponsor for investment, procurement and construction of fixed assets. These loans are secured by assets formed from the loan. The loan bears floating rates that are adjusted over time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Form B09-DN/HN

Long-term loans are repayable as follows:

	Closing balance VND	Opening balance VND
Within one year	1,058,768,964,321	1,359,162,384,314
In the second year	1,009,195,191,309	1,043,072,350,155
In the third to fifth year	2,130,354,352,273	2,487,831,321,897
After five years	534,329,397,617	1,007,476,482,988
	4,732,647,905,520	5,897,542,539,354
Less: Amount due for settlement within 12 months (presented in short-term loans)	1,058,768,964,321	1,359,162,384,314
Amount due for settlement after 12 months	3,673,878,941,199	4,538,380,155,040

21. SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUND

	Current year VND	Prior year VND
Opening balance	41,572,332,229	35,127,224,702
Fund established in the year (i)	72,825,537,606	15,000,000,000
Fund used in the year	(10,960,352,544)	(8,554,892,473)
Closing balance	103,437,517,291	41,572,332,229

- (i) The scientific and technological development fund is appropriated in the year at the rate of 10% of the Company's taxable profit according to the Resolution No. 86/NQ-PVCFC dated 20 January 2018 of the Company's General Shareholders.

Form B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

22. OWNERS' EQUITY

Movement in Owners' equity

	Owners' contributed capital	Investment and development fund	Retained earnings	Non-controlling interest	Total
Opening balance	5,294,000,000,000	372,637,865,219	543,413,599,711	23,141,314,690	6,233,192,779,620
Profit for the year	-	-	619,831,354,510	4,508,467,538	624,339,822,048
Appropriation to investment and development fund	-	75,000,693,487	(75,000,693,487)	-	-
Appropriation to bonus and welfare funds	-	-	(84,675,722,036)	(758,971,212)	(84,675,722,036)
Payment for equitization	-	(286,574,832,277)	-	-	(286,574,832,277)
Dividend paid	-	-	(635,280,000,000)	-	(635,280,000,000)
Opening balance	5,294,000,000,000	161,063,726,429	368,288,538,698	26,890,811,016	5,850,243,076,143
Profit for the year	-	-	644,126,900,730	3,497,683,527	647,624,584,257
Appropriation to investment and development fund (i)	-	77,671,807,574	(77,671,807,574)	-	-
Appropriation to bonus and welfare funds (i)	-	-	(69,392,041,452)	(1,007,784,827)	(70,399,826,279)
Dividend paid	-	-	(270,947,875,000)	(2,997,936,000)	(273,945,811,000)
Closing balance	5,294,000,000,000	238,735,534,003	594,403,715,402	26,382,773,716	6,153,522,023,121

- (i) The appropriated amounts include the amounts distributed to the Investment and Development Fund and the Bonus and Welfare Funds of the Company and the Subsidiary under the Resolution of the General Shareholders of the Company and the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Shares

	Closing balance VND	Opening balance VND
Number of shares issued to the public		
+) Ordinary shares	529,400,000	529,400,000
Number of outstanding shares in circulation		
+) Ordinary shares	529,400,000	529,400,000

An ordinary share has par value of VND 10,000.

Charter capital

The charter capital of the Company is VND 5,294,000,000,000. As at 31 December 2017, the charter capital has been fully contributed by shareholders, as follows:

Shareholders	Per Corporate Registration Certificate		Contributed capital at the end of the year
	VND	%	VND
Vietnam Oil and Gas Group	4,000,230,570,000	75.56%	4,000,230,570,000
Other shareholders	1,293,769,430,000	24.44%	1,293,769,430,000
	5,294,000,000,000	100%	5,294,000,000,000

Dividends

According to Resolution No. 714/NQ-DHDCD dated 21 April 2017, the Company's General Shareholders decided to pay dividend in 2017 at the rate of 9% of charter capital, equivalent to the amount of VND 476,460,000,000, in which the amount of VND 211,760,000,000 was temporarily paid in 2016 and the remaining amount of VND 264,700,000,000 was paid in 2017.

