

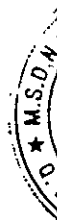


**PETROVIETNAM CAMAU FERTILIZER
JOINT STOCK COMPANY**

(Incorporated in the Socialist Republic of Vietnam)

**REVIEWED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

For the 6-month period ended 30 June 2017



PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

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

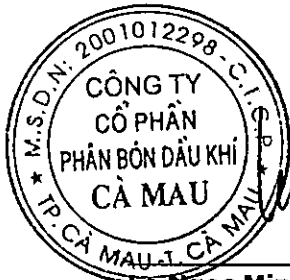
STATEMENT OF THE BOARD OF DIRECTORS (Continued)

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 interim consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim consolidated financial reporting. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of Directors,



Le Ngoc Minh Tri
Deputy General Director

21 August 2017



PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

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

Camau City, Camau Province, S.R. Vietnam

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PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

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

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of PetroVietnam Camau Fertilizer Joint Stock Company (the "Company") presents this report together with the Company's interim consolidated financial statements for the 6-month period ended 30 June 2017.

BOARDS OF MANAGEMENT AND DIRECTORS

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

Board of Management

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

Board of Directors

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

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the interim consolidated financial statements, which give a true and fair view of the consolidated financial position of the Company as at 30 June 2017, 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 Board of Directors is required to:

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

No.: 295 /VN1A-HN-BC

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim consolidated financial statements of PetroVietnam Fertilizer Company Limited (the "Company"), prepared on 21 August 2017, as set out from page 5 to page 36, which comprise the interim consolidated balance sheet as at 30 June 2017, 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.

Board of Directors' Responsibility for the Interim Consolidated Financial Statements

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

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

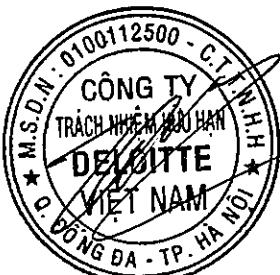
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2017, and of its financial performance and its cash flows 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

- The Company has been officially transformed into a joint stock company since 15 January 2015. The interim consolidated financial statements for the 6-month period ended 30 June 2017 do not include any adjustments that may arise related to the determination of the State capital portion as the Company has not received the final approval of competent authorities regarding equitization-related final accounts.
- As stated in Note 35 of the Notes to the interim consolidated financial statements, pursuant to Resolution No. 8409/NQ-DKVN dated 29 December 2016 of the Members' Council of Vietnam Oil and Gas Group ("the Group" - the Company's parent company) on approval of the Company's business plan for 2017, estimated gas price the Company has to pay to the Group for the year 2017 is USD 1.52/MmBTU. This estimated gas price will be officially adjusted by the Group when there are fluctuations affecting the Company's performance results to ensure the efficiency of fertilizer production at the rate of return on average equity of 12% per year. The interim consolidated financial statements for the six-month period ended 30 June 2017 do not include any adjustments that may be required relating to the gas prices adjustment mentioned above.

Our conclusion is not modified in respect of these matters.



Tran Huy Cong
Deputy General Director
Audit Practising Registration Certificate
No. 0891-2013-001-1

DELOITTE VIETNAM COMPANY LIMITED

21 August 2017
Hanoi, S.R. Vietnam

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INTERIM CONSOLIDATED BALANCE SHEET
As at 30 June 2017

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		4,480,421,845,172	4,034,415,094,113
I. Cash and cash equivalents	110	4	966,071,553,456	813,518,747,412
1. Cash	111		534,071,553,456	481,518,747,412
2. Cash equivalents	112		432,000,000,000	332,000,000,000
II. Short-term financial investments	120	5	2,700,000,000,000	2,300,000,000,000
1. Held-to-maturity investments	123		2,700,000,000,000	2,300,000,000,000
III. Short-term receivables	130		385,285,803,029	481,716,332,388
1. Short-term trade receivables	131	6	15,494,173,523	6,814,108,300
2. Short-term advances to suppliers	132	7	28,125,064,837	18,741,754,171
3. Other short-term receivables	136	8	341,666,564,669	456,160,469,917
IV. Inventories	140	9	372,972,655,824	374,120,518,186
1. Inventories	141		372,972,655,824	375,625,582,334
2. Provision for devaluation of inventories	149		-	(1,505,064,148)
V. Other short-term assets	150		56,091,832,863	65,059,496,127
1. Short-term prepayments	151	10	23,262,158,298	29,671,646,612
2. Value added tax deductibles	152		32,343,162,249	32,040,550,899
3. Taxes and other receivables from the State budget	153	16	486,512,316	3,347,298,616
B. NON-CURRENT ASSETS	200		8,243,234,791,552	8,932,636,790,069
I. Long-term receivables	210		3,000,000	3,000,000
1. Other long-term receivables	216	8	3,000,000	3,000,000
II. Fixed assets	220		8,144,529,715,278	8,754,407,466,113
1. Tangible fixed assets	221	11	8,102,500,701,502	8,691,967,185,395
- Cost	222		13,912,787,148,324	13,861,770,166,630
- Accumulated depreciation	223		(5,810,286,446,822)	(5,169,802,981,235)
2. Intangible assets	227	12	42,029,013,776	62,440,280,718
- Cost	228		85,113,696,908	95,872,466,668
- Accumulated amortisation	229		(43,084,683,132)	(33,432,185,950)
III. Long-term assets in progress	240		57,738,594,585	79,196,837,346
1. Construction in progress	242	13	57,738,594,585	79,196,837,346
IV. Other long-term assets	260		40,963,481,689	99,029,486,610
1. Long-term prepayments	261	10	40,963,481,689	99,029,486,610
TOTAL ASSET (270 = 100 + 200)	270		12,723,656,636,724	12,967,051,884,182

