

**PETROVIETNAM CAMAU FERTILIZER JOINT STOCK
COMPANY**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2018

STATEMENT OF THE EXECUTIVE BOARD

The Executive Board 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 2018.

BOARD OF DIRECTORS AND EXECUTIVE BOARD

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

Board of Directors

Mr. Tran Ngoc Nguyen	Chairman (appointed on 10 January 2019)
Mr. Bui Minh Tien	Chairman (appointed on 12 June 2018) (resigned on 10 January 2019)
	Member (resigned on 12 June 2018)
Mr. Nguyen Duc Thanh	Chairman (resigned on 12 June 2018)
Mr. Van Tien Thanh	Member (appointed on 12 June 2018)
Mr. Tran Chi Nguyen	Member
Mr. Tran My	Member
Ms. Tran Thi Binh	Member (resigned on 18 January 2019)

Executive Board

Mr. Van Tien Thanh	Chief Executive Officer (appointed on 12 June 2018) Executive Officer (resigned on 12 June 2018)
Mr. Bui Minh Tien	Chief Executive Officer (resigned on 12 June 2018)
Mr. Nguyen Duc Hanh	Executive Officer
Mr. Le Ngoc Minh Tri	Executive Officer
Mr. Nguyen Tuan Anh	Executive Officer
Mr. Pham Van Bac	Executive Officer (appointed on 01 October 2018)
Ms. Nguyen Thi Hien	Executive Officer (appointed on 01 January 2019)
Mr. Hoang Trong Dung	Executive Officer (resigned on 18 December 2018)

EXECUTIVE BOARD'S STATEMENT OF RESPONSIBILITY

The Executive Board of the Company is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Company and its subsidiary as at 31 December 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. In preparing these consolidated financial statements, the Executive Board 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.

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

The Executive Board is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the consolidated 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 Executive Board is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

For and on behalf of the Executive Board,

Le Ngoc Minh Tri
Executive Officer

17 March 2019



No.: 650/VN1A-HN-BC

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of PetroVietnam Camau Fertilizer Joint Stock Company (the "Company"), prepared on 17 March 2019, as set out from page 05 to page 39, which comprise the consolidated balance sheet as at 31 December 2018, the consolidated income statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Executive Board's Responsibility for the Consolidated Financial Statements

The Executive Board 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 Executive Board determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Board, 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 present fairly, in all material respects, the consolidated financial position of the Company and its subsidiary as at 31 December 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.

INDEPENDENT AUDITORS' REPORT (Continued)

Emphasis of Matter

As stated in Note 2 of the Notes to the consolidated financial statements, up to the date of the accompanying separate financial statements, the competent authorities have not approved the final accounts of the Company at the time of its equitization and official transformation into a joint stock company. Our opinion is not modified in respect of this matter.



Dang Chi Dung

Deputy General Director

Audit Practising Registration Certificate

No. 0030-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

17 March 2019

Hanoi, S.R. Vietnam

Do Trung Kien

Auditor

Audit Practising Registration Certificate

No. 1924-2018-001-1



CONSOLIDATED BALANCE SHEET

As at 31 December 2018

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		4,318,349,014,853	4,838,709,104,648
I. Cash and cash equivalents	110	4	285,772,463,155	1,896,184,894,173
1. Cash	111		165,772,463,155	393,834,894,173
2. Cash equivalents	112		120,000,000,000	1,502,350,000,000
II. Short-term financial investments	120	5	2,502,000,000,000	2,100,000,000,000
1. Held-to-maturity investments	123		2,502,000,000,000	2,100,000,000,000
III. Short-term receivables	130		452,949,978,578	400,478,657,863
1. Short-term trade receivables	131	6	17,543,502,062	1,298,187,390
2. Short-term advances to suppliers	132	7	86,367,565,902	88,361,010,852
3. Other short-term receivables	136	8	349,038,910,614	310,340,894,112
4. Deficits in assets awaiting solution	139		-	478,565,509
IV. Inventories	140	9	982,641,291,700	370,662,712,495
1. Inventories	141		982,641,291,700	370,662,712,495
V. Other short-term assets	150		94,985,281,420	71,382,840,117
1. Short-term prepayments	151	10	58,790,608,193	27,233,376,867
2. Value added tax deductibles	152		35,648,407,632	43,662,950,934
3. Taxes and other receivables from the State budget	153	16	546,265,595	486,512,316
B. NON-CURRENT ASSETS	200		6,712,237,373,179	7,617,455,035,205
I. Long-term receivables	210		3,000,000	3,000,000
1. Other long-term receivables	216	8	3,000,000	3,000,000
II. Fixed assets	220		6,336,415,442,150	7,501,543,498,779
1. Tangible fixed assets	221	11	6,297,636,437,163	7,469,583,622,805
- Cost	222		14,052,806,119,488	13,931,183,545,130
- Accumulated depreciation	223		(7,755,169,682,325)	(6,461,599,922,325)
2. Intangible assets	227	12	38,779,004,987	31,959,875,974
- Cost	228		105,889,604,017	85,774,363,908
- Accumulated amortisation	229		(67,110,599,030)	(53,814,487,934)
III. Long-term assets in progress	240		346,374,351,728	104,446,521,029
1. Construction in progress	242	13	346,374,351,728	104,446,521,029
IV. Other long-term assets	260		29,444,579,301	11,462,015,397
1. Long-term prepayments	261	10	27,929,004,906	8,528,310,860
2. Deferred tax assets	262		1,515,574,395	2,933,704,537
TOTAL ASSETS (270=100+200)	270		11,030,586,388,032	12,456,164,139,853

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

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2018

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		4,761,714,137,133	6,302,642,116,732
I. Current liabilities	310		3,096,935,931,168	2,525,325,658,242
1. Short-term trade payables	311	14	760,187,117,215	437,540,179,720
2. Short-term advances from customers	312	15	139,370,673,801	83,530,106,522
3. Taxes and amounts payable to the State budget	313	16	34,084,233,018	15,559,115,869
4. Payables to employees	314		24,338,060,250	53,668,946,577
5. Short-term accrued expenses	315	17	669,747,338,381	610,284,379,084
6. Other current payables	319	18	231,677,522,985	221,137,473,632
7. Short-term loans and obligations under finance leases	320	19	1,195,945,359,955	1,062,377,986,921
8. Bonus and welfare funds	322		41,585,625,563	41,227,469,917
II. Long-term liabilities	330		1,664,778,205,965	3,777,316,458,490
1. Long-term loans and obligations under finance leases	338	20	1,508,269,730,041	3,673,878,941,199
2. Scientific and technological	343	21	156,508,475,924	103,437,517,291
D. EQUITY	400		6,268,872,250,899	6,153,522,023,121
I. Owner's equity	410	22	6,268,872,250,899	6,153,522,023,121
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. Other owner's capital	414		2,499,150,000	-
3. Investment and development fund	418		317,733,263,806	238,735,534,003
4. Retained earnings	421		626,042,163,540	594,403,715,402
- Retained earnings accumulated to the prior year end	421a		114,025,462,671	98,105,509,479
- Retained earnings of the current year	421b		512,016,700,869	496,298,205,923
5. Non-controlling interests	429		28,597,673,553	26,382,773,716
TOTAL RESOURCES (440=300+400)	440		11,030,586,388,032	12,456,164,139,853

