



**PETROVIETNAM CA MAU FERTILIZER
JOINT STOCK COMPANY**

(Incorporated in the Socialist Republic of Vietnam)

**REVIEWED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

For the 6-month period ended 30 June 2018

PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY

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

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PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY

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

STATEMENT OF THE EXECUTIVE BOARD

The Executive Board of PetroVietnam Ca Mau 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 2018.

THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

The members of the Board of Directors and Executive Board of the Company who held office during the period and to the date of this report are as follows:

Board of Directors

Mr. Bui Minh Tien	Chairman (appointed on 12 June 2018)
	Member (resigned on 12 June 2018)
Mr. Nguyen Duc Thanh	Chairman (resigned on 12 June 2018)
Ms. Tran Thi Binh	Member
Mr. Tran Chi Nguyen	Member
Mr. Tran My	Member
Mr. Van Tien Thanh	Member (appointed on 12 June 2018)

Executive Board

Mr. Van Tien Thanh	Chief Executive Officer (appointed on 12 June 2018)
	Executive Officer (resigned on 12 June 2018)
Mr. Bui Minh Tien	Chief Executive Officer (resigned on 12 June 2018)
Mr. Hoang Trong Dung	Executive Officer
Mr. Nguyen Duc Hanh	Executive Officer
Mr. Le Ngoc Minh Tri	Executive Officer
Mr. Nguyen Tuan Anh	Executive Officer

EXECUTIVE BOARD' STATEMENT OF RESPONSIBILITY

The Executive Board of the Company is responsible for preparing the interim consolidated financial statements, which give a true and fair view of the consolidated financial position of the Company as at 30 June 2018, and its consolidated financial performance and its consolidated 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. In preparing these interim consolidated financial statements, the Executive Board is required to:

PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY

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

STATEMENT OF THE EXECUTIVE BOARD (Continued)

EXECUTIVE BOARD' STATEMENT OF RESPONSIBILITY (Continued)

- 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 Executive Board 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 Executive Board 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 Executive Board confirms that the Company has complied with the above requirements in preparing these interim consolidated financial statements.

For and on behalf of the Executive Board,



Lê Ngọc Minh Trí
Executive Officer

10 August 2018

No.: 203 /VN1A-HN-BC

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: Shareholders
The Board of Directors and Executive Board
PetroVietnam Ca Mau Fertilizer Joint Stock Company

We have reviewed the accompanying interim consolidated financial statements of PetroVietnam Fertilizer Company Limited (the "Company"), prepared on 10 August 2018, as set out from page 5 to page 39, which comprise the interim consolidated balance sheet as at 30 June 2018, the interim consolidated income statement and interim consolidated cash flow statement for the 6-month period then ended and a summary of significant accounting policies and other explanatory information.

Executive Board' Responsibility for the Interim Consolidated Financial Statements

The Executive Board 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 consolidated financial reporting and for such internal control as the Executive Board 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.

Auditors' Responsibility

Our responsibility is to express a conclusion on the accompanying interim consolidated 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 consolidated 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.

Conclusion

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 2018, 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.

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Emphasis of Matters

- As stated in Note 1 of the Notes to the interim consolidated financial statements, the Company has been officially transformed into a joint stock company since 15 January 2015, however, up to the date of this report, the Company has not received the final approval of the competent authorities regarding equitization-related final accounts.
- As stated in Note 17 of the Notes to the interim consolidated financial statements, according to Contract Annex No. 04 dated 27 November 2014 of Gas Sales Agreement No. 3918/HD-DKVN dated 23 May 2012 between the Company and Vietnam Oil and Gas Group ("the Group"), the Company adjusted the unit price when calculating gas fee payable to the Group for the 6-month period ended 30 June 2018 at 2.345 USD/GJ (VAT exclusive) to ensure the profitability of the Company's fertilizer production with the return on equity ratio of 12% per year, which has been reflected it in the accompanying interim consolidated financial statements. According to Official Letter No. 1217/PVCFC-NDD dated 01 August 2018, the Company has requested the Group for their approval of the estimated gas price mentioned above and are waiting for the final decision of the Group.

Our conclusion is not modified in respect of these matters.



Dang Chi Dung

Deputy General Director

Audit Practising Registration Certificate

No. 0030-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

10 August 2018

Hanoi, S.R. Vietnam

INTERIM CONSOLIDATED BALANCE SHEET

As at 30 June 2018

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		5,851,201,857,159	4,838,709,104,648
I. Cash and cash equivalents	110	4	1,521,092,686,981	1,896,184,894,173
1. Cash	111		689,092,686,981	393,834,894,173
2. Cash equivalents	112		832,000,000,000	1,502,350,000,000
II. Short-term financial investments	120	5	3,170,000,000,000	2,100,000,000,000
1. Held-to-maturity investments	123		3,170,000,000,000	2,100,000,000,000
III. Short-term receivables	130		585,740,851,110	400,478,657,863
1. Short-term trade receivables	131	6	30,925,729,938	1,298,187,390
2. Short-term advances to suppliers	132	7	173,118,675,672	88,361,010,852
3. Other short-term receivables	136	8	381,696,445,500	310,340,894,112
4. Deficits in assets awaiting solution	139		-	478,565,509
IV. Inventories	140	9	547,661,114,205	370,662,712,495
1. Inventories	141		547,661,114,205	370,662,712,495
2. Provision for devaluation of inventories	149		-	-
V. Other short-term assets	150		26,707,204,863	71,382,840,117
1. Short-term prepayments	151	10	14,676,185,232	27,233,376,867
2. Value added tax deductibles	152		11,311,055,681	43,662,950,934
3. Taxes and other receivables from the State budget	153	16	719,963,950	486,512,316
B. NON-CURRENT ASSETS	200		7,083,673,050,195	7,617,455,035,205
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		6,867,651,666,003	7,501,543,498,779
1. Tangible fixed assets	221	11	6,843,030,015,828	7,469,583,622,805
- Cost	222		13,946,301,451,218	13,931,183,545,130
- Accumulated depreciation	223		(7,103,271,435,390)	(6,461,599,922,325)
2. Intangible assets	227	12	24,621,650,175	31,959,875,974
- Cost	228		85,774,363,908	85,774,363,908
- Accumulated amortisation	229		(61,152,713,733)	(53,814,487,934)
III. Long-term assets in progress	240		210,442,204,388	104,446,521,029
1. Construction in progress	242	13	210,442,204,388	104,446,521,029
IV. Other long-term assets	260		5,576,179,804	11,462,015,397
1. Long-term prepayments	261	10	4,886,175,001	8,528,310,860
2. Deferred tax assets	262		690,004,803	2,933,704,537
TOTAL ASSETS (270 = 100 + 200)	270		12,934,874,907,354	12,456,164,139,853

