



**PETROVIETNAM CA MAU FERTILIZER JOINT STOCK  
COMPANY**

*(Incorporated in the Socialist Republic of Vietnam)*

**REVIEWED INTERIM SEPARATE  
FINANCIAL STATEMENTS**

**For the 6-month period ended 30 June 2020**



**PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY**

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

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**PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY**

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

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**STATEMENT OF THE EXECUTIVE BOARD**

The Executive Board of PetroVietnam Ca Mau Fertilizer Joint Stock Company (the "Company") presents this report together with the Company's interim separate financial statements for the 6-month period ended 30 June 2020.

**THE BOARD OF DIRECTORS AND EXECUTIVE BOARD**

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

**Board of Directors**

Mr. Tran Ngoc Nguyen	Chairman
Mr. Nguyen Duc Hanh	Member (appointed on 25 June 2020)
Mr. Van Tien Thanh	Member
Mr. Tran My	Member
Ms. Nguyen Minh Phuong	Member
Mr. Le Duc Quang	Member (appointed on 25 June 2020)
Mr Tran Chi Nguyen	Member (resigned on 25 June 2020)

**Executive Board**

Mr. Van Tien Thanh	Chief Executive Officer
Mr. Le Ngoc Minh Tri	Executive Officer
Mr. Nguyen Tuan Anh	Executive Officer
Mr. Pham Van Bac	Executive Officer
Ms. Nguyen Thi Hien	Executive Officer
Mr. Tran Chi Nguyen	Executive Officer (appointed on 25 June 2020)
Mr. Nguyen Thanh Tung	Executive Officer (appointed on 15 July 2020)
Mr. Nguyen Duc Hanh	Executive Officer (resigned on 25 June 2020)

**EXECUTIVE BOARD'S STATEMENT OF RESPONSIBILITY**

The Executive Board of the Company is responsible for preparing the interim separate financial statements, which give a true and fair view of the financial position of the Company as at 30 June 2020, and 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 financial reporting. In preparing these interim separate 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 interim separate financial statements;
- Prepare the interim separate 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 separate financial statements so as to minimize errors and frauds.

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**PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY**

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

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**STATEMENT OF THE EXECUTIVE BOARD (Continued)**

**EXECUTIVE BOARD'S STATEMENT OF RESPONSIBILITY (Continued)**

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

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

For and on behalf of the Executive Board,



**Le Ngọc Minh Trí**  
**Executive Officer**

*(As per Authorization Letter No. 135/UQ-PVCFC  
dated 31 December 2019 of the Company's  
Chief Executive Officer)*

21 August 2020



No.: 0221 /VN1A-HN-BC

## **REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS**

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

We have reviewed the accompanying interim separate financial statements of PetroVietnam Fertilizer Company Limited (the "Company"), prepared on 21 August 2020, as set out from page 5 to page 38, which comprise the interim balance sheet as at 30 June 2020, the interim income statement and interim cash flow statement for the 6-month period then ended, and a summary of significant accounting policies and other explanatory information.

### ***Executive Board' Responsibility for the Interim Separate Financial Statements***

The Executive Board is responsible for the preparation and fair presentation of these interim separate financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting and for such internal control as the Executive Board determines is necessary to enable the preparation of the interim separate 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 separate 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 separate 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 separate financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2020, and 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 financial reporting.

## REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)

### ***Emphasis of Matter***

As stated in Note 2 of the Notes to the interim separate financial statements, up to the date of the accompanying interim 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 conclusion is not modified in respect of this matter.



**Dang Chi Dung**

**Audit Partner**

Audit Practising Registration Certificate

No. 0030-2018-001-1

**DELOITTE VIETNAM COMPANY LIMITED**

21 August 2020

Hanoi, S.R. Vietnam



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

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

#### **Disclosure of information comparability in the interim separate financial statements**

The comparative figures of the interim balance sheet and corresponding notes are the figures of the Company's audited separate financial statements for the year ended 31 December 2019.

The comparative figures of the interim income statement and interim cash flow statement are the figures of the reviewed interim separate financial statements for the 6-month period ended 30 June 2019.

## **2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD**

### **Accounting convention**

The accompanying interim separate 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 financial reporting.

The accompanying interim separate 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.

### **Equitization finalization**

According to the Minutes of inspection and verification dated 30 July 2018 on the restructure of State-owned PetroVietnam Ca Mau Fertilizer Company Limited, the Government Inspectorate had inspected and verified the enterprise valuation, valuation of charter capital of the new 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 interim 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.