 Dinh Nhat Duong
 Preparer

 Dinh Nhu Cuong
 Chief Accountant


 Le Ngoc Minh Tri
 Executive Officer

17 March 2019

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	25	6,827,333,782,705	5,832,973,328,808
2. Deductions	02	25	138,005,245,929	85,218,359,150
3. Net revenue from goods sold and services rendered (10=01-02)	10		6,689,328,536,776	5,747,754,969,658
4. Cost of sales	11	26	5,252,270,494,230	4,366,452,519,088
5. Gross profit from goods sold and services rendered (20=10-11)	20		1,437,058,042,546	1,381,302,450,570
6. Financial income	21	28	176,153,015,449	168,762,736,688
7. Financial expenses	22	29	260,130,153,544	202,888,783,558
- In which: Interest expense	23		142,052,771,852	182,986,530,390
8. Selling expenses	25	30	336,114,695,573	333,600,305,285
9. General and administration expenses	26	30	320,103,363,112	337,350,868,958
10. Operating profit (30=20+(21-22)-(25+26))	30		696,862,845,766	676,225,229,457
11. Other income	31	31	14,253,913,513	3,182,396,723
12. Other expenses	32	31	4,918,116,503	82,492,494
13. Profit from other activities (40=31-32)	40	31	9,335,797,010	3,099,904,229
14. Accounting profit before tax (50=30+40)	50		706,198,642,776	679,325,133,686
15. Current corporate income tax expense	51	32	45,721,096,790	40,882,128,966
16. Deferred corporate tax expense/(income)	52		1,418,130,142	(2,933,704,537)
17. Net profit after corporate income tax (60=50-51-52)	60		659,059,415,844	641,376,709,257
In which:				
17.1. Profit after tax attributable to Holding Company	61		656,144,950,729	637,879,025,730
17.2. Profit after tax attributable to non-controlling interests	62		2,914,465,115	3,497,683,527
18. Basic earnings per share	70	33	1,114	1,074


Dinh Nhat Duong
Preparer


Dinh Nhu Cuong
Chief Accountant




Le Ngoc Minh Tri
Executive Officer

17 March 2019

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2018

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	706,198,642,776	679,325,133,686
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	1,303,375,630,640	1,309,000,550,484
Provisions	03	-	(1,505,064,148)
Foreign exchange loss/(gain) arising from translating foreign currency items	04	49,850,495,688	(10,234,614,310)
Gain from investing activities	05	(158,476,347,608)	(156,680,247,539)
Interest expense	06	142,052,771,852	182,986,530,390
Other adjustments	07	71,305,673,759	72,825,537,606
3. Operating profit before movements in working capital	08	2,114,306,867,107	2,075,717,826,169
(Increase)/decrease in receivables	09	(48,477,092,926)	27,973,717,696
(Increase)/decrease in inventories	10	(611,978,579,205)	4,962,869,839
Increases in payables (excluding accrued loan interest and corporate income tax payable)	11	411,357,133,968	362,668,158,683
(Increase)/decrease in prepaid expenses	12	(50,957,925,372)	92,939,445,495
Interest paid	14	(174,063,632,569)	(177,285,840,755)
Corporate income tax paid	15	(29,470,383,260)	(26,829,335,955)
Other cash outflows	17	(81,716,807,090)	(93,912,397,585)
Net cash generated by operating activities	20	1,528,999,580,653	2,266,234,443,587
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(341,453,501,593)	(119,674,908,983)
2. Cash outflow for lending, buying debt instruments of other entities	23	(5,572,000,000,000)	(4,800,000,000,000)
3. Cash recovered from lending, selling debt instruments of other entities	24	5,170,000,000,000	5,000,000,000,000
4. Interest earned, dividends and profits received	27	162,436,909,842	153,838,386,428
Net cash (used in)/generated by investing activities	30	(581,016,591,751)	234,163,477,445

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

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2018

Unit: VND

ITEMS	Codes	Current year	Prior year
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	543,170,363,366	198,310,040,751
2. Repayment of borrowings	34	(2,624,916,580,191)	(1,348,465,440,374)
3. Dividends and profits paid	36	(476,514,891,000)	(267,607,040,000)
Net cash used in financing activities	40	(2,558,261,107,825)	(1,417,762,439,623)
Net (decrease)/increase in cash (50=20+30+40)	50	(1,610,278,118,923)	1,082,635,481,409
Cash and cash equivalents at the beginning of the year	60	1,896,184,894,173	813,518,747,412
Effects of changes in foreign exchange rates	61	(134,312,095)	30,665,352
Cash and cash equivalents at the end of the period/year (70=50+60+61)	70	285,772,463,155	1,896,184,894,173


Dinh Nhat Duong
Preparer


Dinh Nhu Cuong
Chief Accountant




Le Ngoc Minh Tri
Executive Officer

17 March 2019

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 Enterprise 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 Enterprise 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 have been listed on Ho Chi Minh City Stock Exchange since 31 March 2015 under the stock symbol of "DCM".

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

The number of employees of the Company and its subsidiary as at 31 December 2018 was 1,150 (as at 31 December 2017: 1,187).

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 relating to use of fertilizers and chemicals;
- Storage, loading and unloading services;
- Research and experiment development for natural science and engineering, technical testing and analysing;
- Machinery and equipment repair and maintenance.

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

Normal production and business cycle

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

The Company's structure

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

Subsidiary	Location	Proportion of ownership interest (%)	Proportion of voting power held (%)	Main business
PetroVietnam Packaging Joint Stock Company	Bac Lieu	51,03	51,03	Package and fertilizer 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 Directors.
- Branch of PetroVietnam Ca Mau Fertilizer Joint Stock Company – Research and Development Unit was established under Decision No. 442/QD-PVCFC dated 27 March 2017 of the Board of Directors.

Disclosure of information comparability in the consolidated financial statements

Comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2017.

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.

Equitization finalization

According to the Minutes of inspection and verification dated 30 July 2018 on the restructure of state-owned enterprises of PetroVietnam Ca Mau Fertilizer Company Limited, the Government Inspectorate had inspected and verified the enterprise valuation, valuation of charter capital of joint-stock company, and finalization of state-owned capital value, as well as the divestment of shares to out-of-enterprise parties and search for strategic investors. The Company has noted the contents in the Minutes and has been working with Vietnam Oil and Gas Group to prepare the explanation for the above matters. Any necessary adjustments will be made by the Company when the official approval of the competent authorities on the equitization finalization is obtained.

At the date of the consolidated financial statements, the competent authorities have not approved the final accounts of the Company at the time of its equitization and official transformation into a joint stock company.

Financial year

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprise controlled by the Company (its subsidiary) for the year ended 31 December 2018. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiary acquired or disposed of during the 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 and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiary are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Cash and cash equivalents

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

Financial investments

Held-to-maturity investments

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

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

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

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

Receivables

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

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

Inventories

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

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working conditions and locations for their intended use. The costs of tangible fixed assets formed from construction investment by contractual mode or self-construction or self-generating process are the settled costs of the invested construction projects in accordance with the prevailing 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:

	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 upon equitization of the Company as a former state-owned enterprise. Their cost and accumulated depreciation are adjusted based on the revaluation value approved by competent authorities as regulated. Adjusted depreciation was applied when the Company officially started operating as a joint stock company.

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

Intangible assets and amortisation

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

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 Tax and amounts payable to the State Budget when being transformed into a joint stock company.

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

	Years
Land use rights	20 - 50
Copyright, patents	3
Computer software	3

The Company's intangible assets were revalued upon equitization of the Company as a former 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 prepaid expenses for Camau Fertilizer Production Plant's asset insurance, warranty extension, software copyrights, fixed asset repair, catalyst, goodwill and other types of prepayments.

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

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

Science and Technology Development Fund

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

Foreign currencies

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

As guided by Official Letter No. 4360/DKVN-TCKT dated 30 June 2015 issued by Vietnam Oil and Gas Group and Official Letter No. 7526/BTC-TCDN dated 08 June 2015 issued by Ministry of Finance on the exchange rate of foreign currencies, the Company applied the buying rate announced by Joint Stock Commercial Bank for Foreign Trade of Vietnam to translate monetary items denominated in foreign currencies as at 31 December 2018. The above mentioned rate differs from that stated in Circular No. 200/2014/TT-BTC dated 22 December 2014 issued by the Ministry of Finance guiding the accounting regime for enterprises.