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

INTERIM CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2018

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		6,402,912,678,344	6,302,642,116,732
I. Current liabilities	310		3,068,144,079,986	2,525,325,658,242
1. Short-term trade payables	311	14	439,502,679,483	437,540,179,720
2. Short-term advances from customers	312	15	156,840,454,061	83,530,106,522
3. Taxes and amounts payable to the State budget	313	16	11,676,464,446	15,559,115,869
4. Payables to employees	314		52,344,544,453	53,668,946,577
5. Short-term accrued expenses	315	17	837,664,811,743	610,284,379,084
6. Other current payables	319	18	226,358,290,783	221,137,473,632
7. Short-term loans and obligations under finance leases	320	19	1,049,496,886,776	1,062,377,986,921
8. Short-term provisions	321	21	266,509,545,189	-
9. Bonus and welfare funds	322		27,750,403,052	41,227,469,917
II. Long-term liabilities	330		3,334,768,598,358	3,777,316,458,490
1. Long-term loans and obligations under finance leases	338	20	3,193,825,061,102	3,673,878,941,199
2. Scientific and technological development fund	343	22	140,943,537,256	103,437,517,291
D. EQUITY	400		6,531,962,229,010	6,153,522,023,121
I. Owners' equity	410	23	6,531,962,229,010	6,153,522,023,121
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		288,399,528,100	238,735,534,003
3. Retained earnings	421		923,471,293,610	594,403,715,402
- Retained earnings accumulated to the prior year end	421a		592,984,587,743	98,105,509,479
- Retained earnings of the current period	421b		330,486,705,867	496,298,205,923
4. Non-controlling interests	429		26,091,407,300	26,382,773,716
TOTAL RESOURCES (440 = 300 + 400)	440		12,934,874,907,354	12,456,164,139,853


Dinh Nhat Duong
 Preparer


Dinh Nhu Cuong
 Chief Accountant


Le Ngoc Minh Tri
 Executive Officer

10 August 2018

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

INTERIM CONSOLIDATED INCOME STATEMENT

For the 6-month period ended 30 June 2018

Unit: VND

ITEMS	Codes Notes		Current period	Prior period
1. Gross revenue from goods sold and services rendered	01	26	3,382,967,124,898	3,131,706,281,532
2. Deductions	02	26	128,409,150,142	93,780,186,327
3. Net revenue from goods sold and services rendered (10=01-02)	10		3,254,557,974,756	3,037,926,095,205
4. Cost of sales	11	27	2,427,364,155,374	1,987,457,908,118
5. Gross profit from goods sold and services rendered (20=10-11)	20		827,193,819,382	1,050,468,187,087
6. Financial income	21	29	90,669,960,437	76,501,190,498
7. Financial expenses	22	30	141,266,044,525	104,398,711,990
- In which: Interest expense	23		84,767,337,044	91,042,329,289
8. Selling expenses	25	31	191,809,885,655	225,746,468,555
9. General and administration expenses	26	31	153,374,011,166	201,070,718,823
10. Operating profit (30=20+(21-22)-(25+26))	30		431,413,838,473	595,753,478,217
11. Other income	31	32	8,598,281,002	1,782,325,841
12. Other expenses	32	32	3,237,509,195	-
13. Profit from other activities (40=31-32)	40	32	5,360,771,807	1,782,325,841
14. Accounting profit before tax (50=30+40)	50		436,774,610,280	597,535,804,058
15. Current corporate income tax expense	51	33	22,323,157,411	32,630,871,308
16. Deferred corporate tax expense	52		2,243,699,734	-
17. Net profit after corporate income tax (60=50-51-52)	60		412,207,753,135	564,904,932,750
17.1. Equity holders of the Parent Company	61		411,799,582,845	561,266,745,604
17.2. Non-controlling interests	62		408,170,290	3,638,187,146
18. Basic earnings per share	70	34	715	1,001

Dinh Nhat Duong
Dinh Nhat Duong
Preparer

Dinh Nhu Cuong
Dinh Nhu Cuong
Chief Accountant

Le Minh Ngoc Tri
Le Minh Ngoc Tri
Executive Officer

10 August 2018

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

INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the 6-month period ended 30 June 2018

Unit: VND

ITEMS	Codes	Current period	Prior period
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	436,774,610,280	597,535,804,058
2. Adjustments for:			
Depreciation and amortisation	02	647,268,387,556	648,576,498,769
Provisions	03	266,509,545,189	271,233,786,335
Foreign exchange loss/(gain) arising from translating foreign currency items	04	36,020,153,916	(3,800,682,830)
(Gain) from investing activities	05	(89,733,438,846)	(70,309,762,873)
Interest expense	06	84,767,337,044	91,042,329,289
Other adjustments	07	41,066,103,396	65,258,111,745
3. Operating profit before movements in working capital	08	1,422,672,698,535	1,599,536,084,493
Changes in receivables	09	(105,122,117,602)	98,148,270,976
Changes in inventories	10	(176,998,401,710)	2,652,926,510
Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	312,461,992,326	(167,869,221,302)
Changes in prepaid expenses	12	16,199,327,494	64,475,493,235
Interest paid	14	(84,868,424,421)	(96,677,142,277)
Corporate income tax paid	15	(23,573,507,680)	(23,140,943,574)
Other cash inflows	16	-	635,500,000
Other cash outflows	17	(49,148,528,979)	(36,348,746,898)
Net cash generated by operating activities	20	1,311,623,037,963	1,441,412,221,163
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(158,649,932,672)	(27,867,572,676)
2. Cash outflow for lending, buying debt instruments of other entities	23	(3,170,000,000,000)	(2,700,000,000,000)
3. Cash recovered from lending, selling debt instruments of other entities	24	2,100,000,000,000	2,300,000,000,000
4. Interest earned, dividends and profits received	27	70,500,024,843	70,514,696,206
Net cash (used in) investing activities	30	(1,158,149,907,829)	(357,352,876,470)

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

INTERIM CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the 6-month period ended 30 June 2018

Unit: VND

ITEMS	Codes	Current period	Prior period
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	80,749,086,151	68,039,438,494
2. Repayment of borrowings	34	(609,578,554,793)	(734,102,380,843)
3. Dividends and profits paid	36	(8,920,500)	(265,443,596,300)
Net cash (used in) financing activities	40	(528,838,389,142)	(931,506,538,649)
Net (decrease)/increase in cash (50=20+30+40)	50	(375,365,259,008)	152,552,806,044
Cash and cash equivalents at the beginning of the period	60	1,896,184,894,173	813,518,747,412
Effect of changes in foreign exchange rates	61	273,051,816	-
Cash and cash equivalents at the end of the period (70=50+60+61)	70	1,521,092,686,981	966,071,553,456






Dinh Nhat Duong
Preparer

Dinh Nhu Cuong
Chief Accountant

Le Minh Ngoc Tri
Executive Officer

10 August 2018

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION**Structure of ownership**

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

PetroVietnam Ca Mau Fertilizer Company Limited was officially transformed into a Joint Stock Company with the name of PetroVietnam Ca Mau Fertilizer Joint Stock Company under Business Registration Certificate for Joint Stock Company No. 2001012298 issued by Ca Mau 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 symbol "DCM". However, up to the date of this report, the Company has not received the final approval of the competent authorities regarding equitization-related final accounts.

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

The number of the Company and its subsidiary's employees as at 30 June 2018 was 1,158 (as at 31 December 2017: 1,187).

Operating industry and principal activities

The business 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 technical consultancy relating to the use of fertilizers and chemicals;
- Warehousing, storage and loading/unloading services;
- Development of natural science and engineering research and experiment, technical testing and analysing;
- 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 period of 12 months or less.

The Company's structure

The Company has 01 subsidiary, namely PetroVietnam Packaging Joint Stock Company. General information about the subsidiary is as below:

	Place of incorporation and	Proportion of ownership interest	Proportion of voting power	Principal activity
PetroVietnam Packaging Joint Stock Company	Bac Lieu	51.03%	51.03%	Package and fertilizer manufacturing

The Company has 02 branches that are its dependent accounting units, both located in plot D, Ward 1 Industrial Zone, Ngo Quyen Street, Ward 1, Ca Mau City, Ca Mau Province, having their own seals 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 Directors.
- 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 Directors.

