



**PETROVIETNAM CAMAU FERTILIZER JOINT STOCK
COMPANY**

(Incorporated in the Socialist Republic of Vietnam)

**REVIEWED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

For the 6-month period ended 30 June 2016

PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

Plot D, Ward 1 Industrial Zone, Ngo Quyen Street, Ward 1
Camau City, Camau Province, S.R. Vietnam

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of PetroVietnam Camau Fertilizer Joint Stock Company (the "Company") presents this report together with the Company's interim consolidated financial statements for the 6-month period ended 30 June 2016.

THE BOARDS OF MANAGEMENT AND DIRECTORS

The members of the Boards of Management and Directors of the Company who held office during the period 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

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the interim consolidated financial statements, which give a true and fair view of the financial position of the Company and of its results and cash flows for the period in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim consolidated financial reporting. In preparing these interim 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 interim consolidated financial statements;
- Prepare the interim 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 interim consolidated financial statements so as to minimize errors and frauds.

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 interim consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim 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 interim consolidated financial statements.

For and on behalf of the Board of Directors,



Le Ngoc Minh Tri
Deputy General Director

22 August 2016

No.: 211 /VNIA-HN-BC

REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: The Shareholders
The Board of Management and Board of Directors
PetroVietnam Camau Fertilizer Joint Stock Company

We have reviewed the accompanying interim consolidated financial statements of PetroVietnam Camau Fertilizer Joint Stock Company (the "Company") prepared on 22 August 2016 as set out from page 4 to page 37, which comprise the interim consolidated balance sheet as at 30 June 2016, the interim consolidated statements of income and cash flows for 6-month period then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Interim consolidated financial statements

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2016, and of its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim consolidated financial reporting.

REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Emphasis of Matters

- The Company has been officially transformed into a joint stock company since 15 January 2015. The interim consolidated financial statements for the 6-month period ended 30 June 2016 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 official date of the Company's transformation into a joint stock company.
- As presented in Note 18 of the Notes to the interim consolidated financial statements, the Company has recorded an estimated amount of approximately VND 170.7 billion into account payables to Vietnam Oil and Gas Group. These amounts might be considered and adjusted by the Vietnam Gas and Oil Group to ensure the effectiveness of the fertilizer business and production of the Company.
- As presented in Note 33 of the Notes to the interim consolidated financial statements, in 2015, the General Department of Taxation and the Company jointly signed working minutes on the finalization of the 2014 gas price. The Company has been working with Vietnam Oil and Gas Group on the finalization of the State capital portion in the Company; accordingly, the Company's interim consolidated financial statements do not include any adjustments that may arise related to this matter. The above additional gas price shall be recognized when the Company completes the finalization of equitization.

Our conclusion is not qualified in respect of these matters.



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

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

22 August 2016
Hanoi, S.R. Vietnam

PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

Plot D, Ward 1 Industrial Zone, Ngo Quyen Street, Ward 1
Camau City, Camau Province, S.R. Vietnam

Interim consolidated financial statements
For the six-month period ended 30 June 2016

INTERIM CONSOLIDATED BALANCE SHEET

As at 30 June 2016

FORM B 01a-DN/HN

*(Issued under Circular No. 200/2014/TT-BTC dated
22 December 2014 of the Ministry of Finance)*

Unit: VND

ASSETS	Codes	Notes	30/6/2016	31/12/2015
A. CURRENT ASSETS	100		4,035,746,545,540	4,431,356,579,753
I. Cash and cash equivalents	110	5	965,643,110,196	1,215,079,331,489
1. Cash	111		583,643,110,196	183,079,331,489
2. Cash equivalents	112		382,000,000,000	1,032,000,000,000
II. Short-term financial investments	120		2,500,000,000,000	2,702,555,555,556
1. Held-to-maturity investments	123	6	2,500,000,000,000	2,702,555,555,556
III. Short-term receivables	130		119,605,502,806	79,842,093,989
1. Short-term trade receivables	131	7	7,937,512,494	7,261,327,710
2. Short-term advances to suppliers	132	8	51,806,221,273	14,976,365,167
3. Other short-term receivables	136	9	59,860,475,542	57,604,401,112
4. Deficits in assets awaiting solution	139		1,293,497	-
IV. Inventories	140	10	404,707,338,720	391,329,837,679
1. Inventories	141		408,329,886,940	392,042,685,352
2. Provision for devaluation of inventories	149		(3,622,548,220)	(712,847,673)
V. Other short-term assets	150		45,790,593,818	42,549,761,040
1. Short-term prepayments	151	11	24,116,140,375	22,065,115,079
2. Value added tax deductibles	152		21,126,428,643	20,046,317,478
3. Taxes and other receivables from the State budget	153	17	548,024,800	438,328,483
B. NON-CURRENT ASSETS	200		9,453,478,926,056	10,047,262,662,133
I. Long-term receivables	210		3,000,000	3,000,000
1. Other long-term receivables	216	9	3,000,000	3,000,000
II. Fixed assets	220		9,228,298,502,598	9,848,605,814,914
1. Tangible fixed assets	221	12	9,162,246,568,780	9,780,140,333,873
- Cost	222		13,685,333,975,381	13,678,066,136,232
- Accumulated depreciation	223		(4,523,087,406,601)	(3,897,925,802,359)
2. Intangible assets	227	13	66,051,933,818	68,465,481,041
- Cost	228		88,419,835,560	81,168,329,895
- Accumulated amortisation	229		(22,367,901,742)	(12,702,848,854)
III. Long-term assets in progress	240		145,098,601,523	95,437,715,195
1. Construction in progress	242	14	145,098,601,523	95,437,715,195
IV. Other long-term assets	260		80,078,821,935	103,216,132,024
1. Long-term prepayments	261	11	80,078,821,935	103,216,132,024
TOTAL ASSETS (270=100 + 200)	270		13,489,225,471,596	14,478,619,241,886

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

PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

Plot D, Ward 1 Industrial Zone, Ngo Quyen Street, Ward 1
Camau City, Camau Province, S.R. Vietnam

Interim consolidated financial statements
For the six-month period ended 30 June 2016

INTERIM CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2016

FORM B 01a-DN/HN

(Issued under Circular No. 200/2014/TT-BTC dated
22 December 2014 of the Ministry of Finance)

Unit: VND

RESOURCES	Codes	Notes	30/6/2016	31/12/2015
C. LIABILITIES	300		7,660,435,406,826	8,245,426,462,266
I. Current liabilities	310		2,518,500,801,421	2,424,036,133,222
1. Short-term trade payables	311	15	278,348,595,450	298,270,780,042
2. Short-term advances from customers	312	16	57,412,987,916	153,444,525,172
3. Taxes and amounts payable to the State budget	313	17	19,165,810,798	6,319,345,837
4. Payables to employees	314		63,855,071,723	69,044,339,084
5. Short-term accrued expenses	315	18	340,877,025,195	342,691,984,116
6. Other current payables	319	19	226,497,759,722	205,977,072,683
7. Short-term loans and obligations under finance leases	320	20	1,332,571,920,886	1,319,172,808,870
8. Short-term provisions	321	21	144,403,312,890	-
9. Bonus and welfare funds	322		55,368,316,841	29,115,277,418
II. Long-term liabilities	330		5,141,934,605,405	5,821,390,329,044
1. Other long-term payables	337	19	8,175,238,300	33,175,238,300
2. Long-term loans and obligations under finance leases	338	20	5,101,694,770,004	5,753,087,866,042
3. Scientific and technological development fund	343		32,064,597,101	35,127,224,702
D. EQUITY	400		5,828,790,064,770	6,233,192,779,620
I. Owners' equity	410	22	5,828,790,064,770	6,233,192,779,620
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		128,571,096,598	372,637,865,219
3. Retained earnings	421		381,402,605,666	543,413,599,711
- Retained earnings accumulated to the prior period	421a		118,151,218,807	1,645,600,058
- Retained earnings of the current period	421b		263,251,386,859	541,767,999,653
4. Non-controlling interests	429		24,816,362,506	23,141,314,690
TOTAL RESOURCES (440=300+400)	440		13,489,225,471,596	14,478,619,241,886

Trương Quỳnh Anh

Dinh Nhu Cuong
Chief Accountant

Le Ngoc Minh Tri
Deputy General Director

22 August 2016

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

PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

Plot D, Ward 1 Industrial Zone, Ngo Quyen Street, Ward 1
Camau City, Camau Province, S.R. Vietnam