According to Resolution No. 01/NQ-DHCD dated 19 April 2017, General Shareholders of PetroVietnam Packaging Joint Stock Company (the subsidiary) decided to pay dividend from 2016 profit at the rate of 15% of charter capital.

Non-controlling interests

Non-controlling interests represent other shareholders' proportion of net assets and operation result of the subsidiary. Non-controlling interest ratio in the subsidiary is determined as follows:

	Amount VND
Charter capital of the subsidiary	40,812,490,000
Including:	
Contributed capital of the Company	20,826,250,000
Contributed capital of non-controlling shareholders	19,986,240,000
Non-controlling interest ratio	48.97%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Non-controlling interests are equal to net assets at the balance sheet date as follows:

	Closing balance VND	Opening balance VND
Total assets	59,634,016,965	57,026,342,620
Total liabilities	(33,251,243,249)	(30,135,531,604)
Net assets	26,382,773,716	26,890,811,016
Details are as follows:		
Charter capital	19,986,240,000	19,986,240,000
Other funds	2,750,463,799	1,848,770,291
Retained earnings	3,646,069,917	5,055,800,725

23. OFF-BALANCE SHEET ITEMS

	Closing balance	Opening balance
Foreign currencies		
USD	1,756,770	3,052,136
EUR	1,279.9	1,280.3

24. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Company's principal activities are manufacturing and trading fertilizers and packages used in agriculture. The revenue for the year 2017 and the assets as at 31 December 2017 of the Company's package manufacturing and trading are about VND 16 billion and VND 64 billion respectively, accounting for a negligible proportion in total revenue from goods sold and service rendered and total assets of the Company. Accordingly, the financial information presented in the consolidated balance sheet as at 31 December 2017 and all revenue and expenses presented in the consolidated income statement for the year ended 31 December 2017 are mainly related to manufacturing and trading of fertilizers. Revenue and cost of sales per each goods item and business activity are presented in Note 25 and Note 26.

The Company carries out the distribution of fertilizer products primarily in the Southwest, Southeast and Central Highlands markets. During the year, the Company exported Camau fertilizer products to Cambodia with revenue of about VND 610 billion (export turnover in the year ended 31 December 2016 was about VND 411 billion) - accounting for negligible proportion of gross revenue from goods sold and services rendered of the Company. Thus, almost the entire production and business activities of the Company are carried out in the territory of Vietnam.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Form B09-DN/HN

25. REVENUE

	Current year VND	Prior year VND
Sales of ure	4,999,047,570,773	4,469,266,949,185
- Domestic sales	4,388,871,445,500	4,057,791,404,100
- Export	610,176,125,273	411,475,545,085
Sales of Amoniac	110,293,496,898	92,613,549,214
Sales of fertilizers and packages	614,294,425,537	391,586,922,283
Sales of commercial waste and other fertilizers	107,961,593,000	18,113,256,608
Revenue from other services rendered	1,376,242,600	168,266,364
	5,832,973,328,808	4,971,748,943,654
Sales deduction		
Sales discounts	81,433,529,150	61,077,760,352
Sales rebates	-	500,500,000
Returned goods	3,784,830,000	-
	85,218,359,150	61,578,260,352
Sales in the year with related parties (details presented in Note 36)	1,445,466,159	1,860,000,000

26. COST OF SALES

	Current year VND	Prior year VND
Cost of Ure sold	3,728,052,146,680	3,180,817,736,403
Cost of Amoniac sold	64,396,640,284	71,536,461,448
Cost of fertilizers and packages sold	553,475,182,563	342,361,322,218
(Reverse)/Provision for devaluation of inventories	(1,505,064,148)	792,216,475
Cost of other fertilizer products	22,033,613,709	-
	4,366,452,519,088	3,595,507,736,544

27. PRODUCTION COST BY NATURE

	Current year VND	Prior year (restated) VND
Raw materials and consumables	2,066,733,718,432	1,368,769,462,360
Labours	374,461,962,030	351,319,527,452
Depreciation and amortisation	1,309,000,550,484	1,292,036,751,160
Out-sourced services	402,847,162,476	439,332,365,733
Other monetary expenses	322,764,390,689	211,036,164,762
	4,475,807,784,111	3,662,494,271,467

Prior year's production cost by nature was restated by the Company to be comparative with current year's figures.