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

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

Interest income is accrued on an accrual basis, by reference to the principal outstanding and at the applicable interest rate.

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

Borrowing costs

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

Taxation

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

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

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

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

For income from main business activities arising from Camau Fertilizer Production Plant Project, the Company is in the period of corporate income tax incentives. The year 2018 was the third year the Company was entitled to a 50% reduction in tax payable. For other business activities than Camau Fertilizer Production Plant Project, the Company is obliged to pay corporate income tax at the prevailing tax rate based on taxable profit.

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

- For package manufacturing and trading activity: according to Decision No. 22/2010/QĐ-UBND dated 01 September 2010 issued by People's Committee of Bac Lieu province regarding promulgation of regulations and policies on investment encouragement, support and incentives in Bac Lieu province and the first Investment Certificate No. 60221000003 dated 23 June 2013 issued by Bac Lieu Industrial Zones Management Unit and applicable regulations, PPC is entitled to tax incentives as follows: preferential tax rate of 20% for 10 years and from 01 January 2016, preferential tax rate is 17%; also, tax exemption for 2 years from the first year PPC has taxable profit (2012), 50% tax reduction in tax payable for the next 4 years applicable to enterprises newly established from investment projects in areas with difficult socio-economic conditions. PPC is entitled to the preferential tax rate of 17% in the year 2018.
- For fertilizer manufacturing and trading activity: according to Official Letter No. 380/CT-TTHT dated 02 April 2018 issued by Tax Department of Bac Lieu Province, Bac Lieu Petroleum Fertilizer Production Plant Project is determined as new investment project. Therefore, PPC is entitled to tax incentives as follows: preferential tax rate of 17% for 10 years; tax exemption for 2 years from the first year PPC has taxable profit, 50% tax reduction in tax payable for the next 4 years applicable to enterprises newly established from investment projects in areas with difficult socio-economic conditions.

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

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

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

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

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

4. CASH AND CASH EQUIVALENTS

	Closing balance	Opening balance
	VND	VND
Cash on hand	958,824,054	331,972,815
Bank demand deposits	164,813,639,101	393,502,921,358
Cash equivalents (*)	120,000,000,000	1,502,350,000,000
	285,772,463,155	1,896,184,894,173

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

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

5. SHORT-TERM FINANCIAL INVESTMENTS

	Closing balance		Opening balance	
	VND		VND	
	Cost	Carrying amount	Cost	Carrying amount
Short-term held-to-maturity investments	2,502,000,000,000	2,502,000,000,000	2,100,000,000,000	2,100,000,000,000
- Over 3-month deposits	2,502,000,000,000	2,502,000,000,000	2,100,000,000,000	2,100,000,000,000

Deposits with term more than 3 months are deposited at commercial banks in Vietnam. The Company regularly evaluates and believes that the above deposits are exposed to no risk of recoverability or liquidation.

The Company has pledged two term deposits at Vietnam Joint Stock Commercial Bank for Foreign - Thu Thiem Branch with the amount of VND 200,000,000,000 as at 31 December 2018 to secure short-term loan at this bank.

6. SHORT-TERM TRADE RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Tuong Dung An Giang One Member Limited Company	8,033,321,750	-
Phu My Chemical and Construction Co., Ltd.	5,867,139,482	-
Hung Vuong Song Doc Joint Stock Company	39,270,000	553,135,000
Tuong Nguyen Import & Export Trading and Services Co., Ltd.	-	162,085,000
Other customers	3,603,770,830	582,967,390
	17,543,502,062	1,298,187,390

7. SHORT-TERM ADVANCES TO SUPPLIERS

	Closing balance VND	Opening balance VND
Chemical Industry Engineering Joint Stock Company	39,435,760,601	47,759,883,484
Tri Viet Trading Engineering Company Limited	10,382,581,768	576,254,255
Joint Venture of Petroleum Pipeline and Tank Construction JSC - Hanoi Water Project Construction Joint Stock Company	5,529,148,568	-
Traco Joint Stock Company No. 1	3,440,023,800	-
Viet Engineering Joint Stock Company	2,468,181,818	-
Atlas Copco (Thailand) Limited	1,943,054,198	-
Energy Technical Joint Stock Company	1,499,236,960	-
Hai Anh Trading and Technologies Joint Stock Company	1,461,752,454	-
Yokogawa Vietnam Company Limited	336,645,870	5,573,649,360
Vimico Equipment and Accessories Co., Ltd.	17,494,617	895,294,617
PVD Trading and Technical Services Joint Stock Company	-	15,120,373,378
VMARK Communication Corporation	-	2,763,700,000
Other suppliers	19,853,685,248	15,671,855,758
	86,367,565,902	88,361,010,852

In which:

Advances to related parties
(Details stated in Note 36)

1,089,288,913 **17,919,325,565**

8. OTHER RECEIVABLES

	Closing balance VND	Opening balance VND
a. Current		
Receivable from Vietnam Oil and Gas Group	276,761,701,091	276,761,701,091
- Receivable related to the equitization phase (i)	276,761,701,091	276,761,701,091
Withholding tax on payments of foreign loan interest receivable from foreign banks (ii)	37,443,340,008	-
Interest receivable from term deposits	23,079,153,422	27,045,577,779
Discounts on goods purchased in 2018 receivable from Dead Sea Works Co., Ltd.	7,636,315,200	-
Advances to employees	3,415,569,792	6,147,410,887
Short-term deposits	453,931,102	325,000,000
Other receivables	248,899,999	61,204,355
	349,038,910,614	310,340,894,112
b. Non-current		
Long-term deposits	3,000,000	3,000,000
	3,000,000	3,000,000
Other short-term receivables from related parties (Details stated in Note 36)	276,761,701,091	276,761,701,091

- (i) Represent profit of the period from 01 January 2014 to 14 January 2015 which had been excessively transferred to Vietnam Oil and Gas Group due to effects of gas price unit adjustments relating to gas volume purchased by the Company from Vietnam Oil and Gas Group during the above-mentioned period. This receivable will be recovered upon the finalization of the Company's State-owned capital portion with Vietnam Oil and Gas Group.
- (ii) Represent the foreign contractor withholding tax amounts paid by the Company accumulated the end of 2018 which are receivable from foreign contractors relating to the loan interest under the ECA Loan Agreement between the lending group of BNP Paribas, Export-Import Bank of China and Credit Agricole Bank and Vietnam Oil and Gas Group. The Company has paid this withholding tax to the State Budget pursuant to the Minutes dated 26 April 2018 between Ministry of Finance Inspector, Tax Department of Ca Mau Province and the Company (details presented in the Note 34).

9. INVENTORIES

	Closing balance		Opening balance	
	VND		VND	
	Cost	Provision	Cost	Provision
Raw materials	261,406,983,302	-	207,282,458,199	-
Tools and supplies	12,459,568,506	-	4,833,713,407	-
Work in progress	47,186,246,964	-	35,052,347,008	-
Finished goods	386,718,974,960	-	113,052,877,561	-
Merchandise	274,869,517,968	-	10,441,316,320	-
	982,641,291,700	-	370,662,712,495	-

10. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
a. Current		
Assets insurance for Camau Fertilizer Production Plant	32,653,645,574	16,751,612,330
Tools and supplies	8,978,683,870	3,205,183,843
Transportation and product handling expenses	8,235,680,996	-
Warranty extension and software copyrights	8,029,236,645	4,760,218,148
Advertisement panel	-	1,240,979,132
Other short-term prepaid expenses	893,361,108	1,275,383,414
	58,790,608,193	27,233,376,867
b. Non-current		
Fixed asset repair expenses	22,581,522,229	1,188,898,843
Tools and supplies	5,002,277,775	5,052,684,201
Employee training expense	111,661,562	558,307,812
Catalyst chemicals	-	1,556,423,768
Other long-term prepaid expenses	233,543,340	171,996,236
	27,929,004,906	8,528,310,860

