



**PETROVIETNAM CAMAU FERTILIZER
JOINT STOCK COMPANY**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2017



PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

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

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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 consolidated financial statements for the year ended 31 December 2017.

BOARDS OF MANAGEMENT AND DIRECTORS

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

Board of Management

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

Board of Directors

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

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

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

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

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STATEMENT OF THE BOARD OF DIRECTORS (Continued)

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY (Continued)

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

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

For and on behalf of the Board of Directors,



Le Ngoc Minh Tri
Deputy General Director

17 March 2018



No.: *616* /VN1A-HN-BC

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of PetroVietnam Camau Fertilizer Joint Stock Company (the "Company"), prepared on 17 March 2018, as set out from page 05 to page 37, which comprise the consolidated balance sheet as at 31 December 2017, the consolidated income statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiary as at 31 December 2017, and their financial performance and their cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.

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INDEPENDENT AUDITORS' REPORT (Continued)

Emphasis of Matters

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

Our opinion is not modified in respect of these matters.



Tran Huy Cong
Deputy General Director

Audit Practising Registration Certificate
No. 0891-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

17 March 2018
Hanoi, S.R. Vietnam

Do Trung Kien
Auditor

Audit Practising Registration Certificate
No. 1924-2018-001-1

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

Unit: VND

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

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

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2017

Unit: VND

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


Dinh Nhat Duong
 Preparer


Dinh Nhu Cuong
 Chief Accountant


Le Ngoc Minh Tri
 Deputy General Director

17 March 2018

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

CONSOLIDATED INCOME STATEMENT

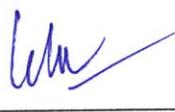
For the year ended 31 December 2017

Unit: VND

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


Dinh Nhat Duong
 Preparer


Dinh Nhu Cuong
 Chief Accountant


Le Minh Ngoc Tri
 Deputy General Director

17 March 2018

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2017

Unit: VND

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

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

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2017

Unit: VND

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

Dinh Nhat Duong
Preparer

Dinh Nhu Cuong
Chief Accountant



Le Minh Ngoc Tri
Deputy General Director

17 March 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Structure of ownership

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

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

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

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

Operating industry and principal activities

The operating industry of the Company includes:

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

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

Normal production and business cycle

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

The Company's structure

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

	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest</u>	<u>Proportion of voting power held</u>	<u>Principal activity</u>
PetroVietnam Packaging Joint Stock Company	Bac Lieu	51.03%	51.03%	Package and fertilizer manufacturing

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

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

Disclosure of information comparability in the consolidated financial statements

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

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

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

Financial year

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprise controlled by the Company (its subsidiary) for the year ended 31 December 2017. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

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

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

Intragroup transactions and balances are eliminated in full on consolidation.

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

Cash and cash equivalents

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

Financial investments

Held-to-maturity investments

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

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

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

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

Receivables

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

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

Inventories

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

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

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

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

Intangible assets and amortisation

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

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

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

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

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

Construction in progress

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

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

Prepayments

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

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

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

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

Science and Technology Development Fund

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

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement.

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

Revenue recognition

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

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

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

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

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

Taxation

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

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

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

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

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

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

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



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

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

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

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

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

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

4. CASH AND CASH EQUIVALENTS

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

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

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

5. SHORT-TERM FINANCIAL INVESTMENTS

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

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6. SHORT-TERM TRADE RECEIVABLES

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

7. SHORT-TERM ADVANCES TO SUPPLIERS

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

8. OTHER RECEIVABLES

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

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

9. INVENTORIES

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

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

10. PREPAYMENTS

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

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

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11. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

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

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

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

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

12. INCREASES, DECREASES IN INTANGIBLE ASSETS

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

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

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

13. CONSTRUCTION IN PROGRESS

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

14. SHORT-TERM TRADE PAYABLES

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

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

15. SHORT-TERM ADVANCES FROM CUSTOMERS

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

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

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

17. SHORT-TERM ACCRUED EXPENSES

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

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

18. OTHER PAYABLES

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

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

19. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

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

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

**PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY
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20. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

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

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

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

- (ii) This is the loan obtained from the Group under State Investment Credit Agreement No. HDTDDT-CM/PV-VIETINBANK2009 dated 25 September 2009 between Vietnam Oil and Gas Group (the borrower) and Vietnam Joint Stock Commercial Bank for Industry and Trade (Vietinbank - the lender) in order to finance Camau Fertilizer Plant project. The loan term is 120 months from the first disbursement date; in which the grace period is 30 months from the first disbursement date, the principal repayment period is 90 months from the end of the grace period. The interest rate (calculated on the outstanding balance for due term) is the USD 6-month saving deposit interest paid in arrears of Vietinbank plus (+) 2.5% per annum; the interest rate is adjusted once every 6 months from the first withdrawal date. The overdue interest rate equals the interest rate for due term plus 1% per annum. The loan interest is paid once every 3 months. As at 31 December 2017, the outstanding principal balance is USD 69,102,442 (as at 31 December 2016: USD 85,047,442).
- (iii) This is the loan under Credit Agreement No. 235/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 interest rate for the first year is 4% per annum. Interest will be paid monthly on the first day of the month.

Vietnam Oil and Gas Group and the Company have pledged fixed assets including buildings and structures, machinery, equipment of Camau Fertilizer Plant to secure the loans above.