Disclosure of information comparability in the interim consolidated financial statements

The comparative figures of the interim consolidated balance sheet and corresponding notes are the figures of the Company's audited consolidated financial statements for the year ended 31 December 2017. The comparative figures of the interim consolidated income statement and interim consolidated cash flow statements are the figures of the reviewed interim consolidated financial statements for the 6-month period ended 30 June 2017.

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 consolidated 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. The interim consolidated financial statements are prepared for the 6-month period ended 30 June 2018.

3. 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:

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 Executive Board 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 Executive Board's 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 6-month period ended 30 June 2018. 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 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 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 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 comprises direct materials and where applicable, direct labour costs and those overheads, that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. 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 period
	(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 from 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.

For fixed assets at Ca Mau Fertilizer Plant which are periodically repaired, the Company is entitled to periodically accrue the estimated repair costs to expenses. If the actual repair costs are greater than the accrued amount, the Company will additionally recognise the difference to reasonable expenses for the period. If the actual repair costs are less than the accrued amount, the difference is reduced from operating expenses for the period.

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 interim consolidated income statement.

Intangible assets and amortisation

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

Increase in value of land use rights is due to asset revaluation and the transfer to land allocated by the State with land use levy when the Company transformed into a joint stock company and is recorded as payables to the State Budget.

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

	Current period
	(Years)
Land use rights	20 - 50
Copyrights, patents	3
Computer software	3

The Company's intangible assets were revalued when it was equitized from a state-owned enterprise. 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 prepaid expenses for Ca Mau Fertilizer Production Plant's asset insurance, warranty extension and software copyrights, fixed asset repair, catalyst chemical and other types of long-term prepayments.

The prepaid expenses for Ca Mau Fertilizer Production Plant's asset insurance are allocated to profit or loss over the insurance period.

Other types of prepayments comprise cost of small tools, supplies issued for consumption and other prepayments which are expected to provide future economic benefits to the Company. These expenditures have been capitalised as prepayments, and are allocated to the interim consolidated income statement using the straight-line method in compliance with applicable regulations.

Payable provisions

Payable provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Executive Board's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

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 demand and technology innovation and is recognized in the operation results of the period.

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 interim consolidated income statement.

Following the guidance in 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 30 June 2018. 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 ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the 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 balance sheet date of that period. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;

- (b) it is probable that the economic benefits associated with the transaction will flow to the 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 a time 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 interim consolidated income statement in the period 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 period. Taxable profit differs from profit before tax as reported in the 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 Ca Mau Province, PetroVietnam Ca Mau Fertilizer Joint Stock Company (the Holding Company) is entitled to tax incentives with regard to Ca Mau 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, land and water surface rental in accordance with provisions of the prevailing laws on land and taxation.
- Import duty: The Company is exempted from import duty with regard to equipment, materials, motor vehicles and other goods imported for the implementation of the project on the Plant in accordance with the law on import/export duties.

For income from main business activities arising from Ca Mau Fertilizer Plant Project, the Company is in the period of corporate income tax exemption. 2018 is the third year the Company was entitled to a 50% reduction of tax payable. For other operations than Ca Mau Fertilizer Plant Project, the Company is obliged to pay corporate income tax at the normal rate on taxable profit.

PetroVietnam Packaging Joint Stock Company (PPC - the Company's subsidiary) is entitled to tax incentives as follows:

- For package manufacturing: according to Decision No. 22/2010/QĐ-UBND dated 01 September 2010 issued by People's Committee of Bac Lieu province on 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 income (2012), 50% tax reduction in tax payable for the next 4 years applicable to enterprises newly established from investment projects in areas with difficult socio-economic conditions. From 2018, PPC has not been entitled to 50% tax reduction in tax payables.
- For fertilizer manufacturing and trading activity: PPC has had no taxable profit yet.

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.

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 2018, there was no significant temporary difference between carrying amount of assets and liabilities in 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.

4. CASH AND CASH EQUIVALENTS

	Closing balance	Opening balance
	VND	VND
Cash on hand	4,496,024,750	331,972,815
Bank demand deposits	534,596,662,231	393,502,921,358
Cash in transits	150,000,000,000	-
Cash equivalents (*)	832,000,000,000	1,502,350,000,000
	1,521,092,686,981	1,896,184,894,173

(*) 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's management regularly evaluates and believes that the above deposits expose to no risk of recoverability or liquidation.

5. SHORT-TERM FINANCIAL INVESTMENTS

	Closing balance		Opening balance	
	Cost	Carrying amount	Cost	Carrying amount
	VND	VND	VND	VND
Short-term held-to-maturity investments				
Term deposits with maturity over 3 months	3,170,000,000,000	3,170,000,000,000	2,100,000,000,000	2,100,000,000,000

6. SHORT-TERM TRADE RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Hung Thanh Private Enterprise	14,835,000,000	-
Tu Long Private Company	6,950,000,000	-
Tuong Dung An Giang One-member Limited Company	6,920,500,000	-
Hung Vuong Song Doc Joint Stock Company	343,178,198	553,135,000
Tuong Nguyen Import & Export Trading and Services Co., Ltd.	-	162,085,000
Other customers	1,877,051,740	582,967,390
	30,925,729,938	1,298,187,390

7. SHORT-TERM ADVANCES TO SUPPLIERS

	Closing balance	Opening balance
	VND	VND
Chemical Industry Engineering Joint Stock Company	52,354,371,832	47,759,883,484
Tuong Nguyen Import & Export Trading and Services Co., Ltd.	52,500,000,000	-
PVD Trading and Technical Services Joint Stock Company	15,120,373,378	15,120,373,378
Yokogawa Vietnam Company Limited	6,121,780,020	5,573,649,360
Saipem S.P.A	4,743,480,000	-
Air Products PLC	3,968,940,000	-
Tri Viet Trading Engineering Company Limited	2,854,300,479	576,254,255
Vimico Equipment and Accessories Co., Ltd.	1,282,294,617	895,294,617
VMARK Communication Corporation	1,155,000,000	2,763,700,000
Other suppliers	33,018,135,346	15,671,855,758
	173,118,675,672	88,361,010,852
Short-term advances to related parties (details presented in Note 37)	15,864,193,128	17,919,325,565

8. OTHER SHORT-TERM RECEIVABLES

	Closing balance	Opening balance
	VND	VND
a) Other short-term receivables		
Receivable from Vietnam Oil and Gas Group	276,761,701,091	276,761,701,091
- Receivable related to the Company's equitization (i)	276,761,701,091	276,761,701,091
Accrued interest receivable from term deposits	46,278,991,782	27,045,577,779
Withholding tax on payments of foreign loan interest receivable from foreign banks (ii)	30,784,721,633	-
Clearance cost relating to public servants' housing site	18,422,240,837	-
Advances to employees	8,885,326,837	6,147,410,887
Deposits	335,000,000	325,000,000
Other receivables	228,463,320	61,204,355
	381,696,445,500	310,340,894,112
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 37)	276,761,701,091	276,761,701,091

- (i) Represent profit of the period from 01 January 2014 to 14 January 2015, which had been excessively transferred to Vietnam Oil and Gas Group due to effects of gas price unit adjustments relating to gas volume purchased by the Company from Vietnam Oil and Gas Group during the above-mentioned period. This receivable will be recovered upon the finalization of the Company's State-owned capital portion with Vietnam Oil and Gas Group.
- (ii) Represent the foreign contractor withholding tax amounts paid by Company accumulated to the end of 2017 which are receivable from foreign contractors relating to the loan interest under the ECA Loan Agreement between the lending group of BNP Paribas, Export-Import Bank of China and Credit Agricole Bank and Vietnam Oil and Gas Group. The Company paid this withholding tax to the State Budget pursuant to the Minutes dated 26 April 2018 between Ministry of Finance Inspector, Tax Department of Ca Mau Province and the Company (details presented in the Note 35).