Interim consolidated financial statements
For the six-month period ended 30 June 2016

INTERIM CONSOLIDATED INCOME STATEMENT

For the 6-month period ended 30 June 2016

FORM B 02a-DN/HN

*(Issued under Circular No. 200/2014/TT-BTC dated
22 December 2014 of the Ministry of Finance)*

Unit: VND

ITEMS	Codes	Notes	From 01/01/2016 to 30/6/2016	From 15/01/2015 to 30/6/2015
1. Gross revenue from goods sold and services rendered	01	25	2,352,555,567,756	2,895,348,750,114
2. Deductions	02	25	44,027,435,397	61,564,939,586
3. Net revenue from goods sold and services rendered (10=01-02)	10		2,308,528,132,359	2,833,783,810,528
4. Cost of sales	11	26	1,706,634,547,297	1,932,241,837,240
5. Gross profit from goods sold and services rendered (20=10-11)	20		601,893,585,062	901,541,973,288
6. Financial income	21	28	200,090,232,329	91,560,707,800
7. Financial expenses	22	29	183,040,058,042	293,532,427,965
- In which: Interest expense	23		104,812,751,032	114,244,196,160
8. Selling expenses	25	30	138,120,235,126	154,642,058,396
9. General and administration expenses	26	30	113,890,962,042	92,022,928,159
10. Operating profit (30=20+(21-22)-(25+26))	30		366,932,562,181	452,905,266,568
11. Other income	31		1,145,924,803	562,897,496
12. Other expenses	32		4,681	972,913,470
13. Profit/(Loss) from other activities (40=31-32)	40		1,145,920,122	(410,015,974)
14. Accounting profit before tax (50=30+40)	50		368,078,482,303	452,495,250,594
15. Current corporate income tax expense	51	31	18,746,660,386	808,695,480
16. Net profit after corporate income tax (60=50-51)	60		349,331,821,917	451,686,555,114
16.1. Equity holders of the Holding Company	61		346,897,802,889	448,389,008,981
16.2. Non-controlling interests	62		2,434,019,028	3,297,546,133
17. Basic earnings per share	70		581	745

Thường Quỳnh Anh

Đinh Nhu Cuong
Chief Accountant

Le Ngọc Minh Tri
Deputy General Director

22 August 2016

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

PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

Plot D, Ward 1 Industrial Zone, Ngo Quyen Street, Ward 1
Camau City, Camau Province, S.R. Vietnam

Interim consolidated financial statements
For the six-month period ended 30 June 2016

INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the 6-month period ended 30 June 2016

FORM B 03a-DN/HN

*(Issued under Circular No. 200/2014/TT-BTC dated
22 December 2014 of the Ministry of Finance)*

Unit: VND

ITEMS	Codes	From 01/01/2016 to 30/6/2016	From 15/01/2015 to 30/6/2015
I. CASH FLOWS FROM OPERATING ACTIVITIES			
<i>1. Profit before tax</i>	<i>01</i>	<i>368,078,482,303</i>	<i>452,495,250,594</i>
<i>2. Adjustments for:</i>			
Depreciation and amortisation	02	633,521,979,825	587,432,027,382
Provisions	03	147,313,013,437	47,270,904,251
Foreign exchange (gain)/loss arising from translating foreign currency items	04	(47,946,955,677)	147,952,689,580
(Gain) from investing activities	05	(83,235,415,161)	(76,799,116,383)
Interest expense	06	104,812,751,032	114,244,196,160
<i>3. Operating profit before movements in working capital</i>	<i>08</i>	<i>1,122,543,855,759</i>	<i>1,272,595,951,584</i>
Changes in receivables	09	(42,507,934,612)	(44,604,094,678)
Changes in inventories	10	(16,287,201,588)	25,999,572,609
Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	(144,479,254,390)	197,558,989,421
Changes in prepaid expenses	12	21,086,284,793	19,961,404,881
Interest paid	14	(103,183,348,700)	(124,740,804,668)
Corporate income tax paid	15	(3,603,411,711)	(33,088,472,607)
Other cash inflows	16	541,472,500	172,000,000
Other cash outflows	17	(20,630,811,164)	(20,255,140,773)
Cash from equitization transferred to the Group		(286,574,832,277)	(1,581,808,975,597)
<i>Net cash generated by/(used in) operating activities</i>	<i>20</i>	<i>526,904,818,610</i>	<i>(288,209,569,828)</i>
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(56,632,078,384)	(89,828,899,403)
2. Cash outflow for lending, buying debt instruments of other entities	23	(2,500,000,000,000)	(1,505,000,000,000)
3. Cash recovered from lending, selling debt instruments of other entities	24	2,702,555,555,556	1,360,310,864,175
4. Interest earned, dividends and profits received	27	88,034,279,571	60,349,175,636
<i>Net cash generated by/(used in) investing activities</i>	<i>30</i>	<i>233,957,756,743</i>	<i>(174,168,859,592)</i>

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

PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

Plot D, Ward 1 Industrial Zone, Ngo Quyen Street, Ward 1
Camau City, Camau Province, S.R. Vietnam

Interim consolidated financial statements
For the six-month period ended 30 June 2016

INTERIM CONSOLIDATED CASH FLOW STATEMENT (Continued)


For the 6-month period ended 30 June 2016

FORM B 03a-DN/HN

*(Issued under Circular No. 200/2014/TT-BTC dated
22 December 2014 of the Ministry of Finance)*

Unit: VND

ITEMS	Codes	From 01/01/2016	From 15/01/2015
		to 30/6/2016	to 30/6/2015
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	94,717,939,833	-
2. Repayment of borrowings	34	(681,709,095,117)	(597,572,093,379)
3. Dividends and profits paid	36	(423,080,492,000)	-
Net cash (used in) financing activities	40	(1,010,071,647,284)	(597,572,093,379)
Net (decrease) in cash (50=20+30+40)	50	(249,209,071,931)	(1,059,950,522,799)
Cash and cash equivalents at the beginning of the period	60	1,215,079,331,489	2,063,705,227,684
Effects of changes in foreign exchange rates	61	(227,149,362)	14,202,720
Cash and cash equivalents at the end of the period (70=50+60+61)	70	965,643,110,196	1,003,768,907,605


Trương Quỳnh Anh


Dinh Nhu Cuong
Chief Accountant


Le Ngoc Minh Tri
Deputy General Director

22 August 2016



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

PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

Plot D, Ward 1 Industrial Zone, Ngo Quyen Street, Ward 1
Camau City, Camau Province, S.R. Vietnam

Interim consolidated financial statements
For the six-month period ended 30 June 2016

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**FORM B 09a-DN/HN**

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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

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 the Corporate Registration Certificate No. 2001012298 dated 24 March 2011 first issued by the Camau Province's Department of Planning and Investment.

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 dated 15 January 2015 issued by the Camau Province's Department of Planning and Investment, with the charter capital of VND 5,294,000,000,000. The Company's stocks were listed on the 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 as at 30 June 2016 was 1,053 (as at 31 December 2015: 1,042).

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 development of natural science and engineering, testing and analysing techniques.
- Machinery and equipment repair and maintenance.

The principal activity of the Company is 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
PetroVietnam Packaging Joint Stock Company	Bac Lieu	51.03%	51.03%

PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

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Interim consolidated financial statements
For the six-month period ended 30 June 2016

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09a-DN/HN

1. GENERAL INFORMATION (Continued)

The Company's structure (Continued)

The Company has one branch namely PetroVietnam Camau Fertilizer Joint Stock Company – Project Management Unit established under Decision No. 1110/QD-PVCFC dated 01 June 2016 issued by the Company's Board of Management. This branch, a dependent accounting unit, has its head quarter located in Block D, Ward 1 Industrial Zone, Ngo Quyen Street, Ward 1, Camau City, Camau Province, has the own seal used for its transactions, and is allowed to open accounts at banks under laws.

Disclosure of information comparability in the interim consolidated financial statements

The comparative figures in the interim consolidated balance sheet and the corresponding notes are figures on the audited consolidated financial statements for the period from 15 January 2015 to 31 December 2015.

The comparative figures in the interim consolidated income statement, interim consolidated cash flow statement and corresponding notes are figures on the reviewed interim consolidated financial statements for the period from 15 January 2015 to 30 June 2015.