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

FORM B 09-DN/HN

11. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures		Machinery and equipment		Office equipment		Motor vehicles and transmission equipment		Others		Total
	VND		VND		VND		VND		VND		VND
COST											
Opening balance	3,392,155,530,008		10,357,629,785,930		60,691,803,669		61,947,834,279		58,758,591,244		13,931,183,545,130
Additions	-		67,658,529,502		9,782,345,966		5,851,325,510		51,375,500		83,343,576,478
Transfer from construction in progress	9,104,081,641		26,255,742,518		2,359,166,650		-		560,007,071		38,278,997,880
Closing balance	3,401,259,611,649		10,451,544,057,950		72,833,316,285		67,799,159,789		59,369,973,815		14,052,806,119,488
ACCUMULATED DEPRECIATION											
Opening balance	1,649,021,667,225		4,711,000,559,405		40,245,442,250		44,396,786,517		16,935,466,928		6,461,599,922,325
Charge for the year	300,888,304,878		979,740,149,850		7,217,047,606		5,085,755,615		638,502,051		1,293,569,760,000
Closing balance	1,949,909,972,103		5,690,740,709,255		47,462,489,856		49,482,542,132		17,573,968,979		7,755,169,682,325
NET BOOK VALUE											
Opening balance	1,743,133,862,783		5,646,629,226,525		20,446,361,419		17,551,047,762		41,823,124,316		7,469,583,622,805
Closing balance	1,451,349,639,546		4,760,803,348,695		25,370,826,429		18,316,617,657		41,796,004,836		6,297,636,437,163

PetroVietnam Camau Fertilizer Joint Stock Company (the Holding Company) has pledged the entire fixed assets formed from Camau Fertilizer Production Plant Project which have the carrying value of VND 5,914,066,351,565 as at 31 December 2018 (as at 31 December 2017: VND 7,127,915,909,028) to secure bank loans.

PetroVietnam Packaging Joint Stock Company (the subsidiary) has pledged the entire fixed assets formed from Bac Lieu Packaging Production Plant Project and the fixed assets formed from granted loans with the total carrying amount of VND 63,522,533,553 as at 31 December 2018 (as at 31 December 2017: VND 73,279,224,370) to secure bank loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu branch.

The cost of the Company's tangible fixed assets as at 31 December 2018 includes VND 173,165,482,626 (as at 31 December 2017: VND 121,669,759,949) of fixed assets which have been fully depreciated but are still in use.

12. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Patent	Computer software	Total
	VND	VND	VND	VND
COST				
Opening balance	22,194,885,567	32,483,466,173	31,096,012,168	85,774,363,908
Additions	-	-	3,033,645,500	3,033,645,500
Transfer from construction in progress	-	-	17,081,594,609	17,081,594,609
Closing balance	22,194,885,567	32,483,466,173	51,211,252,277	105,889,604,017
ACCUMULATED DEPRECIATION				
Opening balance	3,713,945,734	24,577,542,495	25,522,999,705	53,814,487,934
Charge for the year	1,286,648,162	1,331,534,671	10,677,928,263	13,296,111,096
Closing balance	5,000,593,896	25,909,077,166	36,200,927,968	67,110,599,030
NET BOOK VALUE				
Opening balance	18,480,939,833	7,905,923,678	5,573,012,463	31,959,875,974
Closing balance	17,194,291,671	6,574,389,007	15,010,324,309	38,779,004,987

The cost of the Company's intangible assets as at 31 December 2018 includes VND 53,984,723,741 (as at 31 December 2017: VND 16,268,335,312) of intangible assets which have been fully amortised but are still in use.

13. CONSTRUCTION IN PROGRESS

	Closing balance	Opening balance
	VND	VND
Composite Fertilizer Production from melted Urea with the capacity of 300,000 ton/year	282,477,152,203	59,991,150,644
Material import port with the capacity of 500,000 ton/year of Ca Mau Fertilizer Production Plant	38,257,800,411	574,218,787
ERP Project phase 2	11,364,926,500	-
Repair of factory office	7,136,721,254	-
Permeate Gas Project	2,696,390,654	-
Public housing area clearance cost	-	19,217,326,485
Improvement for sieving of grain size	-	9,466,711,521
Repair and renovation of houses - Phase 3	-	5,832,841,102
CCTV system - Phase 2	-	4,295,997,851
Other projects	4,441,360,706	5,068,274,639
	346,374,351,728	104,446,521,029

The Company has pledged the entire value of construction in progress of the Projects "Composite Fertilizer Production from melted Urea with the capacity of 300,000 ton/year" and "Material import port with the capacity of 500,000 ton/year of Ca Mau Fertilizer Production Plant" with the total amount of VND 320,734,952,614 as at 31 December 2018 (31 December 2017: VND 60,565,369,431) to secure bank loans.

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

FORM B 09-DN/HN

14. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount	VND Amount able to be paid off	Amount	VND Amount able to be paid off
Vietnam Oil and Gas Group (*)	341,388,689,557	341,388,689,557	198,267,385,610	198,267,385,610
PetroVietnam Power Corporation	41,414,975,677	41,414,975,677	33,178,356,253	33,178,356,253
F.A Joint Stock Company	37,790,086,364	37,790,086,364	16,751,956,855	16,751,956,855
Sun Life Vietnam Insurance Company Limited	17,118,366,591	17,118,366,591	12,224,099,267	12,224,099,267
Yokogawa Vietnam Company Limited	15,405,131,340	15,405,131,340	2,604,336,966	2,604,336,966
Vivablast Vietnam Company Limited	12,644,235,195	12,644,235,195	-	-
Tri Viet Trading Engineering Company Limited	4,286,950,407	4,286,950,407	17,521,782,922	17,521,782,922
Others	290,138,682,084	290,138,682,084	156,992,261,847	156,992,261,847
	760,187,117,215	760,187,117,215	437,540,179,720	437,540,179,720
Trade payables to related parties (Details stated in Note 36)	413,607,720,403	413,607,720,403	250,752,258,961	250,752,258,961

(*) Payable to Vietnam Oil and Gas Group mainly represents the amount payable by the Company for the purchased volume of natural gas from Block PM3 CAA and Block 46-Cai Nuoc under Contract Annex No. 04 dated 17 November 2014 amending Gas Sales Contract No. 3918/HD-DKVN dated 23 May 2012 between the Company and its parent - 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.	12,499,380,300	14,503,050,000
Yetak Group Co., Ltd	12,241,530,986	-
Hung Thanh Agricultural Materials Company Limited	9,725,990,573	5,477,842,360
Nguyen Khoa Trading., Ltd.	8,742,767,479	7,352,499,999
Viet Nga Private Enterprise	7,115,516,950	46,576,750
Ut Nu Company Limited	6,073,202,550	2,006,850,000
The Man Single Member Limited Liability	5,447,757,700	3,404,358,900
Huu Thanh I Company Limited	5,209,370,200	537,150,000
Minh Trung Company Limited	5,173,558,320	384,613,000
Dang Lan Service Trade Company Limited	3,334,385,200	8,810,500,000
Huu Nghi Company Limited	3,308,714,320	6,261,232,500
Thai Son Trading and Services Co., Ltd.	2,719,364,465	330,000,000
Tuong Dung Private Enterprise	1,130,400,000	5,273,000,000
Five Star International Fertilizer Cambodia Co., Ltd.	545,051,102	5,857,720,000
Hung Thanh Private Enterprise	16,493,060	432,286,240
Other customers	56,087,190,596	22,852,426,773
	139,370,673,801	83,530,106,522