9. INVENTORIES

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Raw materials	192,324,273,943	-	207,282,458,199	-
Tools and supplies	8,158,565,619	-	4,833,713,407	-
Work in progress	23,498,268,618	-	35,052,347,008	-
Finished goods	148,602,107,430	-	113,052,877,561	-
Commercial goods	175,077,898,595	-	10,441,316,320	-
	547,661,114,205	-	370,662,712,495	-

10. PREPAYMENTS

	Closing balance VND	Opening balance VND
a) Short-term		
Assets insurance for Camau Fertilizer Plant	8,364,203,496	16,751,612,330
Warranty extension and software copyrights	2,907,233,786	4,760,218,148
Advertising pano	-	1,240,979,132
Other short-term prepaid expenses	3,404,747,950	4,480,567,257
	14,676,185,232	27,233,376,867
b) Long-term		
Tools and supplies	3,360,819,963	4,841,836,242
Fixed asset repair expenses	925,126,217	1,195,148,843
Employee training expense	334,984,687	558,307,812
Catalyst chemicals	-	1,556,423,768
Other long-term prepaid expenses	265,244,134	376,594,195
	4,886,175,001	8,528,310,860

11. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

COST	Buildings and structures	Machinery and equipment	Motor vehicles and transmission equipment	Office equipment	Others	Total
	VND	VND	VND	VND	VND	VND
Opening 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
Transfer from construction in progress	-	4,295,997,851	-	-	-	4,295,997,851
Purchases	-	4,704,858,000	5,382,700,674	734,349,563	-	10,821,908,237
Closing balance	3,392,155,530,008	10,366,630,641,781	67,330,534,953	61,426,153,232	58,758,591,244	13,946,301,451,218
ACCUMULATED DEPRECIATION						
Opening 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
Charge for the period	149,086,008,712	485,015,711,123	3,533,291,108	3,726,074,250	310,427,872	641,671,513,065
Closing balance	1,798,107,675,937	5,196,016,270,528	47,930,077,625	43,971,516,500	17,245,894,800	7,103,271,435,390
NET BOOK VALUE						
Closing balance	1,594,047,854,071	5,170,614,371,253	19,400,457,328	17,454,636,732	41,512,696,444	6,843,030,015,828
Opening 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

As stated in Note 20, PetroVietnam Packaging Joint Stock Company (the subsidiary) has pledged the entire fixed assets formed under Bac Lieu Packaging Production Plant Project and Bac Lieu Fertilizer Plant Project and the fixed assets formed under loans granted to it with the total carrying amount of VND 68,409,696,390 as at 30 June 2018 (as at 31 December 2017: VND 73,279,224,370) to secure bank loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu branch.

As stated further in Note 20, PetroVietnam Ca Mau Fertilizer Joint Stock Company (the Holding Company) has pledged the entire fixed assets formed under Ca Mau Fertilizer Plant Project which have the carrying value of VND 6,525,160,132,217 as at 30 June 2018 (as at 31 December 2017: VND 7,127,915,909,028) to secure bank loans.

The cost of the Company's tangible fixed assets as at 30 June 2018 includes VND 164,389,834,985 (as at 31 December 2017: 121,669,759,949 VND) of tangible fixed assets which have been fully depreciated but are still in use.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Copyright, patents	Computer software	Total
	VND	VND	VND	VND
COST				
Opening balance	22,194,885,567	32,483,466,173	31,096,012,168	85,774,363,908
Closing balance	22,194,885,567	32,483,466,173	31,096,012,168	85,774,363,908
ACCUMULATED AMORTISATION				
Opening balance	3,713,945,734	24,577,542,495	25,522,999,705	53,814,487,934
Charge for the period	638,036,486	4,278,750,738	2,421,438,575	7,338,225,799
Closing balance	4,351,982,220	28,856,293,233	27,944,438,280	61,152,713,733
NET BOOK VALUE				
Closing balance	17,842,903,347	3,627,172,940	3,151,573,888	24,621,650,175
Opening balance	18,480,939,833	7,905,923,678	5,573,012,463	31,959,875,974

The cost of the Company's intangible assets as at 30 June 2018 includes VND 36,489,867,312 (as at 31 December 2017: VND 16,268,335,312) of intangible assets which have been fully amortised but are still in use.

13. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Complex fertilizer production lines from melted Urea	171,311,621,340	59,991,150,644
Repair and renovation of houses - phase	9,822,500,576	5,832,841,102
Improving grain sieve by size	9,466,711,521	9,466,711,521
ERP equipment provision - phase 2	6,189,775,616	-
Importing port project - 500,000 ton pa	4,057,519,000	-
Clearance cost relating to public servants' housing site	-	19,217,326,485
CCTV system - phase 2	-	4,295,997,851
Others	9,594,076,335	5,642,493,426
	210,442,204,388	104,446,521,029

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
	VND	VND	VND	VND
Short-term trade payables				
Vietnam Oil and Gas Group (*)	242,037,286,782	242,037,286,782	198,267,385,610	198,267,385,610
PetroVietnam Power Corporation	45,482,120,373	45,482,120,373	33,178,356,253	33,178,356,253
F.A Joint Stock Company	30,751,987,798	30,751,987,798	16,751,956,855	16,751,956,855
Sai Gon Service Trading Packaging Co., Ltd	15,228,923,701	15,228,923,701	6,093,256,046	6,093,256,046
Tri Viet Trading Engineering Company Limit	4,286,950,407	4,286,950,407	17,521,782,922	17,521,782,922
Sun Life Vietnam Insurance Company Limit	-	-	12,224,099,267	12,224,099,267
Others	101,715,410,422	101,715,410,422	153,503,342,767	153,503,342,767
	439,502,679,483	439,502,679,483	437,540,179,720	437,540,179,720
Trade payables to related parties (details presented in Note 37)	295,907,799,181	295,907,799,181	250,752,258,961	250,752,258,961

(*) Trade payables to Vietnam Oil and Gas Group mainly include the amount payable by the Company for the purchased volume of natural gas from Block PM3 CAA and Block 46-Cai Nuoc under Contract Annex No. 04 dated 17 November 2014 amending Gas Sales Contract No. 3918/HD-DKVN dated 23 May 2012 between the Company and Vietnam Oil and Gas Group.