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

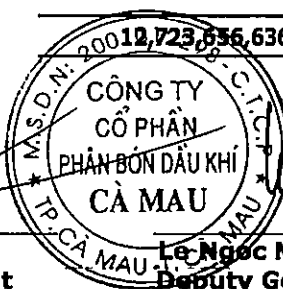
INTERIM CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2017

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		6,608,674,689,724	7,116,808,808,039
I. Current liabilities	310		2,500,513,508,339	2,535,800,653,695
1. Short-term trade payables	311	14	434,710,977,334	688,405,588,269
2. Short-term advances from customers	312	15	81,233,988,228	64,450,940,342
3. Taxes and amounts payable to the State budget	313	16	10,579,652,631	3,374,874,622
4. Payables to employees	314		49,553,503,991	47,541,974,859
5. Short-term accrued expenses	315	17	124,972,237,153	67,875,659,036
6. Other current payables	319	18	247,298,361,120	248,030,850,984
7. Short-term loans and obligations under finance leases	320	19	1,222,397,335,501	1,359,162,384,314
8. Short-term provisions	321	21	272,738,850,483	-
9. Bonus and welfare funds	322		57,028,601,898	56,958,381,269
II. Long-term liabilities	330		4,108,161,181,385	4,581,008,154,344
1. Other long-term payables	337	18	-	1,055,667,075
2. Long-term loans and obligations under finance leases	338	20	4,005,281,578,674	4,538,380,155,040
3. Scientific and technological development fund	343	22	102,879,602,711	41,572,332,229
D. EQUITY	400		6,114,981,947,000	5,850,243,076,143
I. Owner's equity	410		6,114,981,947,000	5,850,243,076,143
1. Owner's contributed capital	411	23	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	23	229,275,267,797	161,063,726,429
3. Retained earnings	421	23	565,183,401,869	368,288,538,698
- Retained earnings accumulated to the prior year end	421a		98,623,254,992	1,117,670,469
- Retained earnings of the current period	421b		466,560,146,877	367,170,868,229
4. Non-controlling interests	429	23	26,523,277,334	26,890,811,016
TOTAL RESOURCES (440 = 300 + 400)	440		12,723,836,636,724	12,967,051,884,182


 Dinh Nhat Duong
 Preparer


 Dinh Nhu Cuong
 Chief Accountant


 Le Ngoc Minh Tri
 Deputy General Director

21 August 2017

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

PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

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

FORM B 02a-DN/HN

Issued under Circular No.202/2014/TT-BTC
dated 22 December 2014
of the Ministry of Finance

INTERIM CONSOLIDATED INCOME STATEMENT

For the 6-month period ended 30 June 2017

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from goods sold and services rendered	01	26	3,131,706,281,532	2,352,555,567,756
2. Deductions	02	26	93,780,186,327	44,027,435,397
3. Net revenue from goods sold and services rendered (10=01-02)	10		3,037,926,095,205	2,308,528,132,359
4. Cost of sales	11	27	1,987,457,908,118	1,706,634,547,297
5. Gross profit from goods sold and services rendered (20=10-11)	20		1,050,468,187,087	601,893,585,062
6. Financial income	21	29	76,501,190,498	200,090,232,329
7. Financial expenses	22	30	104,398,711,990	183,040,058,042
- In which: Interest expense	23		91,042,329,289	104,812,751,032
8. Selling expenses	25	31	225,746,468,555	138,120,235,126
9. General and administration expenses	26	31	201,070,718,823	113,890,962,042
10. Operating profit (30=20+(21-22)-(25+26))	30		595,753,478,217	366,932,562,181
11. Other income	31		1,782,325,841	1,145,924,803
12. Other expenses	32		-	4,681
13. Profit from other activities (40=31-32)	40		1,782,325,841	1,145,920,122
14. Accounting profit before tax (50=30+40)	50		597,535,804,058	368,078,482,303
15. Current corporate income tax expense.	51	32	32,630,871,308	18,746,660,386
16. Net profit after corporate income tax (60=50-51)	60		564,904,932,750	349,331,821,917
16.1. Equity holders of the Holding Company	61		561,266,745,604	346,897,802,889
16.2. Non-controlling interests	62		3,638,187,146	2,434,019,028
17. Basic earnings per share	70	33	1,001	574

Nhat Duong
Dinh Nhat Duong
Preparer

Nhu Cuong
Dinh Nhu Cuong
Chief Accountant

Minh Ngoc Tri
Le Minh Ngoc Tri
Deputy General Director

21 August 2017

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 2017

Unit: VND

ITEMS	Codes	Current period	Prior period
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	597,535,804,058	368,078,482,303
2. Adjustments for:			
Depreciation and amortisation	02	648,576,498,769	633,521,979,825
Provisions	03	271,233,786,335	147,313,013,437
Foreign exchange (gain) arising from translating foreign currency items	04	(3,800,682,830)	(47,946,955,677)
(Gain) from investing activities	05	(70,309,762,873)	(83,235,415,161)
Interest expense	06	91,042,329,289	104,812,751,032
Other adjustments	07	65,258,111,745	-
3. Operating profit before movements in working capital	08	1,599,536,084,493	1,122,543,855,759
Changes in receivables	09	98,148,270,976	(42,507,934,612)
Changes in inventories	10	2,652,926,510	(16,287,201,588)
Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	(167,869,221,302)	(144,479,254,390)
Changes in prepaid expenses	12	64,475,493,235	21,086,284,793
Interest paid	14	(96,677,142,277)	(103,183,348,700)
Corporate income tax paid	15	(23,140,943,574)	(3,603,411,711)
Other cash inflows	16	635,500,000	541,472,500
Other cash outflows	17	(36,348,746,898)	(20,630,811,164)
Cash from equitization transferred to the Group		-	(286,574,832,277)
Net cash generated by operating activities	20	1,441,412,221,163	526,904,818,610
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(27,867,572,676)	(56,632,078,384)
2. Cash outflow for lending, buying debt instruments of other entities	23	(2,700,000,000,000)	(2,500,000,000,000)
3. Cash recovered from lending, selling debt instruments of other entities	24	2,300,000,000,000	2,702,555,555,556
4. Interest earned, dividends and profits received	27	70,514,696,206	88,034,279,571
Net cash (used in)/generated by investing activities	30	(357,352,876,470)	233,957,756,743