- (iv) This is the loan under Credit Agreement No. 197/16/HDCV/101 dated 10 June 2016 between National Commercial Joint Stock Bank ("NCB") – Sai Gon Branch and the Company with the credit limit of VND 105,200,000,000, for the purpose of recovering investment capital and investing in the construction Project of "Packed Ure Warehouse with the capacity of 10,000 tons at Camau Fertilizer Plant". The loan term is 36 months from the first disbursement date. The lending interest rate is determined by the average deposit interest rate for individuals with 12-month maturity period and interests paid in arrears of five (05) banks: Joint Stock Commercial Bank for Investment and Development of Vietnam, Vietnam Joint Stock Commercial Bank for Foreign Trade of Vietnam, Vietnam Bank for Agriculture and Rural Development, Joint Stock Commercial Bank for Industry and Trade of Vietnam and NCB at the time of adjusting lending interest rate plus (+) a margin of 2% per annum.
- (v) This is the loan under the Credit Agreement No. 559/2017/HDTDH-PN/SHB.110100 dated 8 November 2017 between Saigon - Hanoi Commercial Joint Stock Bank ("SHB") and the Company with the credit limit of VND 615,700,000,000, for the purpose of investing in the construction project of Composite Fertilizer Production from melted Urea" with the capacity of 300,000 tons/year. The loan term is 60 months from the first disbursement date. The loan bears an interest rate of 7.5% per annum for the first 12 months from the first disbursement, and then the interest rate is adjusted every 3 months with the adjusted interest rate determined by the average deposit interest rate for individuals with 12-month maturity period and interests paid in arrears with banks: Joint Stock Commercial Bank for Investment and Development of Vietnam, Vietnam Joint Stock Commercial Bank for Foreign Trade of Vietnam, Vietnam Joint Stock Commercial Bank for Industry and Trade and SHB at the time of adjusting lending interest rate plus (+) a margin of 1.7% per annum.
- (vi) This is the long-term loan of PetroVietnam Packaging Joint Stock Company (the Company's subsidiary - PPC) obtained from Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch under credit agreements with the terms from 3 years to 7 years to sponsor for investment, procurement and construction of fixed assets. These loans are secured by assets formed from the loan. The loan bears floating rates that are adjusted over time.

Long-term loans are repayable as follows:

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

21. SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUND

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

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

22. OWNERS' EQUITY

Movement in Owners' equity

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

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

Shares

	<u>Closing balance</u>	<u>Opening balance</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 31 December 2017, the charter capital has been fully contributed by shareholders, as follows:

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

Dividends

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

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

Non-controlling interests

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

	<u>Amount</u>
	<u>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 at the balance sheet date as follows:

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

23. OFF-BALANCE SHEET ITEMS

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

24. BUSINESS AND GEOGRAPHICAL SEGMENTS

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

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

25. REVENUE

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

26. COST OF SALES

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

27. PRODUCTION COST BY NATURE

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

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

28. FINANCIAL INCOME

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

29. FINANCIAL EXPENSES

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

30. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

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

31. OTHER INCOME AND OTHER EXPENSES

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

32. CURRENT CORPORATE INCOME TAX EXPENSE

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

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

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

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

- For packaging activity: according to Decision No. 22/2010/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 rate of 20% for 10 years and tax exemption for 2 years from the first year PPC has taxable profit (2012), 50% tax reduction in tax payable for the next 4 years applicable to newly established enterprises of Investment Projects in areas with difficult socio-economic conditions. The year 2017 is the fourth year in which PPC is entitled to 50% tax deduction in tax payable.

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

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

33. BASIC EARNINGS PER SHARE

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

34. CONTINGENT LIABILITIES

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

35. OTHER COMMITMENTS

- According to Gas Sales Agreement No. 3918/HD-DKVN dated 23 May 2012 between Vietnam Oil and Gas Group and PetroVietnam Camau Fertilizer Company Limited (currently known as PetroVietnam Camau Fertilizer Joint Stock Company), the Company will purchase natural gas of Block PM3 CAA and Block 46 - Cai Nuoc from the Group within 20 years from the official operation date with the output of 457.38 million m³ of standard gas per year.
- According to Contract Annex No. 04 dated 27 November 2014, gas price in the contract is the price to ensure the efficiency of producing fertilizers of the Holding Company with the average return on equity of 12% per year (excluding VAT and other indirect taxes). Gas price in the contract temporarily calculated to issue invoices and to make monthly payment in the year is the price stated in a document approving the annual business plan released by Vietnam Oil and Gas Group.

- According to Decision No. 615/QĐ-PVCFC dated 24 March 2016, the Board of Management of PetroVietnam Camau Fertilizer Joint Stock Company (the Holding Company) approved the Feasibility Study Report of the "Project for Composite Fertilizer Production from melted Urea" with the capacity of 300,000 ton/year with total investment including value added tax of VND 879,588,574,880. The expected implementation period of the project is 33 months with the structure of investment capital in which the loans account for 70% and the equity accounts for 30%. As of 31 December 2017, the value of the project was about VND 60 billion.

36. RELATED PARTIES TRANSACTIONS AND BALANCES

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

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

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

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

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

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

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

PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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


Dinh Nhat Duong
Preparer


Dinh Nhu Cuong
Chief Accountant


Le Ngoc Minh Tri
Deputy General Director



17 March 2018