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention

The accompanying interim 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 interim financial reporting.

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

Accounting period

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

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

On 21 March 2016, the Ministry of Finance issued Circular No. 53/2016/TT-BTC ("Circular 53") amending and supplementing some articles of Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance guiding the accounting regime for enterprises. Circular 53 is effective for the financial years beginning on or after 01 January 2016. The Company has applied Circular 53 in the preparation and presentation of the Company's interim consolidated financial statements for the 6-month period ended 30 June 2016.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

Plot D, Ward 1 Industrial Zone, Ngo Quyen Street, Ward 1
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Interim consolidated financial statements
For the six-month period ended 30 June 2016

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09a-DN/HN

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting estimates

The preparation of the interim consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim 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 interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these accounting estimates are based on the Board of Directors' best knowledge, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) for the 6-month period ended 30 June 2016. 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 subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the 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 subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Financial instruments

Initial recognition

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

Financial liabilities: At the date of initial recognition, financial liabilities are recognised at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Company comprise loans and obligations under finance leases, trade and other payables, accrued expenses and provisions.

Subsequent measurement after initial recognition

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

Cash and cash equivalents

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

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

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 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.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 09a-DN/HN****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Tangible fixed assets and depreciation (Continued)**

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

	From 01/01/2016 to 30/6/2016 (Years)
Buildings and structures	5 - 25
Machinery and equipment	5 - 12
Office equipment	3 - 6
Motor vehicles and transmission equipment	5 - 6
Others	3 - 6

The Company's tangible fixed assets were revalued when state-owned enterprises are equitised. 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.

For fixed assets in Camau Fertilizer Plant that have been repaired cyclically, the Company may accrue an amount of estimated repairing expenses to annual costs. If the actual repairing expenses of fixed assets exceed the estimated expenses, the difference shall be recognized as eligible expenses. If the actual repairing expenses are less than the estimated expenses, the difference shall be recognized as a deduction from the business expenses during the period.

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

Intangible assets and amortisation

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

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 following estimated useful lives:

	From 01/01/2016 to 30/6/2016 (Years)
Land use rights	20 - 50
Royalty, patents	3
Computer software	3

The Company's intangible assets were revalued when state-owned enterprises are equitised. 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.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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.

Other types of long-term prepayments comprise cost of small tools and supplies issued for consumption, 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 interim consolidated income statement using the straight-line method over the period from fourteen (14) to thirty six (36) months.

Science and Technology Development Fund

Science and Technology Development Fund are appropriated in order to invest in science and technology activities of the Company. This Fund was formed on the basis of the Company's development demand and technology innovation and is recognized in the operation results of the period.

Foreign currencies

The Company applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates". Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the interim 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 interim consolidated income statement. Unrealised exchange gains as at the consolidated balance sheet date are not treated as part of distributable profit to the shareholders.

As guided by Official Letter No. 4360/DKVN-TCKT dated 30 June 2015 and Official Letter No. 3124/DKVN-TCKT dated 13 May 2015 issued by Vietnam Oil and Gas Group, 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 2015. 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"). If the Company had applied the recognition of exchange differences as guided by Circular 200, financial expenses would have increased and pre-tax profit for the 6-month period ended 30 June 2016 would have decreased by approximately VND 24.2 billion.

Revenue recognition

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

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

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

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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

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.

Borrowing costs

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

Taxation

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the interim consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods (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, PetroVietnam Camau Fertilizer Joint Stock Company (the Holding Company) is entitled to tax incentives with regard to Camau Fertilizer Plant 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, 2016 was the first year the Company was granted a 50% reduction of 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 income.

Corporate income tax of PetroVietnam Packaging Joint Stock Company (the Company's subsidiary - PPC) is applied 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 income (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. 2016 is the third year in which PPC is entitled to 50% tax deduction in tax payable.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the interim 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.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 09a-DN/HN****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Taxation (Continued)**

Deferred tax is calculated at the tax rates that are expected to apply in the period 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. As at 30 June 2016, there was no significant temporary difference between carrying amounts of assets and liabilities on the interim consolidated balance sheet and the corresponding tax bases.

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.

5. CASH AND CASH EQUIVALENTS

	<u>30/6/2016</u>	<u>31/12/2015</u>
	VND	VND
Cash on hand	1,700,980,311	304,023,932
Bank demand deposits	581,942,129,885	182,775,307,557
Cash equivalents (*)	382,000,000,000	1,032,000,000,000
	<u>965,643,110,196</u>	<u>1,215,079,331,489</u>

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

The balance of cash and cash equivalents as at 30 June 2016 included VND 332 billion of one-month term deposits at Ocean Commercial Joint Stock Commercial Bank ("Ocean Bank"). Under Official Letter No. 17/2015/CV-GDCNCM dated 14 May 2015 issued by Ocean Bank - Camau branch, following the direction of the State Bank of Vietnam, Ocean Bank stopped making any payment to corporate customers having deposits in Ocean Bank from 11 February 2015. However, the State Bank of Vietnam officially took over Ocean Bank and changed Ocean Bank to the Ocean Commercial One Member Limited Liability Bank owned by the State from 08 May 2015. Accordingly, the Company's Board of Directors assessed that the above deposits are recoverable with no risk of loss and then no provision for impairment of assets should be made.

6. FINANCIAL INVESTMENTS

	<u>30/6/2016</u>		<u>31/12/2015</u>	
	Cost	Carrying amount	Cost	Carrying amount
	VND	VND	VND	VND
Short-term held-to-maturity investments				
Term deposits with maturity over 3 months	2,500,000,000,000	2,500,000,000,000	2,702,555,555,556	2,702,555,555,556

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For the six-month period ended 30 June 2016**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FORM B 09a-DN/HN****7. SHORT-TERM TRADE RECEIVABLES**

	<u>30/6/2016</u>	<u>31/12/2015</u>
	<u>VND</u>	<u>VND</u>
Phu My Chemical and Construction Co., Ltd.	5,525,160,225	6,817,482,477
Other customers	2,412,352,269	443,845,233
	<u>7,937,512,494</u>	<u>7,261,327,710</u>

8. SHORT-TERM ADVANCES TO SUPPLIERS

	<u>30/6/2016</u>	<u>31/12/2015</u>
	<u>VND</u>	<u>VND</u>
Haldor Topsoe A/S	23,012,641,161	-
Tri Viet Trading Engineering Company Limited	5,093,140,070	-
Petro Enertech Joint Stock Company	4,405,376,200	4,405,376,200
Hanoi University of Agriculture	1,800,000,000	1,800,000,000
Sac Mau Trading Service Production Company Limited	-	2,011,606,003
Construction and Building Materials No. 2 Joint Stock Company	-	1,644,274,676
Le Vy Production and Trading Fireproof Material Company Limited	2,586,829,726	-
Other suppliers	14,908,234,116	5,115,108,288
	<u>51,806,221,273</u>	<u>14,976,365,167</u>

9. OTHER SHORT-TERM RECEIVABLES

	<u>30/6/2016</u>	<u>31/12/2015</u>
	<u>VND</u>	<u>VND</u>
Other short-term receivables		
Accrued interest receivable from term deposits	27,923,166,667	32,722,031,077
Capital granted to Camau Gas - Power - Fertilizer Project Management Unit (*)	19,718,000,000	19,718,000,000
Deposits	4,730,836,494	1,486,690,397
Advances to employees	5,643,855,200	1,858,444,400
Others	1,844,617,181	1,819,235,238
	<u>59,860,475,542</u>	<u>57,604,401,112</u>
Other long-term receivables		
Long-term deposits	3,000,000	3,000,000
	<u>3,000,000</u>	<u>3,000,000</u>
Other receivables from related party (Details presented in Note 36)	<u>23,832,166,667</u>	<u>25,041,611,111</u>

(*) The balance of capital granted to Camau Gas-Power-Fertilizer Project Management Unit (the "Project Management Unit") represents the amount transferred by the Company to the Project Management Unit from 2013 to settle obligations. The capital grant is unsecured and interest-free.