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

INTERIM CONSOLIDATED CASH FLOW STATEMENT (Continued)

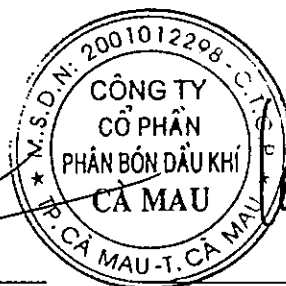
For the 6-month period ended 30 June 2017

Unit: VND

ITEMS	Codes	Current period	Prior period
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	68,039,438,494	94,717,939,833
2. Repayment of borrowings	34	(734,102,380,843)	(681,709,095,117)
3. Dividends and profits paid	36	(265,443,596,300)	(423,080,492,000)
Net cash (used in) financing activities	40	(931,506,538,649)	(1,010,071,647,284)
Net increase/(decrease) in cash (50=20+30+40)	50	152,552,806,044	(249,209,071,931)
Cash and cash equivalents at the beginning of the period	60	813,518,747,412	1,215,079,331,489
Effect of changes in foreign exchange rates	61	-	(227,149,362)
Cash and cash equivalents at the end of the period (70=50+60+61)	70	966,071,553,456	965,643,110,196

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Dinh Nhat Duong
Preparer

Dinh Nhu Cuong
Chief Accountant

Le Minh Ngoc Tri
Deputy General Director

21 August 2017

PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

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

FORM B 09a-DN/HH

Issued under Circular No.202/2014/TT-BTC
dated 22 December 2014
of the Ministry of Finance

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 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 first 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 30 June 2017 was 1,077 (as at 31 December 2016: 1,053).

Operating industry and principal activities

The operating industry of the Company includes:

- Production of fertilizers, nitrogen compounds and basic chemicals.
- Wholesale of fertilizers, chemicals used in industry - agriculture.
- Retail of fertilizers, chemicals used in industry - agriculture.
- Architectural activities and consultancy on techniques using fertilizers and chemicals.
- Warehousing, storage and handling cargo.
- Research and experiment 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:

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

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

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

Disclosure of information comparability in the 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 2016. 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 2016.

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 2017.

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 Board of Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these accounting estimates are based on the Board of Directors' best knowledge, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprise controlled by the Company (its subsidiary) for the 6-month period ended 30 June 2017. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiary acquired or disposed of during the 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 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.

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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, 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:

	<u>Current period</u>
	<u>(Years)</u>
Land use rights	20 - 50
Copyright, 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 cost of Camau Fertilizer Production Plant's asset insurance, fixed asset repair costs, catalyst chemical costs, goodwill and other types of long-term prepayments.

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

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

Other types of long-term prepayments comprise cost of 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 interim consolidated income statement using the straight-line method over the period of no more than 3 years.

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 Board of Directors' 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.

As guided by Official Letter No. 4360/DKVN-TCKT dated 30 June 2015 issued by Vietnam Oil and Gas Group and Official Letter No. 7526/BTC-TCND 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 2017. The above mentioned rate differs from that stated in Circular No. 200/2014/TT-BTC dated 22 December 2014 issued by the Ministry of Finance guiding the accounting regime for enterprises ("Circular 200").

Revenue recognition

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

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company retains neither continuing managerial involvement to the degree usually associated with 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 Camau Province, PetroVietnam Camau Fertilizer Joint Stock Company (the Holding Company) is entitled to tax incentives with regard to Camau Fertilizer Plant as follows:

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

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

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

- For package manufacturing: 2017 is the last year PPC is entitled to 50% tax reduction in tax payables.
- For fertilizer manufacturing and trading: 2017 is the first year PPC is entitled to tax exemption.

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 2017, 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	1,855,549,851	84,430,897
Bank demand deposits	532,216,003,605	481,434,316,515
Cash equivalents (*)	432,000,000,000	332,000,000,000
	966,071,553,456	813,518,747,412

(*) 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.

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 year over 3 months	2,700,000,000,000	2,700,000,000,000	2,300,000,000,000	2,300,000,000,000

6. SHORT-TERM TRADE RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Hung Thanh Private Enterprise	6,310,939,940	-
Huy Chinh Trade and Services Company Limited	3,878,015,000	-
Tuong Nguyen Import & Export Trading and Services Co., Ltd.	108,637,100	3,102,057,200
Phu My Chemical and Construction Co., Ltd.	-	3,600,130,403
Other customers	5,196,581,483	111,920,697
	15,494,173,523	6,814,108,300

7. SHORT-TERM ADVANCES TO SUPPLIERS

	Closing balance	Opening balance
	VND	VND
Tri Viet Trading Engineering Co., Ltd.	6,650,634,397	6,785,642,866
Chemical Industry Engineering Joint Stock Company	3,840,144,000	-
Vimico Equipment and Accessories Co., Ltd.	1,389,204,300	2,115,198,796
Other suppliers	16,245,082,140	9,840,912,509
	28,125,064,837	18,741,754,171