Form B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

28. FINANCIAL INCOME

	Current year VND	Prior year VND
Bank deposit interest	156,693,296,475	155,766,178,207
Foreign exchange gain	12,069,440,213	125,585,828,681
	168,762,736,688	281,352,006,888

29. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Interest expense	182,986,530,390	206,622,388,743
Foreign exchange loss	7,374,742,535	211,446,671,982
Guarantee fee	12,413,685,633	14,539,142,286
Other financial expenses	113,825,000	111,275,000
	202,888,783,558	432,719,478,011

30. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
Selling expenses		
Selling staff expenses	25,097,520,045	16,823,408,299
Transport, loading and storage expenses	157,177,036,813	116,952,914,055
Depreciation and amortisation expenses	265,246,584	-
Advertising and communication expenses	76,718,217,151	43,308,612,978
Social welfare security expenses	30,950,546,500	42,307,639,338
Other selling expenses	43,391,738,192	56,440,436,567
	333,600,305,285	275,833,011,237
General and administration expenses		
Administrative staff expenses	82,530,006,594	66,542,584,989
Management fee payable to Vietnam Oil and Gas Group	28,435,849,993	22,689,734,166
Depreciation and amortization expenses	28,611,435,573	27,322,966,531
Provision for science and technology development fund	72,825,537,606	15,000,000,000
Goodwill	46,513,175,754	46,513,175,754
Other general and administration expenses	78,434,863,438	76,685,368,887
	337,350,868,958	254,753,830,327

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Form B09-DN/HN

31. OTHER INCOME AND OTHER EXPENSES

	Current year VND	Prior year VND
Other income		
Over-counted inventory	-	23,214,404,415
Penalty for breach of contract	1,183,948,236	407,646,593
Other income	1,998,448,487	2,587,740,109
	3,182,396,723	26,209,791,117
Other expenses		
Other expenses	82,492,494	27,031,577
	82,492,494	27,031,577
Other profit	3,099,904,229	26,182,759,540

32. CURRENT CORPORATE INCOME TAX EXPENSE

	Current year VND	Prior year VND
Corporate income tax from production of ure (*)	35,402,843,618	33,113,858,381
Corporate income tax from production of packages (**)	1,439,584,609	1,084,636,971
Corporate income tax from other activities	4,039,700,739	353,076,211
	40,882,128,966	34,551,571,563

(*) According to Official Letter No. 4641/TCT-CS issued by the General Department of Taxation on 02 December 2008 in a reply to Vietnam Oil and Gas Group regarding tax incentives for Camau Fertilizer Plant Project, the Holding Company is entitled to corporate income tax incentives at the rate of 10% for 15 years since the beginning of production and business activities, corporate income tax exemption for 4 years from having taxable profit and 50% reduction in tax payable for the 9 years thereafter. The year 2017 is the second year PetroVietnam Camau Fertilizer Joint Stock Company (the Holding Company) is entitled to 50% reduction in tax payable regarding profit generated by the main operating activities of Camau Fertilizer Production Plant Project.

For operations other than Camau Fertilizer Production Plant Project, the parent Company is obliged to pay corporate income tax at the normal tax rate for taxable profit from other activities.

(**) Corporate income tax of PetroVietnam Packaging Joint Stock Company (the Company's subsidiary - PPC) is applied as follows:

- For packaging activity: according to Decision No. 22/2010/QD-UBND dated 01 September 2010 issued by People's Committee of Bac Lieu province regarding promulgation of regulations and policies on investment encouragement, support and incentives in Bac Lieu province and the first Investment Certificate No. 60221000003 dated 23 June 2013 issued by Bac Lieu Industrial Zones Management Unit. PPC is entitled to tax incentives as follows: preferential tax rate of 20% for 10 years and tax exemption for 2 years from the first year PPC has taxable profit (2012), 50% tax reduction in tax payable for the next 4 years applicable to newly established enterprises of Investment Projects in areas with difficult socio-economic conditions. The year 2017 is the fourth year in which PPC is entitled to 50% tax deduction in tax payable.

- For fertilizer activity: the Company has had no taxable profit yet.

