



**PETROVIETNAM CAMAU FERTILIZER
JOINT STOCK COMPANY**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2016



PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

Plot D, Ward 1 Industrial Zone, Ngo Quyen Street, Ward 1

Camau City, Camau Province, S.R. Vietnam

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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 2016.

THE 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

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 2016, 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 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.

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 (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 Ngọc Minh Tri
Deputy General Director

20 March 2017

No.: 6/12 /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 Fertilizer Company Limited (the "Company"), prepared on 20 March 2017, as set out from page 5 to page 35, which comprise the consolidated balance sheet as at 31 December 2016, the consolidated income statement and 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the 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 2016, 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 financial reporting.

INDEPENDENT AUDITOR'S 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 2016 do not include any adjustments that may arise related to the determination of the State capital portion as the Company has not had a minutes of determination of the State capital portion as at the official date of the Company's transformation into a joint stock company.
- As stated in Note 9 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.



Khúc Thị Lan Anh

Deputy General Director

Audit Practising Registration Certificate

No. 0036-2013-001-1

For and on behalf of

DELOITTE VIETNAM COMPANY LIMITED

20 March 2017

Hanoi, S.R. Vietnam



Vu Manh Hung

Auditor

Audit Practising Registration Certificate

No. 2737-2013-001-1

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		4,034,415,094,113	4,431,356,579,753
I. Cash and cash equivalents	110	5	813,518,747,412	1,215,079,331,489
1. Cash	111		481,518,747,412	183,079,331,489
2. Cash equivalents	112		332,000,000,000	1,032,000,000,000
II. Short-term financial investments	120	6	2,300,000,000,000	2,702,555,555,556
1. Held-to-maturity investments	123		2,300,000,000,000	2,702,555,555,556
III. Short-term receivables	130		481,716,332,388	79,842,093,989
1. Short-term trade receivables	131	7	6,814,108,300	7,261,327,710
2. Short-term advances to suppliers	132	8	18,741,754,171	14,976,365,167
3. Other short-term receivables	136	9	456,160,469,917	57,604,401,112
IV. Inventories	140	10	374,120,518,186	391,329,837,679
1. Inventories	141		375,625,582,334	392,042,685,352
2. Provision for devaluation of inventories	149		(1,505,064,148)	(712,847,673)
V. Other short-term assets	150		65,059,496,127	42,549,761,040
1. Short-term prepayments	151	11	29,671,646,612	22,065,115,079
2. Value added tax deductibles	152		32,040,550,899	20,046,317,478
3. Taxes and other receivables from the State budget	153	17	3,347,298,616	438,328,483
B. NON-CURRENT ASSETS	200		8,932,636,790,069	10,047,262,662,133
I. Long-term receivables	210		3,000,000	3,000,000
1. Other long-term receivables	216	9	3,000,000	3,000,000
II. Fixed assets	220		8,754,407,466,113	9,848,605,814,914
1. Tangible fixed assets	221	12	8,691,967,185,395	9,780,140,333,873
- Cost	222		13,861,770,166,630	13,678,066,136,232
- Accumulated depreciation	223		(5,169,802,981,235)	(3,897,925,802,359)
2. Intangible assets	227	13	62,440,280,718	68,465,481,041
- Cost	228		95,872,466,668	81,168,329,895
- Accumulated amortisation	229		(33,432,185,950)	(12,702,848,854)
III. Long-term assets in progress	240	14	79,196,837,346	95,437,715,195
1. Construction in progress	242		79,196,837,346	95,437,715,195
IV. Other long-term assets	260		99,029,486,610	103,216,132,024
1. Long-term prepayments	261	11	99,029,486,610	103,216,132,024
TOTAL ASSETS (270 = 100 + 200)	270		12,967,051,884,182	14,478,619,241,886

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

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2016

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		7,116,808,808,039	8,245,426,462,266
I. Current liabilities	310		2,535,800,653,695	2,424,036,133,222
1. Short-term trade payables	311	15	688,405,588,269	298,270,780,042
2. Short-term advances from customers	312	16	64,450,940,342	153,444,525,172
3. Taxes and amounts payable to the State budget	313	17	3,374,874,622	6,319,345,837
4. Payables to employees	314		47,541,974,859	69,044,339,084
5. Short-term accrued expenses	315	18	67,875,659,036	342,691,984,116
6. Other current payables	319	19	248,030,850,984	205,977,072,683
7. Short-term loans and obligations under finance leases	320	20	1,359,162,384,314	1,319,172,808,870
8. Bonus and welfare funds	322		56,958,381,269	29,115,277,418
II. Long-term liabilities	330		4,581,008,154,344	5,821,390,329,044
1. Other long-term payables	337	19	1,055,667,075	33,175,238,300
2. Long-term loans and obligations under finance leases	338	20	4,538,380,155,040	5,753,087,866,042
3. Scientific and technological development fund	343		41,572,332,229	35,127,224,702
D. EQUITY	400		5,850,243,076,143	6,233,192,779,620
I. Owner's equity	410	21	5,850,243,076,143	6,233,192,779,620
1. Owner's 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		161,063,726,429	372,637,865,219
3. Retained earnings	421		368,288,538,698	543,413,599,711
- Retained earnings accumulated to the prior period end	421a		570,337,282	1,645,600,058
- Retained earnings of the current year	421b		367,718,201,416	541,767,999,653
4. Non-controlling interests	429		26,890,811,016	23,141,314,690
TOTAL RESOURCES (440 = 300 + 400)	440		12,967,051,884,182	14,478,619,241,886