8. OTHER SHORT-TERM RECEIVABLES

	Closing balance	Opening balance
	VND	VND
a) Other short-term receivables		
Receivable from Oil and Gas Group	276,761,701,091	393,555,154,634
- Estimated gas receivable for the year ended 31 December 2016	-	116,793,453,543
- Receivable related to the equitization phase (i)	276,761,701,091	276,761,701,091
Accrued interest receivable from term deposits	23,998,783,335	24,203,716,668
Capital granted to Camau Gas - Electricity - Fertilizer Project Management Unit (ii)	19,718,000,000	19,718,000,000
Receivables from Ca Mau Tax Department	10,192,736,857	-
Advances to employees	8,722,977,311	6,366,971,000
Receivable from PVI Insurance Ho Chi Minh City	-	4,053,625,704
Short-term collateral, deposits	1,866,038,082	390,000,000
Other receivables	406,327,993	7,873,001,911
	341,666,564,669	456,160,469,917
b) Other long-term receivables		
Long-term collateral, deposits	3,000,000	3,000,000
	3,000,000	3,000,000
Other short-term receivables from related parties (details presented in Note 36)	296,479,701,091	417,326,780,338

- (i) Represent profit of the period from 01 January 2014 to 14 January 2015, which had been transferred to Vietnam Oil and Gas Group due to effects of price unit adjustments to gas volume purchased by the Company from Vietnam Oil and Gas Group for the period. This receivable will be recovered when the Company performs finalization regarding the State capital portion with Vietnam Oil and Gas Group.
- (ii) The balance of capital granted to Camau Gas - Electricity - Fertilizer Project Management Unit ("Project Management Unit") represents the amount the Company transferred to the Project Management Unit since 2013 to settle liabilities. This capital funding has no collateral and bears no interest.

9. INVENTORIES

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Raw materials	204,844,178,769	-	178,516,791,621	-
Tools and supplies	3,409,135,409	-	1,686,454,799	-
Work in progress	31,867,294,587	-	56,423,373,299	(1,505,064,148)
Finished goods	120,473,932,569	-	56,484,144,839	-
Goods	12,378,114,490	-	27,061,792,000	-
Goods on consignment	-	-	55,453,025,776	-
	372,972,655,824	-	375,625,582,334	(1,505,064,148)

As at 30 June 2017, the Company assessed the net realisable value and reversed provision for devaluation of inventories in the amount of VND 1,505,064,148.

10. PREPAYMENTS

	<u>Closing balance</u> <u>VND</u>	<u>Opening balance</u> <u>VND</u>
a) Short-term		
Assets insurance for Camau Fertilizer Plant	17,122,962,783	16,920,110,765
Advertising pano	371,026,781	2,677,433,264
Other short-term prepaid expenses	5,768,168,734	10,074,102,583
	23,262,158,298	29,671,646,612
b) Long-term		
Goodwill (*)	23,256,587,877	46,513,175,754
Fixed asset repair expenses	10,980,131,306	20,130,240,727
Employee training expense	781,630,937	-
Chemical catalyst	-	23,398,011,981
Other long-term prepaid expenses	5,945,131,569	8,988,058,148
	40,963,481,689	99,029,486,610

(*) 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 period was VND 23,256,587,877.

PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09a-DN/HN

11. 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	3,374,394,301,307	10,313,630,444,234	58,678,893,124	56,377,936,721	58,688,591,244	13,861,770,166,630
Transfer from construction in progress	15,559,387,863	12,887,626,634	1,476,627,538	32,727,273	-	29,956,369,308
New purchases	-	20,751,121,127	243,060,986	66,430,273	-	21,060,612,386
Closing balance	3,389,953,689,170	10,347,269,191,995	60,398,581,648	56,477,094,267	58,688,591,244	13,912,787,148,324

ACCUMULATED DEPRECIATION

Opening balance	1,347,501,159,723	3,739,610,912,891	35,171,639,014	31,165,426,176	16,353,843,431	5,169,802,981,235
Charge for the period	149,945,105,369	481,101,398,589	4,653,793,280	4,492,749,542	290,418,807	640,483,465,587
Closing balance	1,497,446,265,092	4,220,712,311,480	39,825,432,294	35,658,175,718	16,644,262,238	5,810,286,446,822

NET BOOK VALUE

Closing balance	1,892,507,424,078	6,126,556,880,515	20,573,149,354	20,818,918,549	42,044,329,006	8,102,500,701,502
Opening balance	2,026,893,141,584	6,574,019,531,343	23,507,254,110	25,212,510,545	42,334,747,813	8,691,967,185,395

As stated 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 Bac Lieu Fertilizer Plant Project and the fixed assets formed from loans granted to it with the total carrying amount of VND 75,054,055,674 as at 30 June 2017 (as at 31 December 2016: VND 49,061,353,253) to secure bank loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu branch.

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 7,741,656,491,752 as at 30 June 2017 (as at 31 December 2016: VND 8,346,611,298,925) to secure bank loans.

The cost of the Company's tangible fixed assets as at 30 June 2017 includes VND 106,891,921,433 (as at 31 December 2016: VND 88,868,489,549) 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	33,333,655,327	32,189,954,173	30,348,857,168	95,872,466,668
Additions	109,634,172	-	380,000,000	489,634,172
Other decrease (i)	(11,248,403,932)	-	-	(11,248,403,932)
Closing balance	22,194,885,567	32,189,954,173	30,728,857,168	85,113,696,908
ACCUMULATED AMORTISATION				
Opening balance	3,778,161,865	13,824,183,167	15,829,840,918	33,432,185,950
Charge for the period	893,534,362	2,317,382,456	7,993,197,092	11,204,113,910
Other decrease (i)	(1,551,616,728)	-	-	(1,551,616,728)
Closing balance	3,120,079,499	16,141,565,623	23,823,038,010	43,084,683,132
NET BOOK VALUE				
Closing balance	19,074,806,068	16,048,388,550	6,905,819,158	42,029,013,776
Opening balance	29,555,493,462	18,365,771,006	14,519,016,250	62,440,280,718