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	30/6/2016		31/12/2015	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Raw materials	171,835,495,243	-	140,654,588,724	-
Tools and supplies	3,422,863,031	-	1,313,881,821	-
Work in progress	155,847,404,479	(3,622,548,220)	182,631,367,618	(712,847,673)
Finished goods	77,224,124,187	-	37,091,051,516	-
Goods on consignment	-	-	30,351,795,673	-
Total	408,329,886,940	(3,622,548,220)	392,042,685,352	(712,847,673)

As at 30 June 2016, the Company made provision of VND 3,622,548,220 for the devaluation of inventories for some wastes with the historical cost higher than the net realizable value.

11. PREPAYMENTS

	30/6/2016	31/12/2015
	VND	VND
Short-term		
Assets insurance for Camau Fertilizer Plant	16,874,360,014	14,615,383,401
Other short-term prepaid expenses	7,241,780,361	7,449,731,678
	24,116,140,375	22,065,115,079
Long-term		
Goodwill (*)	69,769,763,631	93,026,351,508
Other long-term prepaid expenses	10,309,058,304	10,189,780,516
	80,078,821,935	103,216,132,024

(*) The Company's goodwill represents the value of goodwill arising from the determination of enterprise value for the purpose of equitisation. Such goodwill is recognized in profit or loss over 3 years from the date on which the Company officially started operating as a joint stock company. The amount recognized as expenses for the period is VND 23,256,587,877.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery, equipment	Motor vehicles, transmission equipment	Office equipment	Others	Total
	VND	VND	VND	VND	VND	VND
COST						
As at 01/01/2016	3,242,652,668,990	10,272,377,836,062	53,400,164,384	50,946,875,552	58,688,591,244	13,678,066,136,232
New purchases	3,240,366,451	-	-	4,027,472,698	-	7,267,839,149
As at 30/6/2016	3,245,893,035,441	10,272,377,836,062	53,400,164,384	54,974,348,250	58,688,591,244	13,685,333,975,381
ACCUMULATED DEPRECIATION						
As at 01/01/2016	1,053,129,972,067	2,781,043,053,898	26,060,564,925	21,933,451,348	15,758,760,121	3,897,925,802,359
Charge for the period	139,901,604,294	475,715,865,210	4,508,755,781	4,739,463,211	295,915,746	625,161,604,242
As at 30/6/2016	1,193,031,576,361	3,256,758,919,108	30,569,320,706	26,672,914,559	16,054,675,867	4,523,087,406,601
NET BOOK VALUE						
As at 30/6/2016	2,052,861,459,080	7,015,618,916,954	22,830,843,678	28,301,433,691	42,633,915,377	9,162,246,568,780
As at 01/01/2016	2,189,522,696,923	7,491,334,782,164	27,339,599,459	29,013,424,204	42,929,831,123	9,780,140,333,873

As stated in Note 20, PetroVietnam Camau Fertilizer Joint Stock Company (the Holding Company) has pledged the entire fixed assets constructed from Camau Fertilizer Plant Project which have the carrying value of VND 8,958,521,769,991 as at 30 June 2016 (as at 31 December 2015: VND 9,594,410,781,795) 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 loans granted to it with the total carrying amount of VND 44,239,174,249 as at 30 June 2016 (as at 31 December 2015: VND 46,891,412,496) to secure loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu branch.

The cost of the Company's fixed assets as at 30 June 2016 includes VND 86,953,683,549 (as at 31 December 2015: VND 81,822,315,789) of assets which have been fully depreciated but are still in use.

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	Land use rights	Royalty, patents	Computer software	Total
	VND	VND	VND	VND
COST				
As at 01/01/2016	33,333,655,327	25,343,485,000	22,491,189,568	81,168,329,895
Additions	-	-	250,405,600	250,405,600
Transfer from construction in progress	-	5,531,100,065	1,470,000,000	7,001,100,065
As at 30/6/2016	33,333,655,327	30,874,585,065	24,211,595,168	88,419,835,560
ACCUMULATED AMORTISATION				
As at 01/01/2016	1,851,265,406	3,322,116,196	7,529,467,252	12,702,848,854
Charge for the period	958,183,485	4,856,506,904	3,850,362,499	9,665,052,888
As at 30/6/2016	2,809,448,891	8,178,623,100	11,379,829,751	22,367,901,742
NET BOOK VALUE				
As at 30/6/2016	30,524,206,436	22,695,961,965	12,831,765,417	66,051,933,818
As at 01/01/2016	31,482,389,921	22,021,368,804	14,961,722,316	68,465,481,041

14. CONSTRUCTION IN PROGRESS

	30/6/2016	31/12/2015
	VND	VND
Construction in progress		
- Ure storage	109,141,793,020	70,503,986,360
- Public housing area clearance cost	19,217,326,485	19,217,326,485
- Complex fertilizer production lines from melted ure	3,828,839,105	1,788,951,028
- Enterprise human resources system	-	2,296,400,065
- Personnel management software	-	735,000,000
- Others	12,910,642,913	896,051,257
	145,098,601,523	95,437,715,195

15. SHORT-TERM TRADE PAYABLES

	30/6/2016		31/12/2015	
	VND		VND	
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
Vietnam Oil and Gas Group (*)	158,877,555,863	158,877,555,863	163,690,892,638	163,690,892,638
PetroVietnam Power Corporation	26,236,395,463	26,236,395,463	27,038,360,664	27,038,360,664
Others	93,234,644,124	93,234,644,124	107,541,526,740	107,541,526,740
	278,348,595,450	278,348,595,450	298,270,780,042	298,270,780,042
Trade payable to related parties (Details presented in Note 36)	194,192,814,813	194,192,814,813	201,621,359,072	201,621,359,072

(*) 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 the Gas Purchases & Sales Contract No. 3918/HD-DKVN dated 23 May 2012 between the Company and the Holding Company - Vietnam Oil and Gas Group.

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16. SHORT-TERM ADVANCES FROM CUSTOMERS

	<u>30/6/2016</u>	<u>31/12/2015</u>
	<u>VND</u>	<u>VND</u>
Nguyen Phan Company Limited - Kien Giang Branch	3,402,540,000	7,615,268,600
Ut Nu Company Limited	3,306,000,000	1,539,630,000
Thai Son Trading and Services Co., Ltd.	450,000,000	19,808,755,500
Duy Thanh Co., Ltd	1,512,300,000	12,992,033,500
Tuong Nguyen Import and Export Trading and Services Co., Ltd.	861,437,778	10,787,671,950
Hung Thanh Private Enterprise	1,033,367,799	11,003,434,219
Other customers	46,847,342,339	89,697,731,403
	<u>57,412,987,916</u>	<u>153,444,525,172</u>
Advances from related parties (Details presented in Note 36)	<u>1,185,961,760</u>	<u>3,165,961,760</u>

17. TAXES AND AMOUNTS RECEIVABLE/PAYABLE TO THE STATE BUDGET

<u>Items</u>	<u>31/12/2015</u>	<u>Movement in the period</u>		<u>30/6/2016</u>
		<u>Increases</u>	<u>Decreases</u>	
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
Taxes and receivable amounts				
Value added tax	-	1,536,752,363	1,411,124,780	125,627,583
Import duty	-	1,307,891,321	1,282,840,709	25,050,612
Corporate income tax	40,981,878	-	40,981,878	-
Land rentals	397,346,605	61,920,420	61,920,420	397,346,605
Total	438,328,483	2,906,564,104	2,796,867,787	548,024,800

<u>Items</u>	<u>31/12/2015</u>	<u>Movement in the period</u>		<u>30/6/2016</u>
		<u>Amount payable</u>	<u>Amount paid</u>	
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
Taxes and payable amounts				
Value added tax	475,239,219	2,160,579,853	2,548,881,499	86,937,573
Corporate income tax (*)	1,355,379,989	18,746,660,386	3,603,411,711	16,498,628,664
Natural resources tax	91,601,280	473,106,820	511,520,260	53,187,840
Other taxes	4,397,125,349	15,144,358,027	17,014,426,655	2,527,056,721
Other payables	-	88,950,715	88,950,715	-
Total	6,319,345,837	36,613,655,801	23,767,190,840	19,165,810,798

(*) The Company has declared corporate income tax arising on interest on term deposits with the amount of VND 32,381,736,667 in the last accounting period that the Company operated as a Company Limited owned by Vietnam Oil and Gas Group and paid the above mentioned tax amount in 2015.