Dinh Nhật Dương
 Dinh Nhật Dương

Dinh Nhu Cuong
 Dinh Nhu Cuong
 Chief Accountant

Le Ngoc Minh Tri
 Le Ngoc Minh Tri
 Deputy General Director

20 March 2017

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

Unit: VND

ITEMS	Codes	Notes	Current year	From 15/01/2015 to 31/12/2015
1. Gross revenue from goods sold and services rendered	01	24	4,971,748,943,654	5,669,707,612,058
2. Deductions	02	24	61,578,260,352	87,468,200,037
3. Net revenue from goods sold and services rendered (10=01-02)	10		4,910,170,683,302	5,582,239,412,021
4. Cost of sales	11	25	3,595,507,736,544	3,950,628,153,058
5. Gross profit from goods sold and services rendered (20=10-11)	20		1,314,662,946,758	1,631,611,258,963
6. Financial income	21	27	281,352,006,888	226,410,038,132
7. Financial expenses	22	28	432,719,478,011	663,674,008,733
- In which: Interest expense	23		206,622,388,743	232,444,268,230
8. Selling expenses	25	29	275,833,011,237	276,442,817,062
9. General and administration expenses	26	29	254,753,830,327	205,377,286,383
10. Operating profit (30=20+(21-22)-(25+26))	30		632,708,634,071	712,527,184,917
11. Other income	31		26,209,791,117	6,845,641,304
12. Other expenses	32		27,031,577	4,574,358,241
13. Profit from other activities (40=31-32)	40		26,182,759,540	2,271,283,063
14. Accounting profit before tax (50=30+40)	50		658,891,393,611	714,798,467,980
15. Current corporate income tax expense	51	31	34,551,571,563	2,338,287,768
16. Net profit after corporate income tax (60=50-51)	60		624,339,822,048	712,460,180,212
16.1. Equity holders of the Holding Company	61		619,831,354,510	708,078,630,765
16.2. Non-controlling interests	62		4,508,467,538	4,381,549,447
17. Basic earnings per share	70	32	1,011	1,175

Nhat Duong
 Đinh Nhật Dương

Đinh Nhu Cương
 Đinh Nhu Cương
 Chief Accountant



Le Minh Ngọc Tri
 Le Minh Ngọc Tri
 Deputy General Director

20 March 2017

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2016

Unit: VND

ITEMS	Codes	Current year	From 15/01/2015 to 31/12/2015
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	658,891,393,611	714,798,467,980
2. Adjustments for:			
Depreciation and amortisation	02	1,292,036,751,160	1,227,663,327,392
Provisions	03	792,216,475	712,847,673
Foreign exchange loss arising from translating foreign currency items	04	72,779,573,574	301,519,401,097
(Gain) from investing activities	05	(155,766,178,207)	(166,800,194,704)
Interest expense	06	206,622,388,743	232,444,268,230
Other adjustments	07	15,000,000,000	-
3. Operating profit before movements in working capital	08	2,090,356,145,356	2,310,338,117,668
Changes in receivables	09	(422,503,226,805)	(14,122,315,350)
Changes in inventories	10	16,417,103,018	(192,868,174,446)
Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	(32,280,566,034)	87,662,596,361
Changes in prepaid expenses	12	(3,419,886,119)	52,825,029,738
Interest paid	14	(204,848,817,000)	(241,907,743,186)
Corporate income tax paid	15	(6,006,124,720)	(33,716,530,306)
Other cash inflows	16	-	102,527,500
Other cash outflows	17	(64,190,319,665)	(65,195,567,014)
Balance of investment and development fund transferred to the Group		(286,574,832,277)	-
Cash from equitization transferred to the Group		-	(1,581,808,975,597)
Net cash generated by operating activities	20	1,086,949,475,754	321,308,965,368
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(172,907,748,871)	(157,724,934,512)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	-	354,577,637
3. Cash outflow for lending, buying debt instruments of other entities	23	(5,100,000,000,000)	(3,963,556,166,262)
4. Cash recovered from lending, selling debt instruments of other entities	24	5,502,555,555,556	4,427,282,094,080
5. Interest earned, dividends and profits received	27	164,284,492,616	164,044,760,321
Net cash generated by investing activities	30	393,932,299,301	470,400,331,264

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

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2016

Unit: VND

ITEMS	Codes	Current year	From 15/01/2015 to 31/12/2015
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	142,496,074,020	13,662,715,542
2. Repayment of borrowings	34	(1,390,029,720,486)	(1,263,747,735,281)
3. Dividends and profits paid	36	(634,944,650,000)	(390,233,293,375)
Net cash (used in) financing activities	40	(1,882,478,296,466)	(1,640,318,313,114)
Net (decrease) in cash (50=20+30+40)	50	(401,596,521,411)	(848,609,016,482)
Cash and cash equivalents at the beginning of the year	60	1,215,079,331,489	2,063,705,227,684
Effects of changes in foreign exchange rates	61	35,937,334	(16,879,713)
Cash and cash equivalents at the end of the year (70=50+60+61)	70	813,518,747,412	1,215,079,331,489

Dinh Nhật Dương

Dinh Nhật Dương

Dinh Nhu Cuong
Chief Accountant



Le Minh Ngoc Tri
Deputy General Director

20 March 2017

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 the Company and its subsidiary's employees as at 31 December 2016 was 1.053 (as at 31 December 2015: 1.042).

Operating industry and principal activities

The operating industry of the Company includes:

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

The principal activity of the Company is fertilizer production and trading.

Normal production and business cycle

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

The Company's structure

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

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

1. GENERAL INFORMATION (Continued)

The Company's structure (Continued)

The Company has one branch namely PetroVietnam Ca Mau Fertilizer Joint Stock Company – Project Management Unit was established under Decision No. 1109/ QĐ-PVCFC dated 01 June 2016 of the Board of Management. The branch is a dependent accounting unit, located in plot D, Ward 1 Industrial Zone, Ngo Quyen Street, Ward 1, Ca Mau City, Ca Mau Province, has its own seal for transaction and is allowed to open accounts at banks in accordance with Vietnamese laws.

Disclosure of information comparability in the consolidated financial statements

Comparative figures are the figures of the audited consolidated financial statements for the period from 15 January 2015 to 31 December 2015.

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. ADOPTION OF NEW ACCOUNTING GUIDANCE

On 21 March 2016, the Ministry of Finance issued Circular No. 53/2016/TT-BTC ("Circular 53") amending and supplementing certain articles of Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance guiding the accounting regime for enterprises. Circular 53 is effective for the financial years beginning on or after 01 January 2016. The Board of Directors has adopted Circular 53 in the preparation and presentation of the Company's consolidated financial statements for the year ended 31 December 2016.

4. 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprise controlled by the Company (its subsidiary) for the year ended 31 December 2016. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

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

The 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:

	<u>Current year</u> Years
Buildings and structures	5 - 25
Machinery and equipment	5 - 12
Motor vehicles and transmission equipment	5 - 6
Office equipment	3 - 6
Others	3 - 6

The Company's tangible fixed assets were revalued when it uses equitized as a state-owned enterprises. 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets and amortisation

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

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

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

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

The Company's intangible assets were revalued when it was equitized as 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, goodwill and other types of long-term prepayments.