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

13. CONSTRUCTION IN PROGRESS

	Closing balance	Opening balance
	VND	VND
- Complex fertilizer production lines from melted Ure	32,749,968,392	27,028,312,486
- Public housing area clearance cost	19,217,326,485	19,217,326,485
- Enterprise human resources managing system	3,434,800,673	3,434,800,673
- Bac Lieu Fertilizer Plant	729,657,159	25,511,944,151
- Others	1,606,841,876	4,004,453,551
	57,738,594,585	79,196,837,346

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount able to be		Amount able to be	
	Amount	paid off	Amount	paid off
	VND	VND	VND	VND
Vietnam Oil and Gas Group (*)	269,627,608,278	269,627,608,278	494,320,135,459	494,320,135,459
PetroVietnam Power Corporation	41,583,920,430	41,583,920,430	33,178,233,697	33,178,233,697
Others	123,499,448,626	123,499,448,626	160,907,219,113	160,907,219,113
	434,710,977,334	434,710,977,334	688,405,588,269	688,405,588,269
Trade payables to related parties (details represented in Note 36)	316,977,345,454	316,977,345,454	544,674,749,629	544,674,749,629

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

15. SHORT-TERM ADVANCES FROM CUSTOMERS

	Closing balance	Opening balance
	VND	VND
Tuong Nguyen Import & Export Trading and Services Co., Ltd.	14,096,349,250	5,381,802,353
SAYIMEX TA MCHAS SRE Co., Ltd.	11,401,387,500	1,219,625,572
Hung Thanh Private Enterprise	10,896,120,900	3,023,291,970
Huu Thanh I Company Limited	5,258,700,000	735,773,565
Nguyen Khoa Trading., Ltd.	2,769,699,999	4,017,834,899
Viet Nga Private Enterprise	2,687,896,750	1,697,537,550
Hong Nhung Trading and Services Co., Ltd.	2,499,470,000	2,279,284,000
The Man Single Member Limited Liability Company	899,358,900	4,584,358,900
Dang Lan Private Enterprise	-	11,259,334,800
Other customers	30,725,004,929	30,252,096,733
	81,233,988,228	64,450,940,342

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Items	Opening balance VND	Movement in the period			Closing balance VND
		Amount payable VND	Amount net-off VND	Amount paid VND	
a) Receivables					
VAT	157,422,454	10,456,110,437	8,797,438,703	1,590,414,991	89,165,711
Corporate income tax	2,792,529,557	2,792,529,557	-	-	-
Land rental fee	397,346,605	264,435,222	-	264,435,222	397,346,605
	3,347,298,616	13,513,075,216	8,797,438,703	1,854,850,213	486,512,316
b) Payables					
VAT	1,053,239,200	2,334,861,231	-	2,772,219,862	615,880,569
Import duty	-	6,405,312,110	6,214,830,538	190,481,572	-
Corporate income tax	311,619,722	32,630,871,308	2,792,529,557	23,140,943,574	7,009,017,899
Natural resources tax	91,600,340	533,614,380	-	536,569,260	88,645,460
Other taxes	1,918,415,360	16,297,046,864	-	15,349,353,521	2,866,108,703
License tax	-	5,000,000	-	5,000,000	-
Personal income tax	1,309,097,587	13,984,791,990	-	12,427,780,874	2,866,108,703
Other taxes	609,317,773	2,307,254,874	-	2,916,572,647	-
	3,374,874,622	58,201,705,893	9,007,360,095	41,989,567,789	10,579,652,631

17. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
Interest expense payable	52,903,477,071	58,538,290,059
Insurance and welfare expenses	18,261,000,000	-
Transportation and storage expenses	17,085,867,639	-
Management fees payables to Vietnam Oil and Gas Group	8,105,624,323	-
Uniforms and medical examination for employees	5,905,131,448	-
Guarantee fees	3,598,920,828	3,948,609,528
Goods purchase expenses and others	19,112,215,844	5,388,759,449
	124,972,237,153	67,875,659,036
Advances from related parties (details represented in Note 36)	8,105,624,323	-

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. OTHER PAYABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
a) 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	151,876,294,234	151,271,487,337
- 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
- Payable for equitization	247,500,000	247,500,000
- Other payables	-	(604,806,897)
Safety reward fund (iii)	6,917,448,649	968,785,241
Trade union fee	955,666,190	884,990,682
Short-term deposits received	796,866,000	2,184,282,500
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	10,003,603,595	15,972,822,772
	247,298,361,120	248,030,850,984
b) Other long-term payables		
Payable to the State Budget for land use right handed over	-	1,055,667,075
	-	1,055,667,075
Other payable to related parties (details presented in Note 36)	227,447,927,646	226,843,120,749

- (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 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.

PETROVIETNAM CAMAU FERTILIZER JOINT STOCK COMPANY

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09a-DN/HN

19. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Items	Opening balance		In the period		Closing balance	
	Amount VND	Amount able to be paid off VND	Increase VND	Decrease VND	Amount VND	Amount able to be paid off VND
Short-term loans (i)	-	-	59,046,077,834	54,633,994,334	4,412,083,500	4,412,083,500
Current portion of long-term loans (Note 20)	1,359,162,384,314	1,359,162,384,314	683,269,069,339	824,446,201,652	1,217,985,252,001	1,217,985,252,001
	1,359,162,384,314	1,359,162,384,314	742,315,147,173	879,080,195,986	1,222,397,335,501	1,222,397,335,501

(i) Present 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 not secured and bear interest at the base rate plus the required margin, but not less than the lending floor rate set by the lender.

20. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Items	Opening balance		In the period		Closing balance	
	Amount VND	Amount able to be paid off VND	Increase VND	Decrease VND	Amount VND	Amount able to be paid off VND
BNP Paribas Bank, Credit Agricole Bank, Export - Import Bank of China (i)	3,498,110,000,000	3,498,110,000,000	-	252,010,000,000	3,246,100,000,000	3,246,100,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade (ii)	1,931,852,620,271	1,931,852,620,271	-	242,576,683,687	1,689,275,936,584	1,689,275,936,584
Vietnam Public Joint Stock Commercial Bank - Can Tho Branch (iii)	373,560,934,469	373,560,934,469	-	172,545,585,652	201,015,348,817	201,015,348,817
National Commercial Joint Stock Bank - Sai Gon Branch (iv)	58,333,000,000	58,333,000,000	-	11,667,000,000	46,666,000,000	46,666,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch (v)	35,685,984,614	35,685,984,614	8,993,360,660	4,469,800,000	40,209,545,274	40,209,545,274
Total	5,897,542,539,354	5,897,542,539,354	8,993,360,660	683,269,069,339	5,223,266,830,675	5,223,266,830,675
In which:						
Amount due for settlement within 12 months	1,359,162,384,314				1,217,985,252,001	
Amount due for settlement after 12 months	4,538,380,155,040				4,005,281,578,674	

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (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. 01/2010/HDTDDT-NHPT dated 17 June 2010 between the Group and Vietnam Development Bank. The maximum loan term is 38 months from the first disbursement date. Loan interest rate is determined by reference interest plus margin interest (3.15% per annum and fixed during the loan term) on specified date and this interest rate does not exceed 5% at any time of the loan term. The applicable interest rate for the first year is 4% per annum. Interest will be paid monthly on the first day of the month.

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

(iv) This is the loan under Credit Agreement No. 197/16/HDCV/101 dated 10 June 2016 between National Commercial Joint Stock Bank ("NCB") 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 Vietnam, Joint Stock Commercial Bank for Foreign Trade of Vietnam, Vietnam Bank for Agriculture and Rural Development, Vietnam Joint Stock Commercial Bank for Industry and Trade and NCB at the time of adjusting lending interest rate plus (+) a margin of 2% per annum.

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Long-term loans are repayable as follows:

	Closing balance	Opening balance
	VND	VND
Within one year	1,217,985,252,001	1,359,162,384,314
In the second year	1,017,871,524,743	1,043,072,350,155
In the third to fifth year	2,484,551,170,283	2,487,831,321,897
After five years	502,858,883,648	1,007,476,482,988
	5,223,266,830,675	5,897,542,539,354
Less: Amount due for settlement within 12 months (presented in short-term loans and liabilities)	1,217,985,252,001	1,359,162,384,314
Amount due for settlement after 12 months	4,005,281,578,674	4,538,380,155,040

21. PAYABLE PROVISIONS

	Closing balance	Opening balance
	VND	VND
Accrual of periodical repair and maintenance expenses	115,543,036,305	-
Trade discount (i)	88,730,899,027	-
Advertising and communication expenses (ii)	34,335,107,412	-
Salary provision fund	19,431,594,239	-
Social security costs (iii)	14,698,213,500	-
	272,738,850,483	-

- (i) During the period, the Company has accrued trade discounts based on the sale policy approved by the Board of Directors. The estimated trade discount was calculated at the rate of 2% of urea's revenue for the first four months of 2017 and of 5% of urea's revenue for the next 2 months. This estimated trade discount amount will be adjusted according to the finalized trade discount at the end of the financial year.
- (ii) During the period, the Company has accrued marketing and communication expenses based on the marketing budget for the year 2017 pursuant to the Decision No. 99/QĐ-DKVN dated 19 January 2017 of the Company's General Director. The accrued marketing and communication expenses will be adjusted according to the finalized amount at the end of the financial year.
- (iii) During the period, the Company has accrued social security expenses based on the business plan for the year 2017 pursuant to Resolution No. 8409/NQ-DKVN dated 29 December 2016 of the Member Council of Vietnam Oil and Gas Group. The accrued social security expenses will be adjusted according to the finalized amount at the end of the financial year.

22. SCIENCE AND TECHNOLOGY DEVELOPMENT FUND

	Current period	Prior period
	VND	VND
Opening balance	41,572,332,229	35,127,224,702
Fund established in the period (i)	65,258,111,745	-
Fund used in the period	(3,950,841,263)	(3,062,627,601)
Closing balance	102,879,602,711	32,064,597,101

- (i) The science and technology development fund is extracted not exceeding 10% of the Company's taxable profit.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. OWNER'S EQUITY

Movement in owner's equity

	Owner's contributed capital	Investment and development fund	Retained earnings	Non-controlling interest
	VND	VND	VND	VND
For the 6-month period ended 30 June 2016				
Opening balance	5,294,000,000,000	372,637,865,219	543,413,599,711	23,141,314,690
Profit for the period	-	-	346,897,802,889	2,434,019,028
Funds distribution	-	42,508,063,656	(85,388,796,934)	(758,971,212)
Payment for equisition	-	(286,574,832,277)	-	-
Dividend paid	-	-	(423,520,000,000)	-
Closing balance	5,294,000,000,000	128,571,096,598	381,402,605,666	24,816,362,506
For the 6-month period ended 30 June 2017				
Opening balance	5,294,000,000,000	161,063,726,429	368,288,538,698	26,890,811,016
Profit for the period	-	-	561,266,745,604	3,638,187,146
Appropriation to investment and development fund (i)	-	68,211,541,368	(68,211,541,368)	-
Appropriation to bonus and welfare funds (i)	-	-	(31,460,341,065)	(1,007,784,828)
Dividend declared	-	-	(264,700,000,000)	(2,997,936,000)
Closing balance	5,294,000,000,000	229,275,267,797	565,183,401,869	26,523,277,334

- (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 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 2017, the charter capital has been fully contributed by shareholders, as follows:

Shareholders	Per Corporate Registration Certificate		Contributed capital at the end of the period
	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. 714/NQ-DHDCD dated 21 April 2017, the Company's General Shareholders decided to pay dividend in 2017 at the rate of 9% of charter capital, equivalent to the amount of VND 476,460,000,000, in which the amount of VND 211,760,000,000 was temporarily paid in 2016 and the remaining amount of VND 264,700,000,000 was paid in 2017.