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As per Official Letter No. 183/CT-TT-HTNNT dated 14 February 2015 issued by the Tax Department of Camau province regarding corporate income tax incentives, the Company is entitled to preferential corporate income tax from Camau Fertilizer Production Plant as it meets the requirement that the area has especially difficult socio-economic conditions. Therefore, incomes from deposit interest or services rendered are subject to preferential corporate income tax. The Tax Department of Camau province submitted a Document to the General Department of Taxation regarding the application of corporate income tax incentives with regard to the Company's term deposit interest.

By the date of issue of these interim consolidated financial statements, the Company has not received any guidelines in writing from the General Department of Taxation or the Tax Department of Camau province; therefore, the Company has not made any adjustments to the corporate income tax recognized and paid as mentioned above.

18. SHORT-TERM ACCRUED EXPENSES

	<u>30/6/2016</u>	<u>31/12/2015</u>
	VND	VND
Accrued expenses payable to Vietnam Oil and Gas Group	182,056,211,228	261,721,055,666
- <i>Estimated gas expenses payable for the period from 01 January 2014 to 31 December 2014 (i)</i>	163,962,886,631	163,962,886,631
- <i>Estimated gas expenses payable for the period from 01 January 2015 to 31 December 2015 (ii)</i>	97,758,169,035	97,758,169,035
- <i>Adjustment to gas expenses payable for the period from 01 January 2016 to 30 June 2016 (iii)</i>	(91,038,577,150)	
- <i>Management fee</i>	11,373,732,712	-
Interest expense payable	58,394,120,648	56,764,718,316
Social welfare security expenses	7,363,408,489	-
Sales discount	43,526,935,397	-
Guarantee fees	3,136,455,225	4,217,691,813
Insurance and welfare expenses	12,757,108,334	16,387,000,000
Others	33,642,785,874	3,601,518,321
	<u>340,877,025,195</u>	<u>342,691,984,116</u>

- (i) Estimated gas expenses payable to Vietnam Oil and Gas Group for the financial year 2014 are determined and adjusted based on estimated gas price of 2014 (USD 4.06/ million BTU) as approved in Decision No. 1107/QD-DKVN dated 14 February 2015 issued by the Members' Council of Vietnam Oil and Gas Group.
- (ii) Estimated gas expenses payable to Vietnam Oil and Gas Group for the period from 15 January 2015 to 31 December 2015 are determined and adjusted based on estimated gas price of USD 3.57/million BTU to ensure the effectiveness of the fertilizer business and production of the Company with the average return on equity (ROE) equal to 12% per year (excluding VAT and other indirect taxes).
- (iii) According to Decision No. 4536/QD-DKVN dated 28 July 2016 issued by the Chief Executive Officer of Vietnam Oil and Gas Group on adjustments of the Company's 2016 estimated gas price, the estimated gas price is USD 2.12/million BTU. The Company adjusted the gas expenses payable to Vietnam Oil and Gas Group for the 6-month period ended 30 June 2016 based on the above mentioned price.

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19. OTHER PAYABLES

	30/6/2016	31/12/2015
	VND	VND
Other short-term payables		
Camau Gas - Power - Fertilizer Project Management Unit	75,571,633,412	75,571,633,412
- <i>Input VAT for purchasing gas in the construction period before official commercial operations</i>	69,617,285,554	69,617,285,554
- <i>Other payables</i>	5,954,347,858	5,954,347,858
Vietnam Oil and Gas Group	118,889,750,670	119,494,557,567
- <i>Completed "Camau Fertilizer Production Plant" Project handed over (i)</i>	78,515,027,920	78,515,027,920
- <i>Profit payables (ii)</i>	40,732,029,647	40,732,029,647
- <i>Payables for equitization</i>	247,500,000	247,500,000
- <i>Other payables</i>	(604,806,897)	-
Safety reward fund (iii)	5,744,451,767	559,651,591
Trade union fee	3,624,634,647	1,867,411,036
Payables regarding assets awaiting solution (iv)	15,444,839,096	-
Dividend payables	439,508,000	-
Short-term deposits received	955,000,000	413,527,500
Other short-term payables	5,827,942,130	8,070,291,577
	226,497,759,722	205,977,072,683
Other long-term payables		
Payables to the State Budget for land use rights handed over (v)	8,175,238,300	33,175,238,300
	8,175,238,300	33,175,238,300
Other payables to related parties (Details presented in Note 36)	194,461,384,082	195,066,190,979

- (i) According to Decision No. 1989/QĐ-DKVN dated 25 March 2014 issued by the Members' Council of Vietnam Oil and Gas Group on approval of final accounts of the completed project with regard to 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 due to adjustments to the financial statements for the period from 15 January 2015 to 31 December 2015 based on recommendations of the State Auditor. The profit payable balance to Vietnam Oil and Gas Group as at 30 June 2016 will be adjusted when the Company performs the State capital finalization with Vietnam Oil and Gas Group.
- (iii) The Company provided for safety reward fund under Official Letter No. 3514/LĐTBXH-LĐTL 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 Plant.
- (iv) According to Assessment Certificate No. 16238005 dated 05 July 2016 issued by PetroVietnam Energy Technology Corporation - Joint Stock Company on the volume of urea inventory of the Company as at 30 June 2016. Accordingly, the value of urea inventory recognized in the Assessment Certificate exceeded the amount recognized in the Company's accounting ledgers by VND 15,444,839,096. The Company has been evaluating and identifying the reasons for such difference in order to have appropriate treatments in the next period.
- (v) Represent the amount payable to the State budget because the Company received land use rights according to Vietnam Oil and Gas Group's Decision on corporate valuation for equitization purpose. This amount has not been approved by Camau Province's People's Committee yet and can be adjusted upon final approval of competent authority. During the period, the Company temporarily paid an amount of VND 25 billion to the State budget.

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20. LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Items	31/12/2015		In the period		30/6/2016	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Long-term loans						
BNP Paribas Bank, Credit Agricole Bank, Export - Import Bank of China (i)	3,947,680,000,000	3,947,680,000,000	-	274,780,000,000	3,672,900,000,000	3,672,900,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade (ii)	2,384,475,921,878	2,384,475,921,878	-	254,696,065,093	2,129,779,856,785	2,129,779,856,785
Vietnam Public Joint Stock Commercial Bank - Can Tho Branch (iii)	709,372,930,794	709,372,930,794	-	174,341,918,929	535,031,011,865	535,031,011,865
National Citizen Bank - Sai Gon Branch (iv)	-	-	70,000,000,000	-	70,000,000,000	70,000,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch (v)	30,731,822,240	30,731,822,240	-	4,176,000,000	26,555,822,240	26,555,822,240
Other short-term loan contracts	-	-	24,717,939,833	24,717,939,833	-	-
Total	7,072,260,674,912	7,072,260,674,912	70,000,000,000	707,993,984,022	6,434,266,690,890	6,434,266,690,890
In which:						
<i>Amount due for settlement within 12 months</i>	<i>1,319,172,808,870</i>					<i>1,332,571,920,886</i>
<i>Amount due for settlement after 12 months</i>	<i>5,753,087,866,042</i>					<i>5,101,694,770,004</i>

According to Decisions No. 533/QĐ-DKVN and No. 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), 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 a 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 interest is paid once every 6 months.

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(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) with the principal of USD 220,000,000 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 interest is paid once every 3 months.

(iii) This is the loan under Credit Agreement No. 235/HDVV-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 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 above loans.

(iv) This is the loan under Credit Agreement No. 197/16/HDCV/101 dated 10 June 2016 between the Company and National Citizen Bank ("NCB") with the credit limit of VND 105,200,000,000 in order to refund investment capital and invest in the Project of Packed Urea warehouse construction with the capacity of 10,000 tons at Camau Fertilizer Plant. The loan term is 36 months from the first disbursement date. The loan interest rate is the average individual 12-month deposit interest paid in arrears of five (5) banks, including Joint Stock Commercial Bank for Investment and Development of Vietnam, Joint Stock Commercial Bank for Foreign Trade of Vietnam, Vietnam Bank for Agriculture and Rural Development, Vietnam Joint Stock Commercial Bank for Industry and Trade and NCB at the time of adjustment of interest rate plus (+) margin interest of 2% per annum.