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

Other types of long-term prepayments comprise cost of catalyst, small tools, supplies issued for consumption, cost of fixed asset repair, 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 from fourteen (14) to thirty six (36) months.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Science and Technology Development Fund

Science and Technology Development Fund is appropriated in order to invest for 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 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 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 2016. 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 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 an accrual basis, by reference to the principal outstanding and at the applicable interest rate.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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

Borrowing costs

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

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 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 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 exemption. 2016 was the first year the Company was entitled to a 50% reduction of tax payable. For other business activities than Camau Fertilizer Plant Project, the Company is obliged to pay corporate income tax at the applicable rate based on taxable income.

Corporate income tax of PetroVietnam Packaging Joint Stock Company (the Company's subsidiary - PPC) is applied according to Decision No. 22/2010/QĐ-UBND dated 01 September 2010 issued by People's Committee of Bac Lieu province regarding promulgation of regulations and policies on investment encouragement, support and incentives in Bac Lieu province and the first Investment Certificate No. 60221000003 dated 23 June 2013 issued by Bac Lieu Industrial Zones Management Unit. Accordingly, PPC is entitled to tax incentives as follows: preferential tax rate of 20% for 10 years and tax exemption for 2 years from the first year PPC has taxable income (2012), 50% tax reduction in tax payable for the next 4 years applicable to newly established enterprises of Investment Projects in areas with difficult socio-economic conditions. 2016 is the third year in which PPC is entitled to 50% tax deduction in tax payable.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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. As at 31 December 2016, there was no significant temporary difference between carrying amount of assets and liabilities on the balance sheet and the corresponding tax bases.

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

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

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

5. CASH AND CASH EQUIVALENTS

	Closing balance	Opening balance
	VND	VND
Cash on hand	84,430,897	304,023,932
Cash in bank	481,434,316,515	182,775,307,557
Cash equivalents	332,000,000,000	1,032,000,000,000
	813,518,747,412	1,215,079,331,489

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

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

6. 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	2,300,000,000,000	2,300,000,000,000	2,702,555,555,556	2,702,555,555,556

7. SHORT-TERM TRADE RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Phu My Chemical and Construction Co., Ltd.	3,600,130,403	6,817,482,477
Tuong Nguyen Trading Service Import Export Company Limited	3,102,057,200	-
Others	111,920,697	443,845,233
	6,814,108,300	7,261,327,710

8. SHORT-TERM ADVANCES TO SUPPLIERS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Tri Viet Trading Engineering Company Limited	6,785,642,866	-
Vimico Equipment and Accessories Co., Ltd.	2,115,198,796	-
Petro Enertech Joint Stock Company	-	4,405,376,200
Hanoi University of Agriculture	1,800,000,000	1,800,000,000
Sac Mau Trading Service Production Company Limited	-	2,011,606,003
Other suppliers	8,040,912,509	6,759,382,964
	18,741,754,171	14,976,365,167

9. OTHER RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Other short-term receivable		
Receivable from Oil and Gas Group	393,555,154,634	-
<i>Estimated gas receivable for the year ended 31 December 2016 (i)</i>	<i>116,793,453,543</i>	-
<i>Receivable related to the equitization phase (ii)</i>	<i>276,761,701,091</i>	-
Accrued interest receivable from term deposits	24,203,716,668	32,722,031,077
Capital granted to Camau Gas - Electricity - Fertilizer Project Management Unit (iii)	19,718,000,000	19,718,000,000
Advances to employees	6,366,971,000	1,858,444,400
Receivable from PVI Insurance Ho Chi Minh City	4,053,625,704	-
Collateral, deposits	390,000,000	1,486,690,397
Other receivables	7,873,001,911	1,819,235,238
	456,160,469,917	57,604,401,112
Other long-term receivables		
Long-term deposit paid	3,000,000	3,000,000
	3,000,000	3,000,000
Other short-term receivables from related parties (details presented in Note 34)	415,245,932,412	25,041,611,111

- (i) Estimated gas receivable from Vietnam Oil and Gas Group for the year ended 31 December 2016 was determined and adjusted by the Company at the temporarily settled price in 2016 of USD 1.959/million BTU based on Decision No. 1110/QD-DKVN dated 27 February 2017 of the Chief Executive Officer of Vietnam Oil and Gas Group.
- (ii) Represent profit of the period from 01 January 2014 to 14 January 2015, which had been transferred to Vietnam Oil and Gas Group. This receivable will be recovered when the Company performs finalization regarding the State capital portion with Vietnam Oil and Gas Group.
- (iii) 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.

10. INVENTORIES

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Raw materials	178,516,791,621	-	140,654,588,724	-
Tools and supplies	1,686,454,799	-	1,313,881,821	-
Work in progress	56,423,373,299	(1,505,064,148)	182,631,367,618	(712,847,673)
Finished goods	56,484,144,839	-	37,091,051,516	-
Merchandise	27,061,792,000	-	-	-
Goods on consignment	55,453,025,776	-	30,351,795,673	-
Total	375,625,582,334	(1,505,064,148)	392,042,685,352	(712,847,673)

As at 31 December 2016, the Company made provision of VND 1,505,064,148 for some commercial wastes of which historical cost was higher than net realizable value.

11. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
Short-term		
Assets insurance for Camau Fertilizer Plant	16,920,110,765	14,615,383,401
Advertising pano	2,677,433,264	-
Other short-term prepaid expenses	10,074,102,583	7,449,731,678
	29,671,646,612	22,065,115,079
Long-term		
Goodwill (*)	46,513,175,754	93,026,351,508
Chemical catalyst	23,398,011,981	-
Fixed asset repair expense	20,130,240,727	-
Other long-term prepaid expenses	8,988,058,148	10,189,780,516
	99,029,486,610	103,216,132,024

(*) The Company's goodwill represents the value of goodwill arising from the determination of enterprise value for the purpose of equitisation. Such goodwill is recognized in profit or loss within 3 years from the date on 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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12. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