15. SHORT-TERM ADVANCES FROM CUSTOMERS

	Closing balance	Opening balance
	VND	VND
Yetak Group Co., Ltd.	22,947,212,500	-
Five Star International Fertilizer Cambodia Co., Ltd	15,883,592,900	5,857,720,000
Tuong Nguyen Import & Export Trading and Services Co., Ltd.	13,137,900,000	14,503,050,000
Huu Thanh I Company Limited	11,890,813,600	537,150,000
SAYIMEX TA MCHAS SRE Co., Ltd.	10,303,326,000	197,952,750
Nguyen Khoa Trading Co., Ltd.	8,924,764,999	7,352,499,999
Thu Dung Private Enterprise	8,550,000,000	1,491,750,000
Hung Thanh Agricultural Materials Company Limitec	7,459,311,100	5,910,128,600
Tuong Dung Private Enterprise	6,839,300,000	5,273,000,000
Hoang Ngan General Trading Company Limited	5,900,000,000	-
Huu Nghi Company Limited	2,461,400,000	6,261,232,500
Dang Lan Service Trade Company Limited	1,959,100,000	8,810,500,000
The Man One-Member Limited Liability Company	1,329,358,900	3,404,358,900
Other customers	39,254,374,062	23,930,763,773
	156,840,454,061	83,530,106,522

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

Items	Movement in the year				Closing balance VND
	Opening balance VND	Amount receivable/payable VND	Amount net-off VND	Amount received/paid VND	
a) Receivables					
Value added tax	89,165,711	1,874,642,282	1,874,642,281	-	89,165,710
Import duty	-	10,161,374,898	-	10,362,834,131	201,459,233
Land rental fee	397,346,605	77,400,525	-	77,400,525	397,346,605
Personal income tax	-	-	-	31,992,402	31,992,402
	486,512,316	12,113,417,705	1,874,642,281	10,472,227,058	719,963,950
b) Payables					
Value added tax	295,061,188	10,254,015,267	6,108,940,907	4,439,953,730	181,818
Corporate income tax	11,578,003,176	22,323,157,411	-	23,573,507,680	10,327,652,907
Natural resources tax	133,396,460	1,232,144,910	-	1,184,682,060	180,859,310
Personal income tax	3,438,402,375	9,175,927,048	-	11,871,320,322	743,009,101
Other taxes	114,252,670	43,297,997,160	-	42,987,488,520	424,761,310
	15,559,115,869	86,283,241,796	6,108,940,907	84,056,952,312	11,676,464,446

17. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
Estimated gas fee payable for the year ended 31 December 2017 (i)	479,181,172,915	479,181,172,915
Estimated gas fee payable for 6-month period ended 30 June 2018 (ii)	243,305,939,380	-
Interest expense payable	64,172,948,292	64,274,035,669
Management fee payable to Vietnam Oil and Gas Group	13,357,082,852	-
Insurance and welfare expenses	6,954,950,000	-
Transportation and storage expenses	6,276,987,697	-
Guarantee fees	3,027,905,423	4,370,452,035
Trade discount	-	45,183,361,668
Goods purchases and other accruals	21,387,825,184	17,275,356,797
	837,664,811,743	610,284,379,084
Accrued expenses payable to related parties (details presented in Note 37)	735,844,195,147	479,181,172,915

- (i) Represents the estimated gas fee payable to Vietnam Oil and Gas Group for the year ended 31 December 2017 which was determined and adjusted by the Company using the unit price temporarily settled in 2017 of USD 3.038/million BTU as per Decision No. 1245/QD-DKVN dated 01 March 2018 of the Chief Executive Officer of Vietnam Oil and Gas Group.
- (ii) Represents the estimated gas fee payables to Vietnam Oil and Gas Group for the 6-month period ended 30 June 2018 which was determined and adjusted at the unit price estimated at USD 2.345/GJ (VAT exclusive) in accordance with the Contract Annex No. 04 dated 27 November 2014 of Gas Sales Agreement No. 3918/HD-DKVN dated 23 May 2012 between the Company and the Group to ensure the profitability of fertilizer production with the return on equity ratio of 12% per year. According to the Official Letter No. 1217/PVCFC-NDD dated 01 August 2018, the Company has requested the Group for the approval of their estimated gas price mentioned above and are waiting for their final decision of the Group.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. OTHER PAYABLES

	Closing balance	Opening balance
	VND	VND
a) Other short-term payables		
Camau Gas - Power - Fertilizer Project Management Unit	55,851,413,429	55,851,413,429
- Input VAT for gas purchased in the construction period before official commercial operations	49,897,065,571	49,897,065,571
- Other payables	5,954,347,858	5,954,347,858
Payables to Vietnam Oil and Gas Group	152,890,357,958	152,890,357,958
- 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)	(162,785,316)
Safety reward fund (iii)	9,202,767,875	2,155,892,699
Trade union fee	1,396,175,500	1,271,810,485
Social insurance	570,970,140	-
Health insurance	100,781,092	-
Unemployment insurance	51,696,256	-
Short-term deposits and mortgages received	920,613,800	571,366,000
Other short-term payables	5,373,514,733	8,396,633,061
	226,358,290,783	221,137,473,632
Other payables to related parties (details presented in Note 37)	208,741,771,387	208,741,771,387

- (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 Ca Mau Fertilizer Production Plant project, the Company took over fixed assets and current assets of Ca Mau Fertilizer Plant with value as finalized. The Company temporarily recognized the difference between the value of assets received and the sum of the Company's charter capital and received loans as a payable to Vietnam Oil and Gas Group. This payable amount will be adjusted upon finalization of the Company's State-owned capital with the Group.
- (ii) Represent carried-forward adjustments to the amount of profit payable to Vietnam Oil and Gas Group due to adjustments to the financial statements for the period from 01 January 2014 to 14 January 2015 following recommendations of the State Audit Office. Such profit payable amount will be adjusted upon the finalization of the Company's State-owned capital Vietnam Oil and Gas Group.
- (iii) The Company made appropriation to 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 payments to beneficiaries who are workers and staff of Ca Mau Fertilizer Plant.

19. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Items	Opening balance		In the period		Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Short-term loans (i)	3,609,022,600	3,609,022,600	80,749,086,151	76,309,885,111	8,048,223,640	8,048,223,640
Current portion of long-term loans (Note 20)	1,058,768,964,321	1,058,768,964,321	515,948,368,497	533,268,669,682	1,041,448,663,136	1,041,448,663,136
	1,062,377,986,921	1,062,377,986,921	596,697,454,648	609,578,554,793	1,049,496,886,776	1,049,496,886,776

- (i) Represent the short-term loans of Vietnam Petroleum 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 not more than 3 months to replenish working capital for black urea and package production and trading. The loans are unsecured and bear interest at the base rate plus the required margin, but not less than the lending floor rate set by the lender.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Items	Opening balance		In the period			Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off	
	VND	VND	VND	VND	VND	VND	VND
BNP Paribas Bank, Credit Agricole Bank, Export - Import Bank of China (i)	2,991,780,000,000	2,991,780,000,000	24,200,000,000	242,660,000,000	2,773,320,000,000	2,773,320,000,000	2,773,320,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade (ii)	1,566,206,851,105	1,566,206,851,105	11,694,488,400	237,712,968,867	1,340,188,370,638	1,340,188,370,638	1,340,188,370,638
Vietnam Public Joint Stock Commercial Bank - Can Tho Branch (iii)	28,672,198,008	28,672,198,008	-	28,672,198,008	-	-	-
National Commercial Joint Stock Bank - Sai Gon Branch (iv)	41,095,902,807	41,095,902,807	-	17,763,902,807	23,332,000,000	23,332,000,000	23,332,000,000
Saigon - Hanoi Commercial Joint Stock Bank (v)	67,992,690,692	67,992,690,692	-	-	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)	36,900,262,908	36,900,262,908	-	6,459,600,000	30,440,662,908	30,440,662,908	30,440,662,908
Total	4,732,647,905,520	4,732,647,905,520	35,894,488,400	533,268,669,682	4,235,273,724,238	4,235,273,724,238	4,235,273,724,238
In which:							
Amount due for settlement within 12 month	1,058,768,964,321				1,041,448,663,136		
Amount due for settlement after 12 months	3,673,878,941,199				3,193,825,061,102		