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

Form B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

33. BASIC EARNINGS PER SHARE

	Current year VND	Prior year VND
Profit after corporate income tax	637,879,025,730	619,831,354,510
- Appropriation to bonus and welfare funds	(69,392,041,452)	(84,675,722,036)
Earnings for the purpose of calculating basic earnings per share	568,486,984,278	535,155,632,474
Weighted average number of ordinary shares	529,400,000	529,400,000
Basic earnings per share	1,074	1,011

34. CONTINGENT LIABILITIES

For the loan under the ECA Loan Agreement between lending group of BNP Paribas, Export-Import Bank of China and Credit Agricole Bank and the borrower, Vietnam Oil and Gas Group, the General Department of Taxation has not made a final decision on whether the Company is exempt from withholding tax on the interest paid. According to Official Letter No. 1610/TCT-HTQT dated 25 April 2017 of the General Department of Taxation to the Vietnam Oil and Gas Corporation, the General Department of Taxation and Vietnam Oil and Gas Group are in the process of considering and solving problems relating to the application of the Double Taxation Avoidance Agreement on foreign loan contracts, including the abovementioned loan contract. In case the Company is obliged to pay withholding tax, the total withholding tax payable to 31 December 2017 is approximately VND 32 billion. The Board of Directors has decided not to recognize the above-mentioned withholding tax amount in the separate financial statements until the official decision of the General Department of Taxation.

35. OTHER COMMITMENTS

- ✓ According to Gas Sales Agreement No. 3918/HD-DKVN dated 23 May 2012 between Vietnam Oil and Gas Group and PetroVietnam Camau Fertilizer Company Limited (currently known as PetroVietnam Camau Fertilizer Joint Stock Company), the Company will purchase natural gas of Block PM3 CAA and Block 46 - Cai Nuoc from the Group within 20 years from the official operation date with the output of 457.38 million m³ of standard gas per year.
- ✓ According to Contract Annex No. 04 dated 27 November 2014, gas price in the contract is the price to ensure the efficiency of producing fertilizers of the Holding Company with the average return on equity of 12% per year (excluding VAT and other indirect taxes). Gas price in the contract temporarily calculated to issue invoices and to make monthly payment in the year is the price stated in a document approving the annual business plan released by Vietnam Oil and Gas Group.
- ✓ According to Decision No. 615/QD-PVCFC dated 24 March 2016, the Board of Management of PetroVietnam Camau Fertilizer Joint Stock Company (by Holding Company) approved the Feasibility Study Report of the "Project for Composite Fertilizer Production from melted Urea" with the capacity of 300,000 ton/year with total investment including value added tax of VND 879,588,574,880. The expected implementation period of the project is 33 months with the structure of investment capital in which the loans account for 70% and the equity accounts for 30%. As of 31 December 2017, the value of the project was about VND 60 billion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Form B09-DN/HN

36. RELATED PARTIES TRANSACTIONS AND BALANCES

List of related parties with significant transactions and balances for the year:

Related parties	Relationship
Vietnam Oil and Gas Group	Parent Company
Subsidiaries, joint ventures and associates of Vietnam Oil and Gas Group	Entities under the same owner

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

	Closing balance VND	Opening balance VND
Other short-term receivables		
Vietnam Oil and Gas Group	276,761,701,091	393,555,154,634
Camau Gas - Power - Fertilizer Project Management Unit	-	19,718,000,000
Accrued interest receivable from Vietnam Public Joint Stock Commercial Bank - Can Tho Branch	-	1,972,777,778
	276,761,701,091	415,245,932,412
Short-term advances to suppliers		
PVD Trading and Technical Services Joint Stock Company	15,120,373,378	-
PetroVietnam Manpower Training College	1,737,289,058	-
Petroleum Pipeline and Tank Construction Joint Stock Company	946,853,379	-
Vietnam Petroleum Institute	114,809,750	-
	17,919,325,565	-
Short-term accrued expenses		
Vietnam Oil and Gas Group	479,181,172,915	-
	479,181,172,915	-
Other current payables		
Camau Gas - Power - Fertilizer Project Management Unit	55,851,413,429	75,571,633,412
Vietnam Oil and Gas Group	152,890,357,958	152,448,336,377
	208,741,771,387	228,019,969,789