COST	Buildings and structures VND	Machinery and equipment VND	Motor vehicles and transmission equipment VND	Office equipment VND	Others VND	Total VND
Opening balance	3,242,652,668,990	10,272,377,836,062	53,400,164,384	50,946,875,552	58,688,591,244	13,678,066,136,232
Transfer from construction in progress	123,590,615,088	6,935,094,850	-	-	-	130,525,709,938
New purchases	9,003,234,501	34,317,513,322	5,278,728,740	5,431,061,169	-	54,030,537,732
Disposals	(852,217,272)	-	-	-	-	(852,217,272)
Closing 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
ACCUMULATED DEPRECIATION						
Opening balance	1,053,129,972,067	2,781,043,053,898	26,060,564,925	21,933,451,348	15,758,760,121	3,897,925,802,359
Charge for the period	295,223,404,928	958,567,858,993	9,111,074,089	9,231,974,828	595,083,310	1,272,729,396,148
Disposals	(852,217,272)	-	-	-	-	(852,217,272)
Closing 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
NET BOOK VALUE						
Closing 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
Opening balance	2,189,522,696,923	7,491,334,782,164	27,339,599,459	29,013,424,204	42,929,831,123	9,780,140,333,873

As stated further in Note 20, PetroVietnam Camau Fertilizer Joint Stock Company (the Holding Company) has pledged the entire fixed assets constructed from Camau Fertilizer Plant Project which have the carrying value of VND 8,346,611,298,925 as at 31 December 2016 (as at 31 December 2015: VND 9,594,410,781,795) to secure bank loans.

As stated in Note 20, PetroVietnam Packaging Joint Stock Company (the subsidiary) has pledged the entire fixed assets formed from Bac Lieu Packaging Production Plant Project and the fixed assets formed from loans granted to it with the total carrying amount of VND 49,061,353,253 as at 31 December 2016 (as at 31 December 2015: VND 46,891,412,496) to secure bank loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu branch.

The cost of the Company's fixed assets as at 31 December 2016 includes VND 88,868,489,549 (as at 31 December 2015: VND 81,822,315,789) of fixed assets which have been fully depreciated but are still in use.

13. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Royalty, patents	Computer software	Total
	VND	VND	VND	VND
COST				
Opening balance	33,333,655,327	26,039,905,000	21,794,769,568	81,168,329,895
New purchases	-	618,949,108	6,836,837,600	7,455,786,708
Transfer from construction in progress	-	5,531,100,065	1,717,250,000	7,248,350,065
Closing balance	33,333,655,327	32,189,954,173	30,348,857,168	95,872,466,668
ACCUMULATED AMORTISATION				
Opening balance	1,851,265,406	3,322,116,196	7,529,467,252	12,702,848,854
Charge for the year	1,926,896,459	10,502,066,971	8,300,373,666	20,729,337,096
Closing balance	3,778,161,865	13,824,183,167	15,829,840,918	33,432,185,950
NET BOOK VALUE				
Closing balance	29,555,493,462	18,365,771,006	14,519,016,250	62,440,280,718
Opening balance	31,482,389,921	22,717,788,804	14,265,302,316	68,465,481,041

14. CONSTRUCTION IN PROGRESS

	Closing balance	Opening balance
	VND	VND
Construction in progress		
- Complex fertilizer production lines from melted Ure	27,028,312,486	2,228,951,028
- Bac Lieu Petroleum Fertilizer Factory (i)	25,511,944,151	-
- Public housing area clearance cost	19,217,326,485	19,217,326,485
- Enterprise human resources managing system	3,434,800,673	2,296,400,065
- Ure storage house	-	70,503,986,360
- Others	4,004,453,551	1,191,051,257
	79,196,837,346	95,437,715,195

- (i) PetroVietnam Packaging Joint Stock Company (the Company's subsidiary - PPC) has pledged the entire value of Bac Lieu Petroleum Fertilizer Factory to secure the bank loans.

15. 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
Vietnam Oil and Gas Group (*)	494,320,135,459	494,320,135,459	163,690,892,638	163,690,892,638
PetroVietnam Power Corporation	33,178,233,697	33,178,233,697	27,038,360,664	27,038,360,664
Others	160,907,219,113	160,907,219,113	107,541,526,740	107,541,526,740
	688,405,588,269	688,405,588,269	298,270,780,042	298,270,780,042
Trade payables to related parties (details represented in Note 34)	544,674,749,629	544,674,749,629	201,621,359,072	201,621,359,072

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

16. SHORT-TERM ADVANCES FROM CUSTOMERS

	Closing balance VND	Opening balance VND
Dang Lan Private Enterprise	11,259,334,800	9,813,473,200
Tuong Nguyen Import & Export Trading and Services Co., Ltd.	5,381,802,353	10,787,671,950
The Man Single Member Limited Liability Company	4,584,358,900	1,598,494,250
Nguyen Khoa Trading., Ltd.	4,017,834,899	4,903,795,499
Hung Thanh Private Enterprise	3,023,291,970	11,003,434,219
Duy Thanh Co., Ltd.	992,381,200	12,992,033,500
Thai Son Trading and Services Co., Ltd.	974,646,000	19,808,755,500
Other customers	34,217,290,220	82,536,867,054
	64,450,940,342	153,444,525,172
Advances from related parties (details represented in Note 34)	-	3,165,961,760

17. TAXES AND OTHER RECEIVABLE FROM/PAYABLES TO THE STATE BUDGET

Items	Opening balance	Movement in the period			Closing balance
		Amount payable	Amount net-off	Amount paid	
	VND	VND		VND	VND
a) Receivables					
VAT	-	-	-	157,422,454	157,422,454
Corporate income tax	-	-	-	2,792,529,557	2,792,529,557
Land rental fee	397,346,605	61,920,420	-	61,920,420	397,346,605
Other payables	40,981,878	40,981,878	-	-	-
	438,328,483	102,902,298	-	3,011,872,431	3,347,298,616
b) Payables					
VAT	475,239,219	10,035,572,382	-	9,457,572,401	1,053,239,200
Import duty	-	9,559,894,476	-	9,559,894,476	-
Corporate income tax (*)	1,355,379,989	34,551,571,563	32,381,736,667	3,213,595,163	311,619,722
Natural resources tax	91,601,280	945,787,580	-	945,788,520	91,600,340
Other taxes	4,397,125,349	25,909,274,362	-	28,387,984,351	1,918,415,360
License tax	-	3,000,000	-	3,000,000	-
Personal income tax	4,267,999,193	24,026,204,799	-	26,985,106,405	1,309,097,587
Other taxes	129,126,156	1,880,069,563	-	1,399,877,946	609,317,773
Total	6,319,345,837	81,002,100,363	32,381,736,667	51,564,834,911	3,374,874,622

(*) In the last accounting period in which the Company operated as a one member limited liability company owned by Vietnam Oil and Gas Group, the Company had declared and paid corporate income tax arising on time deposits interest with the amount of VND 32,381,736,667.