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 "Ca Mau 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, adjustable every 06 months from the first withdrawal date. The loan interest is payable every 6 months. As at 30 June 2018, the outstanding principal balance is USD 121,000,000 (as at 31 December 2017: USD 132,000,000).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(ii) This is the loan obtained from the Group under State Investment Credit Agreement No. HDTDDT-CM/PV-VIETINBANK2009 dated 25 September 2009 between Vietnam Oil and Gas Group (the borrower) and Vietnam Joint Stock Commercial Bank for Industry and Trade (Vietinbank - the lender) with the principal of USD 220,000,000 in order to finance "Ca Mau 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 that of Vietinbank's USD-6-month saving deposit with interest paid in arrears plus (+) 2.5% per annum; the interest rate is adjustable every 6 months from the first withdrawal date. The late payment penalty rate equals the interest rate plus 1% per annum. The loan interest is payable every 3 months. As at 30 June 2018, the outstanding principal balance is USD 58,472,442 (as at 31 December 2017: USD 69,102,442).

(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 "Ca Mau 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 at the interest rate determination date plus a margin of 3.15% per annum (fixed during the loan term) which shall 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 payable 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 Ca Mau Fertilizer Plant to secure the loans represented in paragraphs (i), (ii) and (iii) as 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") and the Company with the credit limit of VND 105,200,000,000, for the purpose of recovering investment capital and investing in the Project of "Packed Ure Warehouse construction with the capacity of 10,000 tons at Ca Mau Fertilizer Plant". The loan term is 36 months from the first drawdown. The lending interest rate is determined by the average 12-month saving rate for individuals with interests paid in arrears quoted by five (05) banks: Joint Stock Commercial Bank for Investment and Development of Vietnam, Joint Stock Commercial Bank for Foreign Trade of Vietnam, Bank for Agriculture and Rural Development of Vietnam, Joint Stock Commercial Bank for Industry and Trade of Vietnam and NCB at the time of interest rate determination plus (+) a margin of 2% per annum. The loan is secured by the future assets formed under the Project of "Packed Urea Warehouse construction with the capacity of 10,000 tons at Ca Mau Fertilizer Plant".

(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 adjustable every 3 months with the adjusted interest rate determined by the average 12-month saving rate for individuals with interests paid in arrears quoted by four (04) banks: Joint Stock Commercial Bank for Investment and Development of Vietnam, Joint Stock Commercial Bank for Foreign Trade of Vietnam, Joint Stock Commercial Bank for Industry and Trade of Vietnam and SHB at the time of interest rate determination plus (+) a margin of 1.7% per annum. The loan is secured by the assets formed under the project of "Composite fertilizer production from melted Urea with the capacity of 300,000 tons/year".

(vi) This is the long-term loans of PetroVietnam Packaging Joint Stock Company (PPC - the Company's subsidiary) obtained from Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch under credit agreements for the terms from 3 years to 7 years to finance investment, procurement and construction of fixed assets. The loan interest rate is that applicable to long-term loans, floating, adjustable from time to time and payable monthly. These loans are secured by assets formed from loans. The interest rates of the loans are floating rates adjusted over time.

Long-term loans are repayable as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Within one year	1,041,448,663,136	1,058,768,964,321
In the second year	1,011,106,995,379	1,009,195,191,309
In the third to fifth year	1,929,885,522,191	2,130,354,352,273
After five years	252,832,543,532	534,329,397,617
	4,235,273,724,238	4,732,647,905,520
months	1,041,448,663,136	1,058,768,964,321
<i>(presented in short-term loans)</i>		
Amount due for settlement after 12 months	3,193,825,061,102	3,673,878,941,199

21. PAYABLE PROVISIONS

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Trade discounts (i)	128,409,150,142	-
Accrual of periodical repair and maintenance expenses	94,471,849,848	-
Advertisement and communication expenses (ii)	20,352,936,521	-
Social security expenses (ii)	23,275,608,678	-
	266,509,545,189	-

- (i) During the period, the Company has accrued trade discounts based on the sale policy approved by the Executive Board which mainly includes those for Urea products at the rate of 4.6% of revenue. This estimated trade discount amount will be adjusted upon finalization at the end of the financial year.
- (ii) During the period, the Company has accrued advertisement and communication expenses and social security expenses based on the business plan for the year 2018 pursuant to the Resolution No. 8305/NQ-DKVN dated 27 December 2017 of Member Council of Vietnam Oil and Gas Group. The accrued advertisement and communication expenses and social security expenses will be adjusted upon finalization at the end of the financial year.

22. SCIENCE AND TECHNOLOGY DEVELOPMENT FUND

	<u>Current period</u>	<u>Prior period</u>
	<u>VND</u>	<u>VND</u>
Opening balance	103,437,517,291	41,572,332,229
Fund established in the period (i)	41,066,103,396	65,258,111,745
Fund used in the period	(3,560,083,431)	(3,950,841,263)
Closing balance	140,943,537,256	102,879,602,711

- (i) The science and technology development fund is supplemented by an amount equal to 10% of the Company's taxable profit in accordance with Resolution No. 1196/NQ-PVCFC dated 12 June 2018 passed at the Company's General Shareholders' Meeting.

23. OWNER'S EQUITY

Movement in owner's equity

	Owners' contributed capital	Investment and development fund	Retained earnings	Non-controlling interest	Total
	VND	VND	VND	VND	VND
Prior period's 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	-	-	561,266,745,604	3,638,187,146	564,904,932,750
Appropriation to investment and development fund	-	68,211,541,368	(68,211,541,368)	-	-
Appropriation to bonus and welfare funds	-	-	(31,460,341,065)	(1,007,784,828)	(32,468,125,893)
Dividend paid	-	-	(264,700,000,000)	(2,997,936,000)	(267,697,936,000)
Prior period's closing balance	5,294,000,000,000	229,275,267,797	565,183,401,869	26,523,277,334	6,114,981,947,000
Current period's opening balance	5,294,000,000,000	238,735,534,003	594,403,715,402	26,382,773,716	6,153,522,023,121
Profit for the period	-	-	411,799,582,845	408,170,290	412,207,753,135
Appropriation to investment and development fund (i)	-	49,663,994,097	(49,663,994,097)	-	-
Appropriation to bonus and welfare funds (i)	-	-	(33,068,010,540)	(699,536,706)	(33,767,547,246)
Current period's closing balance	5,294,000,000,000	288,399,528,100	923,471,293,610	26,091,407,300	6,531,962,229,010

- (i) Amounts appropriated in the period represent those to Investment and Development Fund and Bonus and Welfare Funds of the Company and its subsidiary under resolutions passed by their General Shareholders' meetings.

Shares

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

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

Charter capital

The charter capital of the Company is VND 5,294,000,000,000. As at 30 June 2018, 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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Dividends

According to Resolution No. 1196/NQ-PVCFC dated 12 June 2018, the Company's General Shareholders declared 2017 dividends at the rate of 9% of charter capital, equivalent to the amount of VND 476,460,000,000, to be paid in the quarter III of the year 2018.