(v) Long-term loans between PetroVietnam Packaging Joint Stock Company (the Company's subsidiary - PPC) and Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch include the two following loans:

- On 28 January 2011, PPC signed long-term loan contract No. 111160128/HDTD with Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch with the principal of VND 60,000,000,000 and not exceeding 70% of total investment cost of "Construction of Bac Lieu Packaging Production Plant" Project. The loan term is 96 months from the first disbursement date. The loan interest rate is that applicable to long-term loans, floating, adjustable over time and the interest is payable monthly. The principal will be repaid after the grace period ends (12 months from the first disbursement which falls on 04 July 2011) and then it will be repaid in instalments from 30 September 2012 to 30 September 2019. PPC has pledged the entire fixed assets formed from "Construction of Bac Lieu Packaging Production Plant" Project to secure this loan.
- On 20 June 2013, PPC signed long-term loan contract No. 57.140613/HDTD with Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch with the principal of VND 3,500,000,000 and total balances of all effective loan contracts not exceeding VND 44,811,053,491 at any time. The purpose of this loan is to supplement and purchase fixed assets. The loan term is 6 years from the first disbursement date. The loan interest rate is that applicable to long-term loans, floating, adjustable over time and the interest is payable monthly. PPC has pledged the entire fixed assets formed from the loan Project to secure this loan.

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20. LOANS AND OBLIGATION UNDER FINANCE LEASES (Continued)

Long-term loans are repayable as follows:

	30/6/2016	31/12/2015
	VND	VND
On demand or within one year	1,332,571,920,886	1,319,172,808,870
In the second year	1,191,766,290,848	1,319,172,808,871
In the third to fifth year inclusive	2,685,628,479,156	2,953,535,057,170
After five years	1,224,300,000,000	1,480,380,000,001
	6,434,266,690,890	7,072,260,674,912
Less: amount due for settlement within 12 months (presented in short-term loans and obligation under financial leases)	1,332,571,920,886	1,319,172,808,870
Amount due for settlement after 12 months	5,101,694,770,004	5,753,087,866,042

21. SHORT-TERM PROVISION

	30/6/2016	31/12/2015
	VND	VND
Accrual of periodical repair and maintenance expenses	118,000,000,002	-
Accrual of advertising and communication expenses	26,403,312,888	-
	144,403,312,890	-

22. OWNERS' EQUITY
Movement in owners' equity

	Owners' contributed capital	Asset revaluation difference	Investment and development fund	Retained earnings	Non-controlling interests
	VND	VND	VND	VND	VND
Balance as at 15/01/2015	5,294,000,000,000	(3,455,496,769)	-	6,713,350,648	22,870,897,075
Profit for the period	-	-	-	448,389,008,981	3,297,546,133
Appropriation to investment and development fund	-	-	54,578,040,907	(54,578,040,907)	-
Appropriation to bonus and welfare funds	-	-	-	(54,745,926,633)	(913,331,832)
Dividends distribution for non- controlling interests	-	-	-	-	(3,197,800,000)
Balance as at 30/6/2015	5,294,000,000,000	(3,455,496,769)	341,610,658,138	345,778,392,089	22,057,311,376
Balance as at 01/01/2016	5,294,000,000,000	-	372,637,865,219	543,413,599,711	23,141,314,690
Profit for the period	-	-	-	346,897,802,889	2,434,019,028
Appropriation to investment and development fund (i)	-	-	42,508,063,656	(42,508,063,656)	-
Appropriation to bonus and welfare funds (i)	-	-	-	(42,880,733,278)	(758,971,212)
Dividends distribution	-	-	-	(423,520,000,000)	-
Payments for equitization	-	-	(286,574,832,277)	-	-
Balance as at 30/6/2016	5,294,000,000,000	-	128,571,096,598	381,402,605,666	24,816,362,506

- (i) The appropriation 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 Meeting of Shareholders of the Company and the Subsidiary.

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22. OWNERS' EQUITY (Continued)**Shares**

	<u>30/6/2016</u>	<u>31/12/2015</u>
Number of shares issued to the public		
+) <i>Ordinary shares</i>	529,400,000	529,400,000
Number of outstanding shares in circulation		
+) <i>Ordinary shares</i>	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 30 June 2016, the charter capital had been fully contributed by shareholders, as follows:

Shareholders	Per Corporation Rate Registration Certificate		Contributed capital 30/6/2016
	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
	<u>5,294,000,000,000</u>	<u>100%</u>	<u>5,294,000,000,000</u>

Dividends

According to Resolution No. 851/NQ-DHDCD dated 21 April 2016 issued by PetroVietnam Camau Fertilizer Joint Stock Company (the Holding Company), the General Meeting of Shareholders of the Company has decided to distribute dividend at the rate of 8% of charter capital, equivalent to VND 423,520,000,000.

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:

	<u>Amount VND</u>
Charter capital of the subsidiary	40,812,490,000
<i>Including:</i>	
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%

Non-controlling interests are equal to net assets as at the reporting date of the period as follows:

	<u>30/6/2016 VND</u>	<u>31/12/2015 VND</u>
Total assets	43,706,015,259	41,830,035,751
Total liabilities	(18,889,652,753)	(18,688,721,061)
Net assets	<u>24,816,362,506</u>	<u>23,141,314,690</u>
<i>Details are as follows:</i>		
Charter capital	19,986,240,000	15,988,995,918
Other funds	1,848,770,291	1,191,543,951
Retained earnings	2,981,352,215	5,960,774,822

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	<u>30/6/2016</u>	<u>31/12/2015</u>
Foreign currencies		
USD	1,334,379.32	847,788.81
EUR	462.93	0.30

24. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Company's principal activities are manufacturing and trading of fertilizers used in agriculture. Accordingly, the financial information presented in the interim consolidated balance sheet as at 30 June 2016 and all revenue and expenses presented in the interim consolidated income statement for the 6-month period ended 30 June 2016 are related to the manufacturing and trading of fertilizers. Revenue and cost of 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 period, the Company exported Camau Fertilizer Products to Cambodia with revenue of about VND 111 billion (export turnover in the period from 15 January 2015 to 30 June 2015 was about VND 85 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.

25. REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	<u>From 01/01/2016 to 30/6/2016</u>	<u>From 15/01/2015 to 30/6/2015</u>
	<u>VND</u>	<u>VND</u>
Sales of ure	2,258,472,017,907	2,794,569,757,080
- Domestic sales	2,146,846,814,100	2,709,540,931,660
- Export	111,625,203,807	85,028,825,420
Sales of Amoniac	53,069,870,239	50,744,962,921
Sales of commercial goods	15,750,000,000	33,501,600,000
Sales of waste products	15,046,191,360	8,123,829,090
Other sales	10,217,488,250	8,408,601,023
	<u>2,352,555,567,756</u>	<u>2,895,348,750,114</u>
Sales deductions		
Trade discounts (i)	43,526,935,397	61,322,964,586
Sales rebates	500,500,000	241,975,000
	<u>44,027,435,397</u>	<u>61,564,939,586</u>
Sales in the period with related parties (Details presented in Note 36)	<u>1,860,000,000</u>	<u>49,377,720,000</u>

- (i) During the period, the Company accrued trade discounts in accordance with the sales policies approved by the Board of Directors of the Company. The trade discount will be adjusted according to the actual settlement by the end of the fiscal year.