As per Official Letter No. 183/CT-TT-HTNNT dated 14 February 2015 issued by the Tax Department of Camau Province regarding corporate income tax incentives, the Company is entitled to preferential corporate income tax from Camau Fertilizer Production Plant as it meets the requirement that the area has especially difficult socio-economic conditions. Therefore, incomes from deposit interest or services rendered are subject to preferential corporate income tax. During the year, the Company offset the above mentioned corporate income tax with the amount of corporate income tax payable in 2016.

18. SHORT-TERM ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Accrued expenses payable to Vietnam Oil and Gas Group	-	261,721,055,666
- Estimated gas expenses payable for the period from 1 January 2014 to 31 December 2014	-	163,962,886,631
- Estimated gas expenses payable for the period from 15 January 2015 to 31 December 2015	-	97,758,169,035
Interest expense payable	58,538,290,059	56,764,718,316
Guarantee fees	3,948,609,528	4,217,691,813
Insurance and welfare expenses	-	16,387,000,000
Others	5,388,759,449	3,601,518,321
	67,875,659,036	342,691,984,116
Advances from related parties		
(details represented in Note 34)	-	261,721,055,666

19. OTHER PAYABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Other short-term payables		
Camau Gas - Power - Fertilizer Project Management Unit	75,571,633,412	75,571,633,412
- Input VAT for purchasing gas in the construction period before official commercial operations	69,617,285,554	69,617,285,554
- Other payables	5,954,347,858	5,954,347,858
Vietnam Oil and Gas Group	151,271,487,337	119,494,557,567
- 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	-
- Payable for equitization	247,500,000	247,500,000
- Other payables	(604,806,897)	-
Safety reward fund (iii)	968,785,241	559,651,591
Trade union fee	884,990,682	1,867,411,036
Short-term deposit received	2,184,282,500	413,527,500
Corporate income tax payable in the period from 01/01/2015 to 14/01/2015	1,176,849,040	1,176,849,040
Other short-term payables	15,972,822,772	6,893,442,537
	248,030,850,984	205,977,072,683
Other long-term payables		
Payable to the State Budget for land use right handed over (iv)	1,055,667,075	33,175,238,300
	1,055,667,075	33,175,238,300
Other payable to related parties (details presented in Note 34)	226,843,120,749	195,066,190,979
(i)	According to Decision No. 1989/QĐ-DKVN dated 25 March 2014 issued by the Members' Council of Vietnam Oil and Gas Group on approval of final accounts of the completed project with regard to Camau Fertilizer Production Plant project, the Company took over fixed assets and current assets of Camau Fertilizer Plant according to the finalized value. The Company temporarily recognized the difference between the handed over value and the charter capital and received loans as a payable to Vietnam Oil and Gas Group. The payable balance will be adjusted when the Company performed capital finalization with the Group.	
(ii)	Represent carried-forward effects 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 the State capital finalization with 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 in order to pay beneficiaries who are workers and staff of Camau Fertilizer Plant.	
(iv)	Represent the amount payable to the State budget because the Company received land use rights according to Vietnam Oil and Gas Group's Decision on corporate valuation for equitization purpose. This amount has not been approved by the People's Committee of Camau Province yet and might be adjusted upon final approval of competent authority. During the year, the Company temporarily paid land use fee with the amount of VND 32 billion to the State budget.	

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20. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Items	Opening balance		In the year		Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Long-term loans						
BNP Paribas Bank, Credit Agricole Bank, Export - Import Bank of China (i)	3,947,680,000,000	3,947,680,000,000	-	449,570,000,000	3,498,110,000,000	3,498,110,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade (ii)	2,384,475,921,878	2,384,475,921,878	-	452,623,301,607	1,931,852,620,271	1,931,852,620,271
The Vietnam Public Joint Stock Commercial Bank - Can Tho Branch (iii)	709,372,930,794	709,372,930,794	-	335,811,996,325	373,560,934,469	373,560,934,469
National Commercial Joint Stock Bank - Sai Gon Branch (iv)	-	-	70,000,000,000	11,667,000,000	58,333,000,000	58,333,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch (v)	30,731,822,240	30,731,822,240	13,306,162,374	8,352,000,000	35,685,984,614	35,685,984,614
Contract No. 11160128/HDTD dated 28/01/2011 (v)	28,961,053,491	28,961,053,491	-	7,880,000,000	21,081,053,491	21,081,053,491
Contract No. 57.140613/HDTD dated 20/6/2013 (vi)	1,770,768,749	1,770,768,749	-	472,000,000	1,298,768,749	1,298,768,749
Contract No. 64.1104/2016 dated 11/4/2016 (vii)	-	-	5,289,679,386	-	5,289,679,386	5,289,679,386
Contract No. 64.2006/2016 dated 30/6/2016 (viii)	-	-	8,016,482,988	-	8,016,482,988	8,016,482,988
Other short-term loan contracts	-	-	59,189,911,646	59,189,911,646	-	-
Total	7,072,260,674,912	7,072,260,674,912	142,496,074,020	1,317,214,209,578	5,897,542,539,354	5,897,542,539,354

In which:

Amount due for settlement within 12 months	1,319,172,808,870	1,359,162,384,314
Amount due for settlement after 12 months	5,753,087,866,042	4,538,380,155,040

20. LONG-TERM LOANS AND OBLIGATION UNDER FINANCE LEASES (Continued)

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) with the principal of USD 220,000,000 in order to finance "Camau Fertilizer Plant" project. The loan term is 120 months from the first disbursement date; in which the grace period is 30 months from the first disbursement date, the principal repayment period is 90 months from the end of the grace period. The interest rate (calculated on the outstanding balance for due term) is the USD -6-month saving deposit interest paid in arrears of Vietinbank plus (+) 2.5% per annum; the interest rate is adjusted once every 6 months from the first withdrawal date. The overdue interest rate equals the interest rate for due term plus 1% per annum. The loan interest is paid once every 3 months.

(iii) This is the loan under Credit Agreement No. 235/HDVV-PVB-CNCT dated 31 October 2014 between the Company and Vietnam Public Joint Stock Commercial Bank - Can Tho Branch with the credit limit of USD 48,071,638.74 in order to restructure the loan that is used to finance "Camau Fertilizer Plant" project according to State Investment Credit Agreement No. 01/2010HDTDDT-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 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 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 Viet Nam, Vietnam Joint Stock Commercial Bank for Foreign Trade of Viet Nam, Viet Nam Bank for Agriculture and Rural Development, Vietnam Joint Stock Commercial Bank for Industry and Trade and NCB at the time of adjusting lending interest rate plus (+) a margin of 2% per annum.