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	59,424,332,538	57,026,342,620
Total liabilities	(32,901,055,204)	(30,135,531,604)
Net assets	26,523,277,334	26,890,811,016
<i>Details are as follows:</i>		
Charter capital	19,986,240,000	19,986,240,000
Other funds	2,750,463,798	1,848,770,291
Retained earnings	3,786,573,536	5,055,800,725

24. OFF-BALANCE SHEET ITEMS

	<u>Closing balance</u>	<u>Opening balance</u>
Foreign currencies		
USD	1,304,592	3,052,136
EUR	1,280.3	1,280.3

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 2017 and all revenue and expenses presented in the interim consolidated income statement for the 6-month period ended 30 June 2017 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company carries out the distribution of fertilizer products primarily in the Southwest, Southeast and Central Highlands markets. During the period, the Company exported Camau Fertilizer Products to Cambodia with revenue of about VND 289 billion (export turnover in the 6-month period ended 30 June 2016 was about VND 111 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.

26. REVENUE

	<u>Current period</u> <u>VND</u>	<u>Prior period</u> <u>VND</u>
Sales of ure	2,704,478,235,226	2,258,472,017,907
- Domestic sales	2,414,672,966,000	2,146,846,814,100
- Export	289,805,269,226	111,625,203,807
Sales of Amoniac	81,128,159,094	53,069,870,239
Sales of merchandise	294,484,359,850	15,750,000,000
Sales of commercial waste	27,696,428,940	14,966,191,360
Sales of other fertilizer finished goods and other services	23,919,098,422	10,297,488,250
	3,131,706,281,532	2,352,555,567,756
Sales deduction		
Sales discounts	89,900,699,027	43,526,935,397
Sales rebates	-	500,500,000
Returned goods	3,879,487,300	-
	93,780,186,327	44,027,435,397
Sales in the period with related parties (details represented in Note 36)	2,153,166,860	3,697,908,000

27. COST OF SALES

	<u>Current period</u> <u>VND</u>	<u>Prior period</u> <u>VND</u>
Cost of Ure sold	1,660,425,518,611	1,649,012,509,593
Cost of Amoniac sold	43,001,142,944	38,969,837,157
Cost of merchandise sold	274,058,889,632	15,742,500,000
(Reverse)/Provision for devaluation of inventories	(1,505,064,148)	2,909,700,547
Cost of other fertilizer products	11,477,421,079	-
	1,987,457,908,118	1,706,634,547,297

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. PRODUCTION COST BY NATURE

	Current period	Prior period
	VND	VND
Raw materials and consumables	935,337,590,450	822,662,188,250
Labours	229,386,058,175	185,881,451,683
Depreciation and amortisation	648,576,498,769	633,521,979,825
Out-sourced services	217,967,043,730	156,436,855,850
Other monetary expenses	209,109,217,706	111,099,027,685
	2,240,376,408,830	1,909,601,503,293

29. FINANCIAL INCOME

	Current period	Prior period
	VND	VND
Bank deposit interest	70,309,762,873	83,235,415,161
Foreign exchange gain	6,191,427,625	116,854,817,168
	76,501,190,498	200,090,232,329

30. FINANCIAL EXPENSES

	Current period	Prior period
	VND	VND
Interest expense	91,042,329,289	104,812,751,032
Foreign exchange loss	6,884,943,317	71,333,245,045
Guarantee fee	6,471,439,384	6,894,061,965
	104,398,711,990	183,040,058,042

31. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	Current period	Prior period
	VND	VND
Selling expenses		
Transport, loading and storage expenses	99,847,975,504	43,852,317,108
Depreciation and amortisation expenses	354,950,610	-
Advertising and communication expenses	48,177,274,295	25,130,429,465
Social welfare security expenses	33,700,000,000	25,000,000,002
Other selling expenses	43,666,268,146	44,137,488,551
	225,746,468,555	138,120,235,126
General and administration expenses		
Administrative staff expenses	44,252,402,739	32,323,158,199
Management fee payable to Vietnam Oil and Gas Group	14,548,076,540	11,373,732,712
Depreciation and amortization expenses	14,197,382,872	13,364,736,037
Provision for science and technology development fund	65,258,111,745	-
Goodwill	23,256,587,877	23,256,587,877
Other general and administration expenses	39,558,157,050	33,572,747,217
	201,070,718,823	113,890,962,042

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. CURRENT CORPORATE INCOME TAX EXPENSE

	Current period VND	Prior period VND
Corporate income tax from production of ure (*)	28,721,650,162	18,105,592,082
Corporate income tax from production of packages (**)	968,147,522	552,259,828
Corporate income tax from other activities	2,941,073,624	88,808,476
	32,630,871,308	18,746,660,386

(*) 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. 2017 is the second year PetroVietnam Camau Fertilizer Joint Stock Company (the Holding Company) is entitled to 50% reduction in tax payable regarding profit generated by the main operating activities of Camau Fertilizer Production Plant Project.

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

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

- For package manufacturing: 2017 is the last year PPC is entitled to 50% tax reduction in tax payables.

- For fertilizer manufacturing and trading: 2017 is the first year PPC is entitled to tax exemption.