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

	Opening balance	Payable during the year	Paid during the year	Closing balance
	VND	VND	VND	VND
a. Receivables				
Value added tax	89,165,711	-	59,753,279	148,918,990
Land rental fee	397,346,605	-	-	397,346,605
	486,512,316	-	59,753,279	546,265,595
b. Payables				
Value added tax	295,061,188	10,500,181,799	10,148,664,570	646,578,417
Import duty	-	15,616,511,788	15,616,511,788	-
Corporate income tax	11,578,003,176	45,721,096,790	29,470,383,260	27,828,716,706
Natural resources tax	133,396,460	2,740,660,320	2,671,711,650	202,345,130
Land rental fee	-	77,400,525	77,400,525	-
Personal income tax	3,438,402,375	23,479,581,470	21,805,831,647	5,112,152,198
Other taxes	114,252,670	52,943,179,349	52,762,991,452	294,440,567
	15,559,115,869	151,078,612,041	132,553,494,892	34,084,233,018

17. SHORT-TERM ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Estimated and adjusted gas fee payable (i)	575,040,481,001	479,181,172,915
Goods and services purchases	41,704,922,770	8,087,279,283
Interest expense payable	32,263,174,952	64,274,035,669
Trade discount	15,180,288,515	45,183,361,668
Guarantee fees	1,585,937,056	4,370,452,035
Other accruals	3,972,534,087	9,188,077,514
	669,747,338,381	610,284,379,084

In which:

Advances from related parties (details presented in Note 36)	575,040,481,001	479,181,172,915
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- (i) Estimated gas fee payable to Vietnam Oil and Gas Group for the year ended 31 December 2018 was determined and adjusted by the Company at the price temporarily settled in 2018 of USD 4.049/million BTU, equivalent to USD 3.838/GJ (10% VAT inclusive), converted to VND using the selling rate of Commercial Joint Stock Bank for Foreign Trade of Vietnam – Headquarter as at 31 December 2018 of 23,245 VND/USD according to Decision No. 1294/QĐ-DKVN dated 11 March 2019 of the Chief Executive Officer of Vietnam Oil and Gas Group.

18. OTHER SHORT-TERM PAYABLES

	Closing balance	Opening balance
	VND	VND
Camau Gas - Power - Fertilizer Project Management Unit	55,851,413,429	55,851,413,429
- Input VAT for gas purchased in the construction period before official commercial operations	49,897,065,571	49,897,065,571
- Other payables	5,954,347,858	5,954,347,858
Vietnam Oil and Gas Group	152,884,237,958	152,890,357,958
- Receiving completed "Camau Fertilizer Production Plant" Project (i)	78,515,027,920	78,515,027,920
- Profit payable (ii)	40,732,029,647	40,732,029,647
- 2014 corporate income tax overpayment	32,375,616,667	32,381,736,667
- Corporate income tax payable in the period from 01/01/2015 to 14/01/2015	1,176,849,040	1,176,849,040
- Payable for equitization	247,500,000	247,500,000
- Other payables	(162,785,316)	(162,785,316)
Safety reward fund (iii)	3,110,068,346	2,155,892,699
Trade union fee	1,421,281,290	1,271,810,485
Social insurance	286,692,825	-
Health insurance	51,072,748	-
Unemployment insurance	25,418,156	-
Short-term deposits received	1,377,313,800	571,366,000
Other short-term payables	16,670,024,433	8,396,633,061
	231,677,522,985	221,137,473,632
Other short-term payable to related parties (details presented in Note 36)	208,735,651,387	208,741,771,387

- (i) According to Decision No. 1989/QĐ-DKVN dated 25 March 2014 issued by the Board of Directors of Vietnam Oil and Gas Group on approval of final accounts of the completed Camau Fertilizer Production Plant Project, the Company took over fixed assets and current assets of Camau Fertilizer Production Plant according to the finalized value. The Company temporarily recognized the difference between the handed over value and the total of charter capital and received loans as a payable to Vietnam Oil and Gas Group. The payable balance will be adjusted upon the finalization of the Company's State-owned capital portion with Vietnam Oil and Gas 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 upon the finalization of the Company's State-owned capital portion 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 Production Plant.

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

FORM B 09-DN/HN

19. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance		In the year		Closing balance	
	Amount	VND Amount able to be paid off	Increases	VND Decreases	Amount	VND Amount able to be paid off
Short-term bank loans	3,609,022,600	3,609,022,600	465,076,447,583	308,560,969,077	160,124,501,106	160,124,501,106
- Vietnam Joint Stock Commercial Bank of Industry and Trade - Bac Lieu Branch (i)	3,609,022,600	3,609,022,600	169,766,673,943	158,737,556,842	14,638,139,701	14,638,139,701
- Vietnam Joint Stock Commercial Bank of Foreign Trade - Thu Thiem Branch (ii)	-	-	295,309,773,640	149,823,412,235	145,486,361,405	145,486,361,405
Current portion of long-term loans (see Note 20)	1,058,768,964,321	1,058,768,964,321	1,035,820,858,849	1,058,768,964,321	1,035,820,858,849	1,035,820,858,849
	1,062,377,986,921	1,062,377,986,921	1,500,897,306,432	1,367,329,933,398	1,195,945,359,955	1,195,945,359,955

(i) Represent the short-term loans of PetroVietnam Packaging Joint Stock Company (the Company's subsidiary) from Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch with loan terms of no more than 3 months to supplement working capital for black urea and package production and trading. The loans are unsecured and bear interest at the base rate plus the required margin, but no less than the interest rate floor set by the lender.

(ii) Represent the short-term loans in USD from Vietnam Joint Stock Commercial Bank for Foreign Trade - Thu Thiem Branch with a term of 2 months to supplement working capital. The loan interest rate is 2.9% p.a. As at 31 December 2018, the outstanding principal balance is USD 6,283,151, equivalent to VND 145,486,361,405. The loan is secured by 02 (two) term deposits at Vietnam Joint Stock Commercial Bank for Foreign Trade - Thu Thiem Branch with the amount of VND 200,000,000,000.

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

FORM B 09-DN/HN

20. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance		In the year		Closing balance	
	Amount	VND Amount able to be paid off	Increases	VND Decreases	Amount	VND Amount able to be paid off
Long-term loans	4,732,647,905,520	4,732,647,905,520	78,093,915,783	2,266,651,232,413	2,544,090,588,890	2,544,090,588,890
BNP Parisbas Bank, Credit Agricole Bank, Export - Import Bank of China	2,991,780,000,000	2,991,780,000,000	-	1,602,480,000,000	1,389,300,000,000	1,389,300,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade	1,566,206,851,105	1,566,206,851,105	-	581,483,931,598	984,722,919,507	984,722,919,507
Vietnam Public Joint Stock Commercial Bank - Can Tho Branch	28,672,198,008	28,672,198,008	-	28,672,198,008	-	-
National Commercial Joint Stock Bank - Sai Gon Branch	41,095,902,807	41,095,902,807	-	41,095,902,807	-	-
Saigon - Hanoi Commercial Joint Stock Bank	67,992,690,692	67,992,690,692	59,153,640,901	-	127,146,331,593	127,146,331,593
Ho Chi Minh City Development Joint Stock Commercial Bank	-	-	18,940,274,882	-	18,940,274,882	18,940,274,882
Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch	36,900,262,908	36,900,262,908	-	12,919,200,000	23,981,062,908	23,981,062,908
	4,732,647,905,520	4,732,647,905,520	78,093,915,783	2,266,651,232,413	2,544,090,588,890	2,544,090,588,890

In which:

- Amount due for settlement within 12 months	1,058,768,964,321	1,035,820,858,849
- Amount due for settlement after 12 months	3,673,878,941,199	1,508,269,730,041

Long-term loans of the Company are disbursed in USD and VND for the purpose of the investment in fixed assets and construction of the Company. The loans are secured by assets formed from the loans. The applicable interest rate is floating and in accordance with the lenders' regulations. During the year, the interest rate ranged from 2.5% pa to 5.13% pa for loans in USD and from 7.5% pa to 11% pa for loans in VND.