20. LONG-TERM LOANS AND OBLIGATION UNDER FINANCE LEASES (Continued)

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

- (v) On 28 January 2011, PPC signed long-term loan contract with Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch with the principal of VND 60,000,000,000 and not exceeding 70% of total investment cost of "Construction of Bac Lieu Packaging Production Plant" Project. The loan term is 96 months from the first disbursement date. The loan interest rate is that applicable to long-term loans, floating, adjustable over time and the interest is payable monthly. The principal will be repaid after the grace period ends (12 months from the first disbursement which falls on 04 July 2011) and then it will be repaid in instalments from 30 September 2012 to 30 September 2019. PPC has pledged the entire fixed assets formed from "Construction of Bac Lieu Packaging Production Plant" Project to secure this loan.
- (vi) On 20 June 2013, PPC signed long-term loan contract with Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch with the principal of VND 3,500,000,000 and total balances of all effective loan contracts not exceeding VND 44,811,053,491 at any time. The purpose of this loan is to supplement and purchase fixed assets. The loan term is 6 years from the first disbursement date. The loan interest rate is that applicable to long-term loans, floating, adjustable over time and the interest is payable monthly. PPC has pledged the entire fixed assets formed from the loan to secure this loan.
- (vii) On 11 April 2016, PPC signed long-term loan contract with Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch with the principal of VND and total balances of all effective loan contracts not exceeding VND 5.726.000.000. The purpose of this loan is to purchase 02 weaving machines and 01 yarn machine, the loan term is 5 years from the first disbursement date. The applicable interest rate for the first year is 7.1% per annum, from 13th month onwards, loan interest rate is determined by reference interest plus a margin of 2.8% per annum. PPC has pledged the entire fixed assets formed from the loan to secure this loan. As a specific repayment schedule has not yet been agreed, the Board of Directors has assessed and believes that this is a medium-term loan and the repayment schedule of this loan is presented from 3 to 5 years.
- (viii) On 30 June 2016, PPC signed a long-term loan contract with Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch with the principal of VND and total balances of all effective loan contracts not exceeding VND 22.000.000.000. The purpose of this loan is to finance Bac Lieu Fertilizer Factory Project, the loan term is 7 years from the first disbursement date. The applicable interest rate for the first year is 7.4% per annum, from 13th month onwards, loan interest rate is determined by reference interest plus a margin of 1.8% per annum. PPC has pledged the entire fixed assets formed from the loan to secure this loan. As a specific repayment schedule has not yet been agreed, the Board of Directors has assessed and believes that this is a medium-term loan and the repayable schedule of this loan is presented after 5 years.

Long-term loans are repayable as follows:

	<u>Closing balance</u> <u>VND</u>	<u>Opening balance</u> <u>VND</u>
Within one year	1,359,162,384,314	1,319,172,808,870
In the second year	1,043,072,350,155	1,319,172,808,871
In the third to fifth year	2,487,831,321,897	2,953,535,057,170
After five years	1,007,476,482,988	1,480,380,000,001
	5,897,542,539,354	7,072,260,674,912
Less: Amount due for settlement within 12 months (presented in short-term loans and liabilities)	1,359,162,384,314	1,319,172,808,870
Amount due for settlement after 12 months	4,538,380,155,040	5,753,087,866,042

21. OWNER'S EQUITY

Movement in owner's equity

	Owner's contributed capital VND	Investment and development fund VND	Retained earnings VND	Non-controlling interests
Prior year's opening balance	5,294,000,000,000	287,032,617,231	6,713,350,648	22,870,897,075
Profit for the year	-	-	708,078,630,765	4,381,549,447
Appropriation to investment and development fund (i)	-	85,605,247,988	(85,605,247,988)	-
Appropriation to bonus and welfare funds	-	-	(85,773,133,714)	(913,331,832)
Dividends distribution for non- controlling interests	-	-	-	(3,197,800,000)
			-	-
Current year's opening balance	5,294,000,000,000	372,637,865,219	543,413,599,711	23,141,314,690
Profit for the year	-	-	619,831,354,510	4,508,467,538
Appropriation to investment and development fund (i)	-	75,000,693,487	(75,000,693,487)	-
Appropriation to bonus and welfare funds (i)	-	-	(84,675,722,036)	(758,971,212)
Payments for equitization	-	(286,574,832,277)	-	-
Dividends declared	-	-	(635,280,000,000)	-
Current year's closing balance	5,294,000,000,000	161,063,726,429	368,288,538,698	26,890,811,016

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

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 2016, the charter capital has been fully contributed by shareholders, as follows:

Shareholders	Per Corporate Registration Certificate		Contributed capital at closing date 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

21. OWNER'S EQUITY (Continued)

Dividends

According to Resolution No. 851/NQ-DHDCD dated 21 April 2016, the General Shareholders of PetroVietnam Camau Fertilizer Joint Stock Company (the Holding Company) decided to pay dividend in 2015 at the rate of 8% of charter capital, equivalent to the amount of VND 423,520,000,000 and expected to pay dividends in 2016 at the rate of 9% of charter capital.

According to Decision No. 2191/QD-DKVN dated 22 November 2016, the General Director of PetroVietnam Camau Fertilizer Joint Stock Company (the Holding Company) decided to temporarily pay the dividends for the first time in 2016 (from remaining profit in 2015 and profit in 2016) at the rate of 4% of charter capital, equivalent to the amount of VND 211,760,000,000.

Non-controlling interests

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

	<u>Amount</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>VND</u>	<u>Opening balance</u> <u>VND</u>
Total assets	57,026,342,620	41,830,035,751
Total liabilities	(30,135,531,604)	(18,688,721,061)
Net assets	26,890,811,016	23,141,314,690
<i>Details are as follows:</i>		
Charter capital	19,986,240,000	15,988,995,918
Other funds	1,848,770,291	1,191,543,951
Retained earnings	5,055,800,725	5,960,774,822

22. OFF-BALANCE SHEET ITEMS

	<u>Closing balance</u>	<u>Opening balance</u>
Foreign Currencies		
USD	3,052,136	847,539
EUR	1,280.3	0.3

23. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Company's principal activities are manufacturing and trading fertilizers used in agriculture. Accordingly, the financial information presented in the consolidated balance sheet as at 31 December 2016 and all revenue and expenses presented in the consolidated income statement for the year ended 31 December 2016 are related to manufacturing and trading fertilizers. Revenue and cost of sales per each goods item and business activity are presented in Note 24 and Note 25.