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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33. BASIC EARNINGS PER SHARE

	Current period	Prior period
	VND	(Restated) VND
Profit after corporate income tax	561,266,745,604	346,897,802,889
- Appropriation to bonus and welfare funds	(31,460,341,065)	(42,880,733,278)
Earnings for the purpose of calculating basic earnings per share	529,806,404,539	304,017,069,612
Weighted average number of ordinary shares	529,400,000	529,400,000
Basic earnings per share	1,001	574

34. CONTINGENT LIABILITIES

For the loan under the ECA Loan Agreement between lending group of BNP Paribas, China Export Import Bank and Credit Agricole Bank and the borrower, Vietnam Oil and Gas Group, the General Department of Taxation has not made a final decision on whether the Company is exempt from withholding tax on the interest paid. According to Official Letter No. 1610/TCT-HTQT dated 25 April 2017 of the General Department of Taxation to the Vietnam Oil and Gas Corporation, the General Department of Taxation and Vietnam Oil and Gas Group are in the process of considering and advising problems relating to the application of the Double Taxation Avoidance Agreement on foreign loan contracts, including the above-mentioned loan contract. In case the Company is obliged to pay withholding tax, the total withholding tax payable to 30 June 2017 is approximately VND 26 billion. The Board of General Directors has decided not to recognize the above-mentioned withholding tax amount in the interim consolidated financial statements until the official decision of the General Department of Taxation.

35. OTHER COMMITMENTS

- According to Gas Sales Agreement No. 3918/HD-DKVN dated 23 May 2012 between Vietnam Oil and Gas Group and PetroVietnam Camau Fertilizer Company Limited (currently known as PetroVietnam Camau Fertilizer Joint Stock Company), the Company will purchase natural gas of Block PM3 CAA and Block 46 - Cai Nuoc from the Group within 20 years from the official operation date with the output of 457.38 million m³ of standard gas per year.
- According to Contract Annex No. 04 dated 27 November 2014, gas price in the contract is the price to ensure the efficiency of producing fertilizers 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 Resolution No. 8409/NQ-DKVN dated 29 December 2016 of Members' Council of Vietnam Oil and Gas Group ("the Group") on approving the Company's business plan for the year 2017, estimated gas price the Company has to pay to the Group for the year 2017 is USD 1.52/MmBTU. This estimated gas price will be officially adjusted by the Group when there are fluctuations affecting the Company's performance results to ensure the efficiency of fertilizer production at the rate of return on average equity of 12% per year.
- According to Decision No. 615/QD-PVCFC dated 24 March 2016, the Board of Directors 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 2017, the value of the project was about VND 32 billion.

36. RELATED PARTIES TRANSACTIONS AND BALANCES

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

<u>Related parties</u>	<u>Relationship</u>
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:

	<u>Current period</u>	<u>Prior period</u>
	<u>VND</u>	<u>VND</u>
Sales		
Dam Phu My Packaging Joint Stock Company	1,635,936,860	1,837,908,000
South-West PetroVietnam Fertilizer and Chemicals JSC	517,230,000	-
South-East PetroVietnam Fertilizer and Chemicals JSC	-	1,860,000,000
	2,153,166,860	3,697,908,000
Purchases		
Vietnam Oil and Gas Group	386,767,588,380	441,770,988,924
PetroVietnam Power Corporation	116,393,724,512	77,731,168,975
PVI South Company	22,968,762,136	23,198,769,765
PetroVietnam Security Service Corporation	5,825,177,844	6,501,828,870
PetroVietnam Transportation Vung Tau Joint Stock Company	4,093,460,000	2,224,100,000
PVI Insurance Corporation - Camau Branch	3,157,591,527	793,252,833
Petroleum Equipment Assembly and Metal Structure JSC	1,611,703,504	-
Drilling Mud Corporation	801,855,272	-
Dam Phu My Packaging Joint Stock Company	111,516,600	-
Branch of Vietnam Petroleum Institute - PetroVietnam Research and Development Center for Petroleum Processing	-	281,947,136
PetroVietnam Investment and Transportation Joint Stock Company	-	5,328,750,000
	541,731,379,775	557,830,806,503
Remuneration paid to the Boards of Management and Directors	10,735,017,152	8,428,179,370

Significant related party balances were as follows:

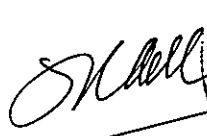
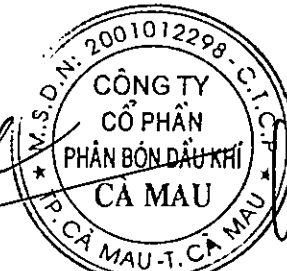

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Other short-term receivables		
Vietnam Oil and Gas Group	276,761,701,091	393,555,154,634
Capital granted to Camau Gas - Power - Fertilizer Project Management Unit	19,718,000,000	19,718,000,000
PVI Insurance Company - Ho Chi Minh City	-	4,053,625,704
	296,479,701,091	417,326,780,338

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Short-term trade payables		
Vietnam Oil and Gas Group (PetroVietnam)	269,627,608,278	494,320,135,459
PetroVietnam Power Corporation (PV Power)	41,583,920,430	33,178,233,697
PetroVietnam Security Service Corporation	2,079,162,728	3,068,115,764
PetroVietnam Transportation Vung Tau Joint Stock Company	1,990,432,340	2,064,947,000
South-West PetroVietnam Fertilizer and Chemicals JSC	1,114,371,094	-
Vietnam Petroleum Institute - Center for Technology Application and Transfer	506,365,403	4,007,466,690
PetroVietnam Urban Development Joint Stock Company	75,485,181	75,485,181
Petroleum Equipment Assembly and Metal Structure JSC	-	6,073,580,500
PetroVietnam Maintenance and Repair Corporation	-	1,886,785,338
	316,977,345,454	544,674,749,629
Short-term accrued expenses		
Vietnam Oil and Gas Group	8,105,624,323	-
	8,105,624,323	-
Other current payables		
Camau Gas - Power - Fertilizer Project Management Unit	75,571,633,412	75,571,633,412
Vietnam Oil and Gas Group	151,876,294,234	151,271,487,337
	227,447,927,646	226,843,120,749



Dinh Nhat Duong
Preparer

Dinh Nhu Cuong
Chief Accountant

Le Ngoc Minh Tri
Deputy General Director

21 August 2017