Form B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	Closing balance VND	Opening balance VND
Short-term trade payables		
Vietnam Oil and Gas Group	198,267,385,610	494,320,135,459
PetroVietnam Power Corporation	33,178,356,253	33,178,233,697
PetroVietnam Manpower Training College	7,876,619,308	-
Drilling Mud Corporation	3,321,395,000	-
Vietnam Petroleum Institute	2,744,211,101	4,007,466,690
PetroVietnam Security Service Corporation	1,178,774,401	3,068,115,764
PetroVietnam Infrastructure and Urban Investment Joint Stock Company	964,143,000	2,695,512,994
Drilling Mud Corporation - Ho Chi Minh Branch	590,817,871	-
South-West PetroVietnam Fertilizer and Chemical Joint Stock Company	525,349,414	-
PetroVietnam Transportation Vung Tau Joint Stock Company	448,935,340	2,064,947,000
PVOil Sai Gon JSC.	441,005,840	-
South-East PetroVietnam Fertilizer and Chemical Joint Stock Company	378,690,620	326,105,560
Cuu Long Petro Gas Transportation Joint Stock Company - Con Son Branch	223,121,800	188,300,200
Joint venture Vietsovetro	97,500,000	-
PetroVietnam Urban Development Joint Stock Company	75,485,181	75,485,181
Petroleum Equipment Assembly & Metal Structure Co.,Ltd	440,468,222	6,073,580,500
PetroVietnam Maintenance and Repair Coporation	-	1,886,785,338
	250,752,258,961	547,884,668,383

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

	Current year VND	Prior year VND
Sales		
South-West PetroVietnam Fertilizer and Chemicals Joint Stock Company	1,445,466,159	-
South-East PetroVietnam Fertilizer and Chemicals Joint Stock Company	-	1,860,000,000
	1,445,466,159	1,860,000,000
Dividend paid		
Vietnam Oil and Gas Group	200,011,528,500	480,027,668,400
	200,011,528,500	480,027,668,400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	Current year VND	Prior year VND
Purchases		
Vietnam Oil and Gas Group	1,332,877,974,868	832,882,827,148
PetroVietnam Power Corporation	236,636,445,862	157,120,921,245
PVI South Company	50,409,244,621	51,055,989,330
PetroVietnam Security Service Corporation	13,020,961,132	13,018,149,462
Vietnam Petroleum Institute	11,316,760,878	9,661,405,451
PetroVietnam Manpower Training College	10,158,497,601	2,438,319,987
PetroVietnam Transportation Vung Tau Joint Stock Company	9,653,452,000	11,305,896,000
MeKong Petroleum Joint Stock Company	7,167,018,450	-
Petroleum Pipeline and Tank Construction Joint Stock Company	6,877,491,844	-
PVI Insurance Corporation - Camau Branch	6,783,796,315	1,791,493,760
Drilling Mud Corporation	4,507,835,368	680,143,340
Cuu Long Petro Gas Transportation Joint Stock Company - Con Son Branch	2,114,751,900	-
South-East PetroVietnam Fertilizer and Chemical Joint Stock Company	2,050,443,973	-
PetroVietnam Infrastructure and Urban Investment Joint Stock Company	1,839,674,049	-
South-West PetroVietnam Fertilizer and Chemical Joint Stock Company	1,647,302,207	-
Petroleum Equipment Assembly & Metal Structure Co.,Ltd	1,445,466,159	10,490,729,955
Indochina Petroleum Transportation Joint Stock Company	712,406,157	-
Joint venture Vietsovetro	97,500,000	-
PetroVietnam Central Fertilizer and Chemicals Joint Stock Company	-	12,164,542,336
PetroVietnam Maintenance and Repair Joint Stock Company	-	842,003,431
PetroVietnam Machine and Equipment Joint Stock Company	-	611,846,772
	1,699,317,023,384	1,104,064,268,217
Remuneration paid to the Boards of Management and Directors	17,112,987,152	11,444,499,720



Dinh Nhat Duong
Preparer





Dinh Nhu Cuong
Chief Accountant

Le Ngoc Minh Tri
Deputy General Director

17 March 2018



PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY (PVCFC)

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