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 411 billion (export turnover in the period from 15 January 2015 to 31 December 2015 was about VND 263 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.

24. REVENUE

	Current year	From 15/01/2015 to 31/12/2015
	VND	VND
Sales of ure	4,469,266,949,185	5,307,053,911,180
- Domestic sales	4,057,791,404,100	5,043,230,014,360
- Export	411,475,545,085	263,823,896,820
Sales of Amoniac	92,613,549,214	112,730,522,160
Sales of merchandise	371,541,205,636	214,323,492,660
Sales of commercial waste	18,113,256,608	24,387,151,858
Sales of packaging	20,045,716,647	-
Other sales	168,266,364	11,212,534,200
	4,971,748,943,654	5,669,707,612,058
Sales deduction		
Sales discounts	61,077,760,352	82,425,685,037
Sales rebates	500,500,000	5,042,515,000
	61,578,260,352	87,468,200,037
Sales in the year with related parties (details represented in Note 34)	3,697,908,000	69,420,000,000

25. COST OF SALES

	Current year	From 15/01/2015 to 31/12/2015
	VND	VND
Cost of Ure sold	3,180,817,736,403	3,674,922,909,614
Cost of Amoniac sold	71,536,461,448	65,400,323,277
Cost of merchadise and packaging sold	342,361,322,218	209,592,072,494
Provision of inventories devaluation	792,216,475	712,847,673
	3,595,507,736,544	3,950,628,153,058

26. PRODUCTION COST BY NATURE

	Current year	From 15/01/2015
	VND	to 31/12/2015
Raw materials and consumables	1,778,288,848,720	2,232,063,415,966
Labours	414,593,032,744	304,270,103,459
Depreciation and amortisation	1,292,036,751,160	1,227,663,327,392
Out-sourced services	290,489,285,625	508,536,312,068
Other monetary expenses	99,486,096,068	79,099,028,761
	3,874,894,014,317	4,351,632,187,646

27. FINANCIAL INCOME

	Current year	From 15/01/2015
	VND	to 31/12/2015
Bank deposit interest	155,766,178,207	166,445,617,067
Foreign exchange gain during construction period of Camau Fertilizer Production Plant	-	53,261,535,084
Foreign exchange gain	125,585,828,681	6,702,885,981
	281,352,006,888	226,410,038,132

28. FINANCIAL EXPENSES

	Current year	From 15/01/2015
	VND	to 31/12/2015
Interest expense	206,622,388,743	232,444,268,230
Foreign exchange loss	211,446,671,982	411,557,413,857
Guarantee fee	14,539,142,286	16,216,828,877
Other financial expenses	111,275,000	3,455,497,769
	432,719,478,011	663,674,008,733

29. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	Current year	From 15/01/2015
	VND	to 31/12/2015
Selling expenses		
Transport, loading and storage expenses	116,952,914,055	79,480,193,743
Social welfare security expenses	43,308,612,978	75,270,924,800
Advertising and communication expenses	42,307,639,338	75,917,878,358
Other expenses	73,263,844,866	45,773,820,161
	275,833,011,237	276,442,817,062
General and administration expenses		
Administrative staff expenses	66,542,584,989	52,644,520,000
Management fee payable to Vietnam Oil and Gas Group	22,689,734,166	26,308,033,440
Depreciation and amortization expenses	27,322,966,531	15,090,800,214
Provision for science and technology development fund	15,000,000,000	-
Goodwill	46,513,175,754	43,925,928,545
Other expenses	76,685,368,887	67,408,004,184
	254,753,830,327	205,377,286,383

30. OTHER INCOME AND OTHER EXPENSES

	Current year	From 15/01/2015
	VND	to 31/12/2015
		VND
Other income		
Over-counted inventory (*)	23,214,404,415	-
Insurance gain - premium collection	-	3,536,640,541
Penantiy for break of contract	407,646,593	1,379,534,904
Other income	2,587,740,109	1,929,465,859
	26,209,791,117	6,845,641,304
Other expenses		
Cost of goods damaged	-	3,537,027,135
Tax penalties	-	945,413,470
Other expenses	27,031,577	91,917,636
	27,031,577	4,574,358,241
Other profit	26,182,759,540	2,271,283,063

(*) According to Volume Examination Certificates of PetroVietnam Energy Corporation - Joint Stock Company for unsold Urea in storage of the Company at 31 December 2016 and 30 June 2016, the estimated value of Urea in stock on such certificates was larger than the book value recored in the Company accounting books by VND 23,214,404,415. The Board of Directors decided to record the amount of unpacked Urea in stock mentioned above into other income line item and determined that such recognition is in accordance with current prevailing regulations.

31. CURRENT CORPORATE INCOME TAX EXPENSE

	Current year	From 15/01/2015
	VND	to 31/12/2015
		VND
Corporate income tax from production of ure (*)	33,113,858,381	-
Corporate income tax from production of packages (**)	1,084,636,971	994,138,952
Corporate income tax from other activities	353,076,211	1,344,148,816
	34,551,571,563	2,338,287,768

(*) According to Official Letter No. 4641/TCT-CS issued by the General Department of Taxation on 02 December 2008 in a reply to Vietnam Oil and Gas Group on tax incentives for Camau Fertilizer Plant Project, the 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 9 years thereafter. 2016 is the first 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 Company is obliged to pay corporate income tax at the normal tax rate for taxable profit from other activities.

31. CURRENT CORPORATE INCOME TAX EXPENSE (Continued)

(**) Corporate income tax of PetroVietnam Packaging Joint Stock Company (the Company's subsidiary - PPC) is applied according to Decision No. 22/2010/QĐ-UBND dated 01 September 2010 issued by People's Committee of Bac Lieu province regarding promulgation of regulations and policies on investment encouragement, support and incentives in Bac Lieu province and the first Investment Certificate No. 60221000003 dated 23 June 2013 issued by Bac Lieu Industrial Zones Management Unit, PPC is entitled to tax incentives as follows: preferential tax rates of 20% for 10 years and tax exemption for 2 years from the first year PPC has the taxable income (2012), 50% tax reduction in tax payable for next 4 years applicable to newly established enterprises of Investment Projects in areas with difficult socio - economic condition. 2016 is the third year in which PPC is entitled to 50% tax deduction in tax payable.