According to Resolution No. 01/NQ-DHCD dated 21 June 2018, the General Shareholders of PetroVietnam Packaging Joint Stock Company (the subsidiary) declared 2017 dividends by shares to existing shareholders at the rate of 12% of charter capital. The expected amount of shares issued at par is VND 4,897,490,000, equivalent to 489,749 shares. The latest registration date was on 09 August 2018.

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>
	<u>VND</u>	<u>VND</u>
Total assets	62,605,955,792	59,634,016,965
Total liabilities	(36,514,548,492)	(33,251,243,249)
Net assets	26,091,407,300	26,382,773,716
<i>Details are as follows:</i>		
Charter capital	19,986,240,000	19,986,240,000
Other funds	3,275,116,328	2,750,463,799
Retained earnings	2,830,050,972	3,646,069,917

24. OFF-BALANCE SHEET ITEMS

	<u>Closing balance</u>	<u>Opening balance</u>
Foreign currencies		
USD	2,897,850	1,756,770
EUR	1,280	1,280

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Company's principal activities are manufacturing and trading fertilizers used in agriculture. Accordingly, the financial information presented in the interim consolidated balance sheet as at 30 June 2018 and all revenue and expenses presented in the interim consolidated income statement for the 6-month period ended 30 June 2018 are related to manufacturing and trading fertilizers. Revenue and cost of sales per each goods item and business activity are presented in Note 26 and Note 27.

The Company carries out the distribution of fertilizer products primarily in the Southwest, Southeast and Central Highlands markets. During the period, the Company exported Ca Mau Fertilizer Products to Cambodia with revenue of about VND 304 billion (6-month period ended 30 June 2017: about VND 289 billion) - accounting for insignificant proportion (approximately 9%) of gross revenue from goods sold and services rendered of the Company. Thus, most of production and business activities of the Company are carried out in the territory of Vietnam.

26. REVENUE

	Current year VND	Prior period VND
Sales of ure	2,661,029,619,764	2,704,478,235,226
- Domestic sales	2,396,787,660,000	2,414,672,966,000
- Export	264,241,959,764	289,805,269,226
Sales of Amoniac	10,358,950,505	81,128,159,094
Sales of fertilizers and packages	653,468,486,061	294,484,359,850
- Domestic sales	613,295,603,359	294,484,359,850
- Export	40,172,882,702	-
Sales of commercial waste and other fertilizers	56,893,068,250	51,499,328,762
Revenue from other services rendered	1,217,000,318	116,198,600
	3,382,967,124,898	3,131,706,281,532
Sales deduction		
Sales discounts	128,409,150,142	89,900,699,027
Returned goods	-	3,879,487,300
	128,409,150,142	93,780,186,327
Sales in the year with related parties (details presented in Note 37)	-	517,230,000

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. COST OF SALES

	Current year VND	Prior period VND
Cost of Ure sold	1,782,230,037,990	1,660,425,518,611
Cost of Amoniac sold	4,936,805,114	43,001,142,944
Cost of fertilizers and packages sold	609,883,333,650	274,058,889,632
Reversal of provision for devaluation of inventories	-	(1,505,064,148)
Cost of other fertilizer products	30,313,978,620	11,477,421,079
	2,427,364,155,374	1,987,457,908,118

28. PRODUCTION COST BY NATURE

	Current year VND	Prior period VND
Raw materials and consumables	1,001,913,478,294	935,337,590,450
Labours	203,778,116,323	229,386,058,175
Depreciation and amortisation	647,268,387,556	648,576,498,769
Out-sourced services	205,936,416,017	217,967,043,730
Other monetary expenses	215,057,987,783	209,109,217,706
	2,273,954,385,973	2,240,376,408,830

29. FINANCIAL INCOME

	Current year VND	Prior period VND
Bank deposit interest	89,736,194,467	70,309,762,873
Foreign exchange gain	933,765,970	6,191,427,625
	90,669,960,437	76,501,190,498

30. FINANCIAL EXPENSES

	Current year VND	Prior period VND
Interest expense	84,767,337,044	91,042,329,289
Foreign exchange loss	50,420,695,761	6,884,943,317
Guarantee fee	5,261,958,581	6,471,439,384
Other financial expenses	816,053,139	-
	141,266,044,525	104,398,711,990

31. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	<u>Current year</u> VND	<u>Prior period</u> VND
Selling expenses		
Selling staff expenses	13,737,506,171	12,215,253,721
Transport, loading and storage expenses	59,543,566,771	99,847,975,504
Advertising and communication expenses	41,322,112,241	48,177,274,295
Social welfare security expenses	30,000,000,000	33,700,000,000
Selling expenses of commercial goods	29,613,513,057	11,798,655,905
Depreciation and amortisation expenses	482,721,323	354,950,610
Other selling expenses	17,110,466,092	19,652,358,520
	191,809,885,655	225,746,468,555
General and administration expenses		
Administrative staff expenses	43,138,479,733	44,252,402,739
Management fee payable to Vietnam Oil and	13,425,253,356	14,548,076,540
Depreciation and amortization expenses	12,915,544,180	14,197,382,872
Provision for science and technology development fund	41,066,103,396	65,258,111,745
Goodwill	-	23,256,587,877
Outsourced services	20,364,113,436	15,597,006,823
Other general and administration expenses	22,464,517,065	23,961,150,227
	153,374,011,166	201,070,718,823

32. OTHER INCOME AND EXPENSES

	<u>Current year</u> VND	<u>Prior period</u> VND
Other income		
Sales of obsolete tools and supplies	4,120,554,545	-
Insurance premium collection	2,048,929,397	-
Penalty for breach of contract	2,187,651,808	821,961,714
Other income	241,145,252	960,364,127
	8,598,281,002	1,782,325,841
Other expenses		
Tax penalties	2,827,018,150	-
Other expenses	410,491,045	-
	3,237,509,195	-
Other profit	5,360,771,807	1,782,325,841

33. CURRENT CORPORATE INCOME TAX EXPENSE

	Current year VND	Prior year VND
Corporate income tax from production of ure (*)	19,338,965,875	28,721,650,162
Corporate income tax from production of packages (**)	928,945,170	968,147,522
Corporate income tax from other activities	451,896,832	2,941,073,624
Corporate income tax expense based on taxable profit in the current period	20,719,807,877	32,630,871,308
Adjustments for corporate income tax expense in previous years to the current period	1,603,349,534	-
Current corporate income tax expense	22,323,157,411	32,630,871,308

(*) According to Official Letter No. 4641/TCT-CS issued by the General Department of Taxation on 02 December 2008 in response to Vietnam Oil and Gas Group on tax incentives for Ca Mau Fertilizer Plant Project, the Holding 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 profit and 50% reduction in tax payable for the nine following year. 2018 is the third year the Holding Company is entitled to 50% reduction in tax payable regarding profit generated by the main operating activities of Ca Mau Fertilizer Production Plant Project.

For operations other than Ca Mau Fertilizer Production Plant Project, the 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 (PPC - the Company's subsidiary) is applied as follows:

- For package activities: 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 income (2012), 50% tax reduction in tax payable for next 4 years applicable to enterprises newly established from investment projects in areas with difficult socio-economic condition. From 2018, PPC has not been entitled to 50% tax reduction in tax payables.