Loans are categorized according to the disbursement currency as follows:

	Closing balance	Opening balance
	VND	VND
Loans in USD	2,374,022,919,507	4,557,986,851,105
Loans in VND	170,067,669,383	174,661,054,415
	2,544,090,588,890	4,732,647,905,520

Long-term loans are repayable as follows:

	Closing balance	Opening balance
	VND	VND
On demand or within one year	1,035,820,858,849	1,058,768,964,321
In the second year	1,026,235,702,601	1,009,195,191,309
In the third to fifth year inclusive	426,860,960,052	2,130,354,352,273
After five years	55,173,067,388	534,329,397,617
	2,544,090,588,890	4,732,647,905,520
Less: Amount due for settlement within 12 months (shown under short-term loans and obligations under finance leases)	1,035,820,858,849	1,058,768,964,321
Amount due for settlement after 12 months	1,508,269,730,041	3,673,878,941,199

21. SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUND

	Current year	Prior year
	VND	VND
Opening balance	103,437,517,291	41,572,332,229
- Appropriation in the year (*)	71,305,673,759	72,825,537,606
- Utilization in the year	(18,234,715,126)	(10,960,352,544)
Closing balance	156,508,475,924	103,437,517,291

(*) The science and technology development fund appropriation in the year is with an amount not over 10% of the Company's taxable profit in accordance with Resolution No. 1196/NQ-PVCFC dated 12 June 2018 passed at the Company's Shareholders' General Meeting.

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

FORM B 09-DN/HN

22. OWNERS' EQUITY

Movement in Owners' equity

	Owners' contributed capital VND	Other owners' capital VND	Investment and development fund VND	Retained earnings VND	Non-controlling interests VND	Total VND
Prior year's opening balance	5,294,000,000,000	-	161,063,726,429	368,288,538,698	26,890,811,016	5,850,243,076,143
Profit for the year	-	-	-	637,879,025,730	3,497,683,527	641,376,709,257
Appropriation to investment and development fund	-	-	77,671,807,574	(77,671,807,574)	-	-
Appropriation to bonus and welfare funds	-	-	-	(69,392,041,452)	(1,007,784,827)	(70,399,826,279)
Dividends declared	-	-	-	(264,700,000,000)	(2,997,936,000)	(267,697,936,000)
Current year's opening balance	5,294,000,000,000	-	238,735,534,003	594,403,715,402	26,382,773,716	6,153,522,023,121
Profit for the year	-	-	-	656,144,950,729	2,914,465,115	659,059,415,844
Appropriation to investment and development fund (i)	-	-	78,997,726,742	(78,997,726,742)	-	-
Appropriation to bonus and welfare funds (i)	-	-	-	(66,549,652,140)	(699,535,926)	(67,249,188,066)
Capital increase from retained earnings	-	2,499,150,000	-	(2,499,150,000)	-	-
Dividends declared	-	-	-	(476,460,000,000)	-	(476,460,000,000)
Other increases/(decreases)	-	-	3,061	26,291	(29,352)	-
Current year's closing balance	5,294,000,000,000	2,499,150,000	317,733,263,806	626,042,163,540	28,597,673,553	6,268,872,250,899

(i) The appropriated amounts include the amounts distributed to the investment and development fund and the bonus and welfare funds under the Resolution of the General Meeting of Shareholders of the Holding Company and the subsidiary.

Shares

	<u>Closing balance</u>	<u>Opening balance</u>
Number of shares issued to the public	529,400,000	529,400,000
<i>Ordinary shares</i>	529,400,000	529,400,000
Number of outstanding shares in circulation	529,400,000	529,400,000
<i>Ordinary shares</i>	529,400,000	529,400,000

Charter capital

The charter capital of the Company is VND 5,294,000,000,000. As at 31 December 2018, the charter capital has been fully contributed by shareholders, as follows:

	<u>Per Investment Certificate</u>		<u>Contributed capital</u>	
			<u>Closing balance</u>	<u>Opening balance</u>
	VND	%	VND equivalent	VND equivalent
Vietnam Oil and Gas	4,000,230,570,000	75.56%	4,000,230,570,000	4,000,230,570,000
Other shareholders	1,293,769,430,000	24.44%	1,293,769,430,000	1,293,769,430,000
	5,294,000,000,000	100%	5,294,000,000,000	5,294,000,000,000

Dividends

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

The Resolution No. 01/NQ-DHCD dated 21 June 2018 passed at the Shareholders' General Meeting of PetroVietnam Packaging Joint Stock Company (the subsidiary) declared 2017 dividends by shares to existing shareholders at the rate of 12% of charter capital. The expected amount of shares issued at par is VND 4,897,450,000, equivalent to 489,745 shares. The shares were accepted to be additionally listed according to the Announcement No. 1046/TB-SGDHN dated 07 September 2018 issued by Hanoi Stock Exchange.

Non-controlling interests

Non-controlling interests represent the proportion of net assets and operation results of the subsidiary attributable to shareholders other than the Holding Company. Non-controlling interest ratio in the subsidiary is determined as follows:

	<u>Số cuối năm</u> <u>VND</u>	<u>Số đầu năm</u> <u>VND</u>
Charter capital of the subsidiary	45,709,940,000	40,812,490,000
<i>In which:</i>		
Contributed capital of the Holding Company	23,325,400,000	20,826,250,000
Contributed capital of non-controlling shareholders	22,384,540,000	19,986,240,000
Non-controlling interest ratio	48.97%	48.97%

Non-controlling interests equal to net assets at the balance sheet date are as follows:

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Total assets	66,446,634,968	59,634,016,965
Total liabilities	(37,848,961,415)	(33,251,243,249)
Net assets	28,597,673,553	26,382,773,716
<i>Details are as follows:</i>		
Charter capital	22,384,540,000	19,986,240,000
Other funds	3,275,112,684	2,750,463,799
Retained earnings	2,938,020,869	3,646,069,917

23. OFF-BALANCE SHEET ITEMS

	<u>Closing balance</u>	<u>Opening balance</u>
Foreign currencies		
USD	810.189	1.756.770
EUR	1.280	1.280

24. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

The Company's principal activities are manufacturing and trading fertilizers and packages used in agriculture. The revenue for the year 2018 and the assets and liabilities as at 31 December 2018 of the Company's package manufacturing and trading are about VND 15 billion and VND 62 billion, respectively, accounting for a negligible proportion in total revenue from goods sold and service rendered and total assets of the Company. Accordingly, the financial information presented in the consolidated balance sheet as at 31 December 2018 and all revenue and expenses presented in the consolidated income statement for the year ended 31 December 2018 mainly relate to manufacturing and trading of fertilizers. Therefore, no business segment report has been prepared. Revenue and cost of sales per each goods item and business activity are presented in Note 25 and Note 26.

Geographical segments

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 746 billion (export turnover in the year 2017 was about VND 610 billion) - accounting for a 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. Therefore, no geographical segment report has been prepared.