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

32. BASIC EARNINGS PER SHARE

	Current year	From 15/01/2015
	VND	to 31/12/2015
	VND	VND
Profit after corporate income tax	619,831,354,510	708,078,630,765
- Appropriation to bonus and welfare funds	(84,675,722,036)	(85,773,133,714)
Earnings for the purpose of calculating basic earnings per share	535,155,632,474	622,305,497,051
Weighted average number of ordinary shares	529,400,000	529,400,000
Basic earnings per share	1,011	1,175

33. 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 which is released by Vietnam Oil and Gas Group.
- According to Decision No. 615/QĐ-PVCFC dated 24 March 2016, the Board of Management of PetroVietnam Fertilizer 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 comprising 70% of the loan and 30% of the equity of the Company. As of 31 December 2016, the value of the project was about VND 27 billion.
- According to Decision No. 06/QĐ-PPC-HD dated 14 April 2016, the Board of Management of PetroVietnam Packaging Joint Stock Company (the Company's subsidiary - PPC) approved the Feasibility Study Report of the "Bac Lieu Fertilizer Factory Project", with the capacity manufacturing Black Urea from Urea of 30,000 Ton/year. The project has total investment of VND 31,512,637,193, is expected for completion and run into commercial operation from quarter 1 2017.

34. 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	Holding Company
Subsidiaries, joint ventures and associates of Vietnam Oil and Gas Group	Entities under the same owner

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

	Current year	From 15/01/2015 to 31/12/2015
	VND	VND
Sales		
South-East PetroVietnam Fertilizer and Chemicals JSC	1,860,000,000	69,420,000,000
PetroVietnam Fertilizer and Chemicals Corporation	1,837,908,000	-
	3,697,908,000	69,420,000,000
Purchases		
Vietnam Oil and Gas Group	832,982,241,043	1,578,820,673,284
PetroVietnam Power Corporation	157,120,921,245	199,148,803,439
Petroleum Industrial Materials Distribution Company	-	21,552,975,000
PVI Insurance Corporation - Ca Mau Branch	2,277,930,830	4,912,793,640
PetroVietnam Urban Development Joint Stock Company	-	1,639,450,725
PetroVietnam Security Service Corporation	13,018,149,462	11,579,812,533
PetroVietnam Transportation Vung Tau Joint Stock Company	11,305,896,000	5,033,160,000
Branch of Vietnam Petroleum Institute - PetroVietnam Research and Development Center for Petroleum Processing	9,661,405,451	6,980,252,083
PVI South Company	51,055,989,330	48,610,713,297
Branch of Vietnam Petroleum Institute - Center for Technology Application and Transfer	-	2,003,660,000
PetroVietnam Maintenance and Repair Joint Stock Company	842,003,431	4,936,621,961
Drilling Mud Corporation	680,143,340	4,501,704,308
PetroVietnam Drilling Technology and Trading Joint Stock Company	-	3,707,156,898
Binh Son Refining and Petrochemical Co., Ltd	-	300,937,990
PetroVietnam Infrastructure and Urban Investment Joint Stock Company	-	32,138,100,000
PTSC Production Services Joint Stock Company	-	2,182,168,201
PetroVietnam Energy Technology Joint Stock Company	-	5,476,652,067
PVI Sunlife Insurance Co., Ltd	30,151,542,679	12,374,500,000
PetroVietnam Machine and Equipment Joint Stock Company	611,846,772	6,591,233,368
PetroVietnam Manpower Training College	2,438,319,987	2,440,137,149
Vietnam Petroleum Institute	9,661,405,451	1,626,319,117
Central Gas Energy Joint Stock Company	-	21,155,278,117
Petroleum Equipment Assembly and Mental Structure Joint Stock Company	10,490,729,955	-
Dam Phu My Packaging Joint Stock Company	429,335,983	-
PetroVietnam Central Fertilizer and Chemicals Joint Stock Company	12,164,542,336	218,802,709
	1,144,892,403,295	1,977,931,905,886
Remuneration paid to the Boards of Directors and Management	11,444,499,720	11,310,086,488

34. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

Significant related party balances were as follows:

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Other short-term receivables		
Capital granted to Camau Gas - Power - Fertilizer Project Management Unit	19,718,000,000	19,718,000,000
Accrued interest receivable from The Vietnam Public Joint Stock Commercial Bank - Can Tho Branch	1,972,777,778	5,323,611,111
Other receivables from Vietnam Oil and Gas Group	393,555,154,634	-
	415,245,932,412	25,041,611,111
	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Short-term trade payables		
Vietnam Oil and Gas Group (PetroVietnam)	494,320,135,459	163,690,892,638
PetroVietnam Power Corporation (PV Power)	33,178,233,697	27,038,360,664
PetroVietnam Urban Development Joint Stock Company	75,485,181	1,010,621,230
Vietnam Petroleum Institute - Center for Technology Application and Transfer	4,007,466,690	1,542,818,200
Vietnam Petroleum Institute - Research and Development Center for Petroleum Processing	-	529,574,070
PetroVietnam Security Service Corporation	3,068,115,764	999,784,848
PetroVietnam Transportation Vung Tau Joint Stock Company	2,064,947,000	666,608,000
PetroVietnam Drilling Trading and Technical Service Joint Stock Company	-	2,854,510,812
PetroVietnam Maintenance and Repair Joint Stock Company	-	2,046,948,653
PetroVietnam Maintenance and Repair Corporation	1,886,785,338	1,241,239,957
Petroleum Equipment Assembly and Mental Structure Joint Stock Company	6,073,580,500	-
	544,674,749,629	201,621,359,072
Short-term advances from customers		
South-East PetroVietnam Fertilizer and Chemicals JSC	-	3,165,961,760
	-	3,165,961,760
Short-term accrued expenses		
Vietnam Oil and Gas Group	-	261,721,055,666
	-	261,721,055,666
Other current payables		
Ca Mau Gas - Power - Fertilizer Project Management Unit	75,571,633,412	75,571,633,412
Vietnam Oil and Gas Group	151,271,487,337	119,494,557,567
	226,843,120,749	195,066,190,979

NhaDum

Dinh Nhật Dương

Small

Dinh Nhu Cuong
Chief Accountant



Lê Ngọc Minh Trí
Deputy General Director

20 March 2017