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	From 01/01/2016 to 30/6/2016	From 15/01/2015 to 30/6/2015
	VND	VND
Cost of ure sold	1,649,012,509,593	1,865,638,231,550
Cost of Amoniac sold	38,969,837,157	28,571,092,874
Cost of commercial goods sold	15,742,500,000	33,487,641,000
Other costs	-	4,260,582,273
Provision of inventories devaluation	2,909,700,547	284,289,543
	1,706,634,547,297	1,932,241,837,240

27. PRODUCTION COST BY NATURE

	From 01/01/2016 to 30/6/2016	From 15/01/2015 to 30/6/2015
	VND	VND
Raw materials and consumables	822,662,188,250	1,151,669,123,215
Labours	185,881,451,683	147,891,870,781
Depreciation and amortisation	633,521,979,825	587,432,027,382
Out-sourced services	156,436,855,850	255,247,509,310
Other monetary expenses	111,099,027,685	51,346,616,686
	1,909,601,503,293	2,193,587,147,374

28. FINANCIAL INCOME

	From 01/01/2016 to 30/6/2016	From 15/01/2015 to 30/6/2015
	VND	VND
Bank deposit interest	83,235,415,161	76,799,116,383
Foreign exchange gain incurred during the construction period of Camau Fertilizer Production Plant	-	13,315,383,771
Foreign exchange gain	116,854,817,168	1,446,207,646
	200,090,232,329	91,560,707,800

29. FINANCIAL EXPENSES

	From 01/01/2016 to 30/6/2016	From 15/01/2015 to 30/6/2015
	VND	VND
Interest expense	104,812,751,032	114,244,196,160
Foreign exchange loss	71,333,245,045	171,480,023,869
Guarantee fee	6,894,061,965	7,808,207,936
	183,040,058,042	293,532,427,965

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	From 01/01/2016 to 30/6/2016	From 15/01/2015 to 30/6/2015
	VND	VND
Selling expenses during the period		
Transport, loading and unloading and storage expenses	43,852,317,108	38,054,627,400
Social welfare security expenses	25,000,000,002	50,336,220,907
Advertising and communication expenses	25,130,429,465	33,963,522,745
Other expenses	44,137,488,551	32,287,687,344
	138,120,235,126	154,642,058,396
General and administration expenses during the period		
Management personnel expenses	32,323,158,199	25,947,505,815
Management fee payable to Vietnam Oil and Gas Group	11,373,732,712	14,226,783,641
Depreciation and amortization expenses	13,364,736,037	6,908,782,348
Goodwill	23,256,587,877	21,108,881,871
Other expenses	33,572,747,217	23,830,974,484
	113,890,962,042	92,022,928,159

31. CURRENT CORPORATE INCOME TAX EXPENSE

	From 01/01/2016 to 30/6/2016	From 15/01/2015 to 30/6/2015
	VND	VND
Corporate income tax from production of ure (*)	18,105,592,082	
Corporate income tax from production of packages (**)	552,259,828	748,187,165
Corporate income tax from other activities	88,808,476	60,508,315
	18,746,660,386	808,695,480

(*) 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 on tax incentives for Camau Fertilizer Plant Project, the Company is entitled to tax incentives for corporate income tax rate of 10% for 15 years since the beginning of production and business activities, corporate income tax exemption for 4 years from having taxable income and 50% reduction in tax payable for the 9 years thereafter. 2016 is the first year that the Company is entitled to 50% reduction in tax payable for income from the main operating activities from Camau Fertilizer Plant Project.

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

(**) Corporate income tax of PetroVietnam Packaging Joint Stock Company (the Company's subsidiary - PPC) is applied 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, PPC is entitled to tax incentives as follows: preferential tax rates of 20% for 10 years and tax exemption for 2 years from the first year PPC has the taxable income (2012), 50% tax reduction in tax payable for next 4 years applicable to newly established enterprises of Investment Projects in areas with difficult socio - economic condition. 2016 is the third year in which PPC is entitled to 50% tax deduction in tax payable.

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.

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32. BASIC EARNINGS PER SHARE

	From 01/01/2016 to 30/6/2016 VND	From 01/01/2016 to 30/6/2016 VND
Profit after tax	346,897,802,889	448,389,008,981
- Distribution to bonus and welfare funds	(39,497,009,234)	(53,794,208,475)
Earnings for the purposes of calculating basic earnings	307,400,793,655	394,594,800,506
Weighted average number of ordinary shares during the period	529,400,000	529,400,000
Basic earnings per share	581	745

33. OTHER ISSUES

In 2015, the General Department of Taxation and the Company jointly signed a working minutes on finalization of the 2014 gas price in which the 2014 VAT-exclusive additional gas price was approximately VND 110 billion. By the date of issue of these interim consolidated financial statements, the Company has been working with the Group on the finalization of the State capital portion. The accompanying interim consolidated financial statements therefore do not include any adjustments related to this matter. The additional gas price will be recognized upon the Company's completion of the finalization.

34. OTHER COMMITMENTS

- According to Gas Sales and Purchases 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 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 period is the price stated in a document approving the annual business plan which is released by Vietnam Oil and Gas Group.

According to Decision No. 929/QD-DKVN dated 24 February 2016 issued by the Members' Council of Vietnam Oil and Gas Group (the "Group") approving the estimated gas price in 2016 of PetroVietnam Camau Fertilizer Joint Stock Company (the "Company"), the Company's estimated gas price in 2016 is USD 2.54/million BTU. The official gas price will be reviewed for adjustment by the Group to ensure the effectiveness of fertilizer production and business of the Company with profitability ratio as stated in Contract Annex No. 04 mentioned above.

- According to Decision No. 615/QD-PVCFC dated 24 March 2016, the Board of Management of PetroVietnam Camau Fertilizer Joint Stock Company (the Holding Company) has approved Feasibility Research Report on the "Production of complex fertilizers from melted urea" Project with the capacity of 300,000 tons per year and total investment capital of VND 879,588,574,880 (value added tax inclusive). The expected implementation time of the Project is 33 months with the investment capital structure in which loans account for 70% while the Company's equity accounts for 30%. Up to 30 June 2016, the Project was in the pre-investment period.
- According to Decision No. 29/QD-PVCFC-HD dated 14 January 2015, the Board Management of PetroVietnam Camau Fertilizer Joint Stock Company (the Holding Company) approved the Project of Packed Urea Warehouse Construction with the capacity of 10,000 tons at Camau Fertilizer Plant with total investment of VND 143,237,700,000. The expected completion time is the third quarter of 2016. As at 30 June 2016, the accumulated investment value of this project was VND 109,141,793,020.
- According to Decision No. 06/QD-PPC-HD dated 14 April 2016, the Board of Management of PetroVietnam Packaging Joint Stock Company (the subsidiary) has approved the Investment Project of Bac Lieu Petroleum Fertilizer Manufacturing Plant, producing black nitrogen fertilizer from Urea with a capacity of 30,000 tons per year. Total investment of the project is VND 31,512,637,193, the Project is scheduled for completion in late 2016. Up to 30 June 2016, the realized value of the Project is VND 481,760,500.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 09a-DN/HN****35. FINANCIAL INSTRUMENTS****Capital risk management**

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

The capital structure of the Company consists of net debt (loans and obligations under finance leases as disclosed in Note 20, offset by cash and cash equivalents) and shareholders' equity (comprising capital, reserves and retained earnings).

Gearing ratio

	<u>30/6/2016</u>	<u>31/12/2015</u>
	VND	VND
Loans and obligations under finance leases	6,434,266,690,890	7,072,260,674,912
Less: Cash and cash equivalents	965,643,110,196	1,215,079,331,489
Net debt	5,468,623,580,694	5,857,181,343,423
Equity	5,828,790,064,770	6,233,192,779,620
Net debt to equity ratio	0.94	0.94

Significant accounting policies

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

Categories of financial instruments

	<u>Carrying amount</u>	
	30/6/2016	31/12/2015
	VND	VND
Financial assets		
Cash and cash equivalents	965,643,110,196	1,215,079,331,489
Short-term financial investments	2,500,000,000,000	2,702,555,555,556
Trade and other receivables	62,157,132,836	63,010,284,422
Total	3,527,800,243,032	3,980,645,171,467
Financial liabilities		
Loans and obligations under financial leases	6,434,266,690,890	7,072,260,674,912
Trade and other payables	509,396,958,825	535,555,679,989
Accrued expenses	340,877,025,195	342,691,984,116
Provisions	144,403,312,890	-
Total	7,428,943,987,800	7,950,508,339,017

The Company has not determined fair value of its financial assets and liabilities as at the interim consolidated balance sheet date since there is no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 09a-DN/HN****35. FINANCIAL INSTRUMENTS (Continued)****Financial risk management objectives**

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

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

Market risk

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

Foreign currency risk management

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

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

	Liabilities		Assets	
	30/6/2016	31/12/2015	30/6/2016	31/12/2015
	VND	VND	VND	VND
United States Dollar (USD)	6,337,790,201,165	7,072,903,692,993	55,918,876,303	19,010,295,508

Foreign currency sensitivity analysis

The Company is mainly exposed to United States Dollar.