25. REVENUE

	Current year VND	Prior year VND
Sales of merchandise and services		
Sales of ure	5,259,967,190,212	4,999,047,570,773
- Domestic sales	4,554,461,379,900	4,388,871,445,500
- Export	705,505,810,312	610,176,125,273
Sales of Amoniac	21,246,057,354	110,293,496,898
Sales of fertilizers	1,317,283,816,206	614,294,425,537
- Domestic sales	1,277,110,933,504	614,294,425,537
- Export	40,172,882,702	-
Sales of commercial waste and other finished goods	227,619,718,615	107,961,593,000
Revenue from services rendered	1,217,000,318	1,376,242,600
	6,827,333,782,705	5,832,973,328,808
Deductions		
Sales discount	137,789,605,929	81,433,529,150
Sales return	215,640,000	3,784,830,000
	138,005,245,929	85,218,359,150
Sales in the year to related parties (details presented in Note 36)	53,401,027,500	1,445,466,159

26. COST OF SALES

	Current year VND	Prior year VND
Cost of Ure sold	3,909,890,394,148	3,728,052,146,680
Cost of Amoniac sold	11,002,092,945	64,396,640,284
Cost of fertilizers sold	1,244,292,429,062	553,475,182,563
Reversal of provision for devaluation of inventories	-	(1,505,064,148)
Cost of other products	87,085,578,075	22,033,613,709
	5,252,270,494,230	4,366,452,519,088

27. PRODUCTION COST BY NATURE

	Current year VND	Prior year VND
Raw materials and consumables	2,504,001,915,313	2,066,733,718,432
Labour	401,843,143,050	374,461,962,030
Depreciation and amortisation	1,303,375,630,640	1,309,000,550,484
Out-sourced services	414,423,936,736	402,847,162,476
Other monetary expenses	412,571,016,352	322,764,390,689
	5,036,215,642,091	4,475,807,784,111

28. FINANCIAL INCOME

	Current year VND	Prior year VND
Bank interest	158,476,347,608	156,693,296,475
Foreign exchange gain	17,676,667,841	12,069,440,213
	176,153,015,449	168,762,736,688

29. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Interest expense	142,052,771,852	182,986,530,390
Settlement discount	4,329,797,100	-
Guarantee fee	8,781,530,194	12,413,685,633
Foreign exchange loss	104,835,499,259	7,374,742,535
Other financial expenses	130,555,139	113,825,000
	260,130,153,544	202,888,783,558

30. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
Selling expenses for the year		
Selling staff expenses	25,773,799,195	25,097,520,045
Transport, loading and storage expenses	106,909,543,684	157,177,036,813
Advertising and communication expenses	91,569,125,102	265,246,584
Social welfare security expenses	17,140,538,322	76,718,217,151
Selling expenses of merchandise	39,118,263,410	30,950,546,500
Depreciation and amortization expenses	960,201,553	728,835,323
Other selling expenses	54,643,224,307	42,662,902,869
	336,114,695,573	333,600,305,285
General and administration expenses for the year		
Administrative staff expenses	83,461,121,186	82,530,006,594
Management fee payable to Vietnam Oil and Gas Group	29,363,474,409	28,435,849,993
Depreciation and amortization expenses	22,681,887,584	28,611,435,573
Appropriation for science and technology development fund	71,305,673,759	72,825,537,606
Goodwill	1,749,518,176	46,513,175,754
Outsourced services	46,059,158,462	31,674,756,114
Other general and administration expenses	65,482,529,536	46,760,107,324
	320,103,363,112	337,350,868,958

31. OTHER INCOME AND OTHER EXPENSES

	Current year VND	Prior year VND
Other income		
Compensations and premiums received	5,000,561,384	542,344,208
Disposal of obsolete tools and supplies	4,120,554,545	-
Receipts under insurance policy due to termination of labour contracts	2,048,929,397	-
Penalty for breach of contract	1,530,731,702	1,183,948,236
Other income	1,553,136,485	1,456,104,279
	14,253,913,513	3,182,396,723
Other expenses		
Tax penalties	3,402,830,534	-
Product handling expenses	1,329,222,398	-
Other expenses	186,063,571	82,492,494
	4,918,116,503	82,492,494
Profit from other activities	9,335,797,010	3,099,904,229

32. CURRENT CORPORATE INCOME TAX EXPENSE

	Current year VND	Prior year VND
Current corporate income tax expense		
Corporate income tax expense based on taxable profit in the current year	41,907,859,243	40,882,128,966
Adjustments for corporate income tax expense in previous years to the current year	3,813,237,547	-
Total current corporate income tax expense	45,721,096,790	40,882,128,966

Corporate income tax expense based on taxable profit in the current year of each activities of the Company is as follows:

	Current year VND	Prior year VND
Corporate income tax from production of ure	34,058,195,105	35,402,843,618
Corporate income tax from production of packages	1,656,471,717	1,439,584,609
Corporate income tax from other activities	6,193,192,421	4,039,700,739
Corporate income tax expense based on taxable profit in the current year	41,907,859,243	40,882,128,966

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

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

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

- For package manufacturing and trading activity: according to Decision No. 22/2010/QĐ-UBND dated 01 September 2010 issued by People's Committee of Bac Lieu province regarding promulgation of regulations and policies on investment encouragement, support and incentives in Bac Lieu province and the first Investment Certificate No. 60221000003 dated 23 June 2013 issued by Bac Lieu Industrial Zones Management Unit and applicable regulations, PPC is entitled to tax incentives as follows: preferential tax rate of 20% for 10 years and from 01 January 2016, preferential tax rate is 17%; also, tax exemption for 2 years from the first year PPC has taxable profit (2012), 50% tax reduction in tax payable for the next 4 years applicable to enterprises newly established from Investment Projects in areas with difficult socio-economic conditions. PPC is entitled to the preferential tax rate of 17% in the year 2018.
- For fertilizer manufacturing and trading activity: according to Official Letter No. 380/CT-TTHT dated 02 April 2018 issued by Tax Department of Bac Lieu Province, Bac Lieu Petroleum Fertilizer Production Plant Project is determined as new investment project. Therefore, PPC is entitled to tax incentives as follows: preferential tax rate of 17% for 10 years; also, tax exemption for 2 years from the first year PPC has taxable profit (2012), 50% tax reduction in tax payable for the next 4 years applicable to enterprises newly established from Investment Projects in areas with difficult socio-economic conditions.

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

33. BASIC EARNINGS PER SHARE

	Current year	Prior year
Accounting profit after corporate income tax attributable to Holding company (VND)	656,144,950,729	637,879,025,730
- Appropriation to bonus and welfare funds (VND)	(66,549,652,140)	(69,392,041,452)
Profit or loss attributable to ordinary shareholders (VND)	589,595,298,589	568,486,984,278
Average number of ordinary shares in circulation for the year	529,400,000	529,400,000
Basic earnings per share (VND)	1,114	1,074

34. CONTINGENT LIABILITIES

According to the Minutes dated 26 April 2018 between the Ministry of Finance Inspector, Tax Department of Ca Mau Province and the Company, the interest amounts payable to the lending group of BNP Paribas, China Export Import Bank and Credit Agricole Bank under the ECA Loan Agreement is not subject to value added tax but subject to corporate income tax for foreign contractors. The Company has paid on behalf of these banks the corporate income tax for the foreign contractors with the amount of VND 37,443,340,008 relating to the interest amounts that the Company paid to the banks accumulated to 31 December 2018. The tax amount was paid in 2018 and recorded as other receivables from the banks as mentioned above.

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

35. OTHER COMMITMENTS

- According to Gas Sales Agreement No. 3918/HD-DKVN dated 23 May 2012 between Vietnam Oil and Gas Group and PetroVietnam Ca Mau Fertilizer Company Limited (currently known as PetroVietnam Ca Mau Fertilizer Joint Stock Company), the Company will purchase natural gas of Block PM3 CAA and Block 46 - Cai Nuoc from the Group within 20 years from the official operation date with the output of 457.38 million m³ of standard gas per year.
- According to Contract Annex No. 04 dated 27 November 2014 of Gas Sales Agreement No. 3918/HD-DKVN dated 23 May 2012, gas price in the contract is the price set to ensure the profitability of producing fertilizers with the return on equity ratio of 12% per year (excluding VAT and other indirect taxes). The gas price temporarily calculated for billing and monthly payment in the year is the price stated in a document approving the annual business plan released by Vietnam Oil and Gas Group.
- According to Resolution No. 8305/NQ-DKVN dated 27 December 2017 of Board of Directors of Vietnam Oil and Gas Group ("the Group") on approving the Company's business plan for the year 2018, estimated gas price that the Company has to pay to the Group for the year 2018 is USD 1.34/GJ (VAT exclusive). As stated in Note 17, the Company has adjusted the gas fee payable to Vietnam Oil and Gas Group for the year ended 31 December 2018 at the unit price estimated at USD 4.049/million BTU, equivalent to USD 3.838/GJ (10% of VAT inclusive) to ensure the profitability of fertilizer production with the return on equity ratio of 12% per year and reflected it in the consolidated financial statements.
- 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 costs 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 2018, the completed value of the project was about VND 282 billion.
- According to Decision No. 1718/QD-PVCFC dated 09 September 2016 of the Board of Directors on the approval of the Feasibility Study Report of the "Material import port with the capacity of 500,000 ton/year of Ca Mau Fertilizer Production Plant" and Decision No. 2376/QD-PVCFC dated 20 December 2017 of the Chief Executive Officer on the approval of construction design - construction budget of "Material import port with the capacity of 500,000 ton/year of Ca Mau Fertilizer Production Plant", total investment costs including value added tax is VND 117,944,069,265. The expected implementation period is from 2016 to 2019 with the structure of investment capital comprising 70% of the loan and 30% of the equity of the Company. As of 31 December 2018, the completed value of the project was about VND 38 billion.