- For fertilizer activities: PPC 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.

34. BASIC EARNINGS PER SHARE

	<u>Current year</u>	<u>Prior year</u>
Profit after corporate income tax of the Holding company (VND)	411,799,582,845	561,266,745,604
- Appropriation to bonus and welfare funds (VND)	(33,068,010,540)	(31,460,341,065)
Earnings for the purpose of calculating basic earnings per share (VND)	378,731,572,305	529,806,404,539
Weighted average number of ordinary shares	529,400,000	529,400,000
Basic earnings per share (VND)	715	1,001

35. CONTINGENT LIABILITIES

According to the Minutes dated 26 April 2018 between Ministry of Finance Inspector, Tax Department of Ca Mau Province and the Company, interest payable to the lending group of BNP Paribas, China Export Import Bank and Credit Agricole Bank under the ECA Loan Agreement is not subject to value added tax but subject to corporate income tax for foreign contractors. The Company has paid on behalf of these banks the corporate income tax for the foreign contractors with the amount of VND 30,784,721,633 relating to the interest amounts the Company paid to the banks accumulated to 31 December 2017. The Company paid the amount on 29 June 2018.

However, the Company and Vietnam Oil and Gas Group are still in the process of working with the General Department of Taxation, Ministry of Finance and the above lending group to determine the obligations of the parties relating to this foreign contractors' tax. Therefore, the Company has not completed necessary documents as well as recorded any penalties for late tax payments which may incur in the interim consolidated financial statements until there is final decision from competent authorities.

36. OTHER COMMITMENTS

- According to Gas Sales Agreement No. 3918/HD-DKVN dated 23 May 2012 between Vietnam Oil and Gas Group and PetroVietnam Ca Mau Fertilizer Company Limited (currently known as PetroVietnam Ca Mau 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 of Gas Sales Agreement No. 3918/HD-DKVN dated 23 May 2012, gas price in the contract is the price to ensure the profitability of producing fertilizers with the return on equity ratio of 12% per year (excluding VAT and other indirect taxes). The gas price temporarily calculated for billing and monthly payment in the year is the price stated in a document approving the annual business plan released by Vietnam Oil and Gas Group.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- According to Resolution No. 8305/NQ-DKVN dated 27 December 2017 of Members' Council of Vietnam Oil and Gas Group ("the Group") approving the Company's business plan for the year 2018, estimated gas price that the Company has to pay to the Group for the year 2018 is USD 1.34/GJ (VAT exclusive). As stated in Note 17, the Company has adjusted the gas fee payable to Vietnam Oil and Gas Group for the 6-month period ended 30 June 2018 at the unit price estimated at USD 2.345/GJ (VAT exclusive) to ensure the profitability of fertilizer production with the return on equity ratio of 12% per year and reflected it in the interim consolidated financial statements. According to the Official Letter No. 1217/PVCFC-NDD dated 01 August 2018, the Company has requested the Group for their approval of the estimated gas price mentioned above and are waiting for the final decision of the Group.
- According to Decision No. 615/QD-PVCFC dated 24 March 2016, the Executive Board 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 comprising 70% of the loan and 30% of the equity of the Company. As of 30 June 2018, the value of the project was about VND 171 billion.
- According to Decision No. 1781/QD-PVCFC dated 09 September 2016 of the Executive Board on the approval of the Feasibility Study Report of the "Project for Composite Fertilizer Production from melted Urea with the capacity of 500,000 ton/year" and Decision No. 2376/QD-PVCF dated 20 December 2017 of the Chief Executive Officer on the approval of construction design – construction budget of "Project for Composite Fertilizer Production from melted Urea with the capacity of 500,000 ton/year", total investment including value added tax is VND 117,944,069,265. The expected implementation period is for 2016 to 2019 with the structure of investment capital comprising 70% of the loan and 30% of the equity of the Company. As of 30 June 2018, the value of the project was about VND 4 billion.

37. RELATED PARTIES TRANSACTIONS AND BALANCES***List of related parties with significant transactions and balances for the period:***

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

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

	Current period VND	Prior period VND
Sales		
South-West PetroVietnam Fertilizer and Chemicals Joint Stock Company	-	517,230,000
	-	517,230,000
Purchases		
Vietnam Oil and Gas Group	571,150,664,609	386,767,588,380
PetroVietnam Power Corporation	147,211,393,957	116,393,724,512
PVI South Company	16,830,756,096	22,968,762,136
PVI Insurance Corporation - Camau Branch	7,322,018,873	3,157,591,527
PetroVietnam Security Service Corporation	6,215,516,239	5,825,177,844
PV Oil Sai Gon	5,585,344,060	-
PetroVietnam Transportation Vung Tau Joint Stock Company	3,296,513,360	4,093,460,000
Petroleum Pipeline and Tank Construction Joint Stock Company	3,085,079,525	-
Vietnam Petroleum Institute	2,723,660,159	-
Vietnam Investment and Transportation Petroleum Corporation	2,246,502,658	-
South-West PetroVietnam Fertilizer and Chemical Joint Stock Company	1,149,585,055	-
South-East PetroVietnam Fertilizer and Chemical Joint Stock Company	1,063,226,729	-
Cuu Long Petro Gas Transportation Joint Stock Company - Con Son Branch	970,640,000	-
MeKong Petroleum Joint Stock Company	651,000,000	-
PetroVietnam Infrastructure and Urban Investment Joint Stock Company	454,427,820	-
Indochina Petroleum Transportation Joint Stock Company	218,780,925	-
Petroleum Equipment Assembly & Metal Structure Co.,Ltd	-	1,611,703,504
Drilling Mud Corporation	-	801,855,272
	770,175,110,065	541,619,863,175
Remuneration paid to the Board of Directors and Executive Board	9,034,907,619	10,735,017,152

Significant related party balances as at 30 June 2018 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	276,761,701,091
	276,761,701,091	276,761,701,091
Short-term advances to suppliers		
PVD Trading and Technical Services Joint Stock Company	15,120,373,378	15,120,373,378
Vietnam Petroleum Institute	743,819,750	114,809,750
PetroVietnam Manpower Training College	-	1,737,289,058
Petroleum Pipeline and Tank Construction Joint Stock Company	-	946,853,379
	15,864,193,128	17,919,325,565
Short-term trade payables		
Vietnam Oil and Gas Group	242,037,286,782	198,267,385,610
PetroVietnam Power Corporation	45,482,120,373	33,178,356,253
PetroVietnam Security Service Corporation	2,060,904,558	1,178,774,401
PetroVietnam Transportation Vung Tau Joint Stock Company	1,055,729,700	448,935,340
PetroVietnam Manpower Training College	-	7,876,619,308
Drilling Mud Corporation	-	3,321,395,000
Others	5,271,757,768	6,480,793,049
	295,907,799,181	250,752,258,961
Short-term accrued expenses		
Vietnam Oil and Gas Group	735,844,195,147	479,181,172,915
	735,844,195,147	479,181,172,915
Other current payables		
Camau Gas - Power - Fertilizer Project Management Unit	55,851,413,429	55,851,413,429
Vietnam Oil and Gas Group	152,890,357,958	152,890,357,958
	208,741,771,387	208,741,771,387


Dinh Nhat Duong
Preparer


Dinh Nhu Cuong
Chief Accountant


Le Ngoc Minh Tri
Executive Officer



10 August 2018