The following table details the Company's sensitivity to a 10% increase and decrease in Vietnam Dong against United States Dollar. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rate. For a 10% increase in United States Dollar against Vietnam Dong, the profit before tax in the period would decrease by the following amounts:

	From 01/01/2016 to 30/6/2016	From 15/01/2015 to 30/6/2015
	VND	VND
United States Dollar (USD)	(628,187,132,486)	(373,192,424,379)

Interest rate risk management

As presented in Note 20, according to Decisions No. 533/QD-DKVN and No. 534/QD-DKVN dated 19 January 2013 of the Chief Executive Officer of Vietnam Oil and Gas Group, from 15 January 2013, the Group had transferred to the Company responsibilities, obligations and rights of the borrower (except loan withdrawal) prescribed in the Credit Agreements signed with local and foreign banks to finance Camau Fertilizer Plant Project.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 09a-DN/HN****35. FINANCIAL INSTRUMENTS (Continued)*****Market risk (Continued)******Interest rate risk management (Continued)***

Therefore, the Company has interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Company by maintaining an appropriate level of borrowings and analysing market competition to enjoy favourable interest rates from appropriate lenders.

Interest rate sensitivity

The loan's sensitivity to interest rate changes which may arise at an appropriate level is presented in the following table. Assuming all other variables were held constant, if interest rates applicable to floating interest bearing loans had been 200 basis points higher/lower, the Company's profit before tax for the 6-month period ended 30 June 2016 would have (decreased)/increased by VND 128,685,333,818 (for the period from 15 January 2015 to 30 June 2015: VND 148,598,867,010).

	<u>Increase/(decrease) in basis points</u>	<u>Impact on profit before tax</u> VND
For the period from 01 January 2016 to 30 June 2016		
VND	+200	(128,685,333,818)
VND	-200	128,685,333,818
For the period from 15 January 2015 to 30 June 2015		
VND	+200	(148,598,867,010)
VND	-200	148,598,867,010

Share price risk management

The Company is exposed to equity price risks arising from investments in subsidiaries. The Company's Board of Management assesses and approves decisions on investments in subsidiaries such as operating industry and investees. Investments in subsidiaries are held for long-term strategic investments rather than trading purposes. The Company does not have intention to trade these investments in the foreseeable future.

Commodity price risk management

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

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Company does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Liquidity risk management

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

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 09a-DN/HN****35. FINANCIAL INSTRUMENTS (Continued)*****Liquidity risk management (Continued)***

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

30/6/2016	Less than 1 year	From 1-5 years	More than 5 years	Total
	VND	VND	VND	VND
Cash and cash equivalents	965,643,110,196	-	-	965,643,110,196
Short-term financial investments	2,500,000,000,000	-	-	2,500,000,000,000
Trade and other receivables	62,154,132,836	3,000,000	-	62,157,132,836
Total	3,527,797,243,032	3,000,000	-	3,527,800,243,032

	Less than 1 year	From 1-5 years	More than 5 years	Total
	VND	VND	VND	VND
Loans and obligations under financial leases	1,332,571,920,886	3,877,394,770,004	1,224,300,000,000	6,434,266,690,890
Trade and other payables	501,221,720,525	8,175,238,300	-	509,396,958,825
Accrued expenses	340,877,025,195	-	-	340,877,025,195
Provisions	144,403,312,890	-	-	144,403,312,890
Total	2,319,073,979,496	3,885,570,008,304	1,224,300,000,000	7,428,943,987,800
Net liquidity gap	1,208,723,263,536	(3,885,567,008,304)	(1,224,300,000,000)	(3,901,143,744,768)

31/12/2015	Less than 1 year	From 1-5 years	More than 5 years	Total
	VND	VND	VND	VND
Cash and cash equivalents	1,215,079,331,489	-	-	1,215,079,331,489
Short-term financial investments	2,702,555,555,556	-	-	2,702,555,555,556
Trade and other receivables	63,007,284,422	3,000,000	-	63,010,284,422
Total	3,980,642,171,467	3,000,000	-	3,980,645,171,467

	Less than 1 year	From 1-5 years	More than 5 years	Total
	VND	VND	VND	VND
Loans and obligations under financial leases	1,319,172,808,870	4,272,707,866,041	1,480,380,000,001	7,072,260,674,912
Trade and other payables	502,380,441,689	33,175,238,300	-	535,555,679,989
Accrued expenses	342,691,984,116	-	-	342,691,984,116
Total	2,164,245,234,675	4,305,883,104,341	1,480,380,000,001	7,950,508,339,017
Net liquidity gap	1,816,396,936,792	(4,305,880,104,341)	(1,480,380,000,001)	(3,969,863,167,550)

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

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 09a-DN/HN****36. RELATED PARTY TRANSACTIONS AND BALANCES***List of related parties:*

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

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

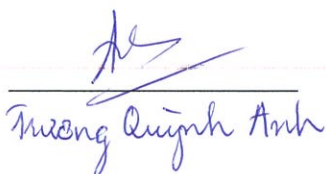
	From 01/01/2016 to 30/6/2016 VND	From 15/01/2015 to 30/6/2015 VND
Sales		
South-East PetroVietnam Fertilizer and Chemicals JSC	1,860,000,000	49,377,720,000
	1,860,000,000	49,377,720,000
Purchases		
Vietnam Oil and Gas Group	441,770,988,924	740,239,922,586
PetroVietnam Power Corporation	77,731,168,975	100,720,713,748
Petroleum Industrial Materials Distribution Company	-	20,090,025,000
PVI Insurance Corporation - Ca Mau Branch	793,252,833	3,329,134,035
PetroVietnam Urban Development Joint Stock Company	-	1,396,779,172
PetroVietnam Security Service Corporation	6,501,828,870	5,429,019,998
PetroVietnam Transportation Vung Tau Joint Stock Company	2,224,100,000	1,477,636,364
Branch of Vietnam Petroleum Institute - Research and Development Center for Petroleum Processing	281,947,136	5,190,881,736
PVI South Insurance Company	23,198,769,765	43,774,850,113
Vietnam Petro Shipping Investment Joint Stock Company	5,328,750,000	-
	557,830,806,503	921,648,962,753
Remuneration paid to the Boards of Directors and Management	8,428,179,370	4,749,325,039

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	<u>30/6/2016</u>	<u>31/12/2015</u>
	VND	VND
Other short-term receivables		
Capital granted to Camau Gas - Power - Fertilizer Project Management Unit	19,718,000,000	19,718,000,000
Accrued interest receivable from Vietnam Public Joint Stock Commercial Bank - Can Tho Branch	4,114,166,667	5,323,611,111
	<u>23,832,166,667</u>	<u>25,041,611,111</u>
Short-term trade payables		
Vietnam Oil and Gas Group	158,877,555,863	163,690,892,638
PetroVietnam Power Corporation	26,236,395,463	27,038,360,664
PetroVietnam Urban Development Joint Stock Company	81,149,831	1,010,621,230
Branch of Vietnam Petroleum Institute - Center for Technology Application and Transfer	-	1,542,818,200
Branch of Vietnam Petroleum Institute - Research and Development Center for Petroleum Processing	-	529,574,070
PetroVietnam Security Service Corporation	3,168,908,772	999,784,848
PetroVietnam Transportation Vung Tau Joint Stock Company	1,298,020,000	666,608,000
PetroVietnam Drilling Trading and Technical Service Joint Stock Company	-	2,854,510,812
PetroVietnam Maintenance and Repair Joint Stock Company	-	2,046,948,653
PetroVietnam Energy Technology Corporation - Joint Stock Company	-	1,241,239,957
PVI Camau Insurance Company	190,873,249	-
PetroVietnam Investment and Transportation Joint Stock Company	4,025,875,000	-
South-East PetroVietnam Fertilizer and Chemicals Joint Stock Company	314,036,635	-
	<u>194,192,814,813</u>	<u>201,621,359,072</u>
Short-term advances from customers		
South-East PetroVietnam Fertilizer and Chemicals JSC	1,185,961,760	3,165,961,760
	<u>1,185,961,760</u>	<u>3,165,961,760</u>
Short-term accrued expenses		
Vietnam Oil and Gas Group	206,911,146,903	261,721,055,666
	<u>206,911,146,903</u>	<u>261,721,055,666</u>
Other short-term payables		
Ca Mau Gas - Power - Fertilizer Project Management Unit	75,571,633,412	75,571,633,412
Vietnam Oil and Gas Group	118,889,750,670	119,494,557,567
	<u>194,461,384,082</u>	<u>195,066,190,979</u>



Trương Quỳnh Anh



Dinh Nhu Cuong
Chief Accountant



Le Ngoc Minh Tri
Deputy General Director

22 August 2016