36. RELATED PARTIES TRANSACTIONS AND BALANCES

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

Related parties	Relationship
Vietnam Oil and Gas Group	Parent Company
Subsidiaries, joint ventures and associates of Vietnam Oil and Gas Group	Affiliates

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

	Current year VND	Prior year VND
Sales		
Petroleum Pipeline and Tank Construction Joint Stock Company	53,400,000,000	-
PetroVietnam Transportation Vung Tau Joint Stock Company	1,027,500	-
South-West PetroVietnam Fertilizer and Chemicals Joint Stock Company	-	1,445,466,159
	53,401,027,500	1,445,466,159
Purchases		
Vietnam Oil and Gas Group	1,732,026,871,945	1,332,877,974,868
PetroVietnam Power Corporation	294,714,272,297	236,636,445,862
PVI South Company	66,340,172,091	50,409,244,621
PVD Trading and Technical Services Joint Stock Company	50,826,009,576	-
Vietnam Petroleum Institute	16,204,226,043	11,316,760,878
PetroVietnam Manpower Training College	15,004,420,866	10,158,497,601
PetroVietnam Security Service Joint Stock Company	12,789,406,240	13,020,961,132
Saigon PetroVietnam Oil Joint Stock Company	10,620,540,620	-
PVI Insurance Corporation - Camau Branch	9,262,462,198	6,783,796,315
Petroleum Pipeline and Tank Construction Joint Stock Company	7,103,734,330	6,877,491,844
PetroVietnam Transportation Vung Tau Joint Stock Company	5,776,476,560	9,653,452,000
PetroVietnam Maintenance and Repair Joint Stock Company	4,418,856,112	-
PVI Insurance Ho Chi Minh City Company	3,839,848,068	-
South-East PetroVietnam Fertilizer and Chemical Joint Stock	2,645,099,397	2,050,443,973
South-West PetroVietnam Fertilizer and Chemical Joint Stock Company	2,145,497,437	1,647,302,207
MeKong Petroleum Joint Stock Company	1,530,500,000	7,167,018,450
Drilling Mud Corporation	1,490,353,700	4,507,835,368
PetroVietnam Technical Safety Registration Company Limited	1,044,235,140	-
Indochina Petroleum Transportation Joint Stock Company	2,385,224,100	712,406,157
Branch of Petrovietnam Fertilizer and Chemicals Corporation - Phu My Urea Plant	543,462,000	-
PVD Technical Training and Certification Joint Stock Company	380,000,000	-
Petrovietnam Securities Joint Stock Company	220,000,000	-
Branch of MeKong Petroleum Joint Stock Company in Bac Lieu - Petroleum Station No. 17	96,829,240	-
PVOil Bac Lieu Joint Stock Company	57,355,000	-
PVI Insurance Saigon Company	7,797,337	-
Cuu Long Petro Gas Transportation Joint Stock Company - Con Son Branch	-	2,114,751,900
PetroVietnam Infrastructure and Urban Investment Joint Stock Company	-	1,839,674,049
Petroleum Equipment Assembly & Metal Structure Co., Ltd.	-	1,445,466,159
Joint venture Vietsovpetro	-	97,500,000
	2,241,473,650,297	1,699,317,023,384
Dividends paid		
Vietnam Oil and Gas Group	360,020,751,300	200,011,528,500
	360,020,751,300	200,011,528,500

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

	Closing balance	Opening balance
	VND	VND
Other short-term receivables		
Vietnam Oil and Gas Group	276,761,701,091	276,761,701,091
	276,761,701,091	276,761,701,091
Short-term advances to suppliers		
Vietnam Petroleum Institute	1,089,288,913	114,809,750
PVD Trading and Technical Services Joint Stock Company	-	15,120,373,378
PetroVietnam Manpower Training College	-	1,737,289,058
Petroleum Pipeline and Tank Construction Joint Stock Company	-	946,853,379
	1,089,288,913	17,919,325,565
Short-term trade payables		
Vietnam Oil and Gas Group	341,388,689,557	198,267,385,610
PetroVietnam Power Corporation	41,414,975,677	33,178,356,253
Vietnam Petroleum Institute	9,928,836,163	2,744,211,101
PetroVietnam Manpower Training College	9,064,071,456	7,876,619,308
PetroVietnam Security Service Joint Stock Company	3,178,989,510	1,178,774,401
PetroVietnam Maintenance and Repair Joint Stock Company	2,176,257,098	-
South-East PetroVietnam Fertilizer and Chemical Joint Stock Company	1,060,901,868	378,690,620
Drilling Mud Corporation	1,001,677,490	3,912,212,871
PetroVietnam Transportation Vung Tau Joint Stock Company	947,789,340	448,935,340
Petroleum Pipeline and Tank Construction Joint Stock Company	620,060,760	-
Branch of Petrovietnam Fertilizer and Chemicals Corporation – Phu My Urea Plant	543,462,000	-
PVOil Sai Gon JSC	453,661,830	441,005,840
PetroVietnam Technical Safety Registration Company Limited	418,756,000	-
South-West PetroVietnam Fertilizer and Chemical Joint Stock Company	345,700,393	525,349,414
PVI Insurance Ho Chi Minh City Company	327,746,189	-
MeKong Petroleum Joint Stock Company	159,500,000	-
PVI Insurance Corporation - Camau Branch	48,815,572	-
Indochina Petroleum Transportation Joint Stock Company	527,829,500	-
PetroVietnam Infrastructure and Urban Investment Joint Stock Company	-	964,143,000
Petroleum Equipment Assembly & Metal Structure Co., Ltd.	-	440,468,222
Cuu Long Petro Gas Transportation Joint Stock Company - Con Son Branch	-	223,121,800
Joint venture Vietsovpetro	-	97,500,000
PetroVietnam Urban Development JSC	-	75,485,181
	413,607,720,403	250,752,258,961

	Closing balance VND	Opening balance VND
Short-term accrued expenses		
Vietnam Oil and Gas Group	575,040,481,001	479,181,172,915
	575,040,481,001	479,181,172,915
Other current payables		
Camau Gas - Power - Fertilizer Project Management Unit	55,851,413,429	55,851,413,429
Vietnam Oil and Gas Group	152,884,237,958	152,890,357,958
	208,735,651,387	208,741,771,387

Remuneration paid to the Board of Directors and Executive Board in the year were as follows:

	Current year VND	Prior year VND
Remuneration paid to the Board of Directors and Executive Board	16,737,532,987	17,112,987,152
	16,737,532,987	17,112,987,152


Dinh Nhat Duong
Preparer


Dinh Nhu Cuong
Chief Accountant




Le Ngoc Minh Tri
Executive Officer

17 March 2019

M.H.H
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