### **Accounting period**

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

The interim separate financial statements are prepared for the 6-month period ended 30 June 2020.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Accounting estimates**

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

**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 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.

**Investments in subsidiaries**

A subsidiary is an entity over which the Company has control. 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.

Investments in subsidiaries are initially recognised at cost. The Company's share of the net profit of the investee after acquisition is recognised in the income statement. Dividends and profits used to re-evaluate the cost of the investment in the subsidiary after determination of the value of the parent company for equitization purposes, and other distributions received other than such profit shares are deducted from the cost of the investments as recoverable amounts.

Investments in subsidiaries are carried in the interim balance sheet at cost less provision for impairment of such investments (if any). Provision for impairment of investments in subsidiaries is made in accordance with prevailing accounting regulations.

**Receivables**

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

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



### **Inventories**

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

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

### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

The Company's tangible fixed assets were revalued when it uses equitized from a state-owned enterprise. Their cost and accumulated depreciation were 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 interim income statement.

### **Intangible assets and amortisation**

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

Increase in value of land use rights upon the revaluation and transfer to another form in which the State assigns land to the enterprise in exchange of land use fee, is allowed to be recorded as an increase in Tax and amounts payable to the State Budget when the Company is transformed into a joint stock company.

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

	<b>Years</b>
Land use rights	20 - 43
Copyrights, patents	3
Computer software	3 - 6

The Company's intangible assets were revalued when it was equitized from 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, and 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.

#### **Prepayments**

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments comprise the prepaid expenses for Ca Mau Fertilizer Production Plant's asset insurance, warranty extension, software copyrights, fixed asset repair and other types of long-term prepayments.

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

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

#### **Payable provisions**

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

#### **Scientific and technological development fund**

Scientific and technological development fund is appropriated at a rate of no more than 10% of taxable profit in order to invest for science and technology activities of the Company. This Fund was formed on the basis of the Company's development demand and technology innovation and is recognized in the operation results of the 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 income statement.

Following the guidance in Official Letter No. 4360/DKVN-TCKT dated 30 June 2015 issued by Vietnam Oil and Gas Group and Official Letter No. 7526/BTC-TCDN dated 08 June 2015 issued by



Ministry of Finance on the exchange rate of foreign currencies, the Company applied the buying rate announced by Joint Stock Commercial Bank for Foreign Trade of Vietnam to translate monetary items denominated in foreign currencies as at 30 June 2020. 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 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 period when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

### **Taxation**

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



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

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

- Corporate income tax: The Company is entitled to preferential tax rates, tax exemption and reduction in accordance with provisions of the prevailing law on corporate income tax.
- Land tax: The Company is entitled to exemption/reduction of 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 Ca Mau Fertilizer Production Plant Project, the Company is in the period of corporate income tax incentives. The year 2020 is the fifth year the Company was entitled to a 50% reduction in tax payable. For operations other than those under Ca Mau Fertilizer Production Plant Project, the Company is obliged to pay corporate income tax at the prevailing normal tax rate based on taxable profit.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the interim separate 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 2020, there was no material temporary difference between the carrying amount of the assets or liabilities on the interim balance sheet and the corresponding tax base.

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**

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	1,506,833,333	922,976,736
Bank demand deposits	559,745,664,735	363,559,380,618
Cash equivalents	-	100,000,000,000
	<b>561,252,498,068</b>	<b>464,482,357,354</b>



**PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 09a-DN**

**5. FINANCIAL INVESTMENTS**

**Short-term financial investments**

	<b>Closing balance</b>		<b>Opening balance</b>	
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
	Cost	Carrying amount	Cost	Carrying amount
<b>Short-term held-to-maturity investments</b>	<b>1,902,000,000,000</b>	<b>1,902,000,000,000</b>	<b>2,002,000,000,000</b>	<b>2,002,000,000,000</b>
- Over 3-month term deposits	1,902,000,000,000	1,902,000,000,000	2,002,000,000,000	2,002,000,000,000

Deposits with term more than 3 months are deposited at commercial banks in Vietnam.

**Long-term financial investments**

	<b>Closing balance</b>		<b>Opening balance</b>	
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
	Cost	Provision	Cost	Provision
<b>Investments in subsidiary</b>	<b>20,826,250,000</b>	<b>-</b>	<b>20,826,250,000</b>	<b>-</b>
PetroVietnam Packaging Joint Stock Company	20,826,250,000	-	20,826,250,000	-

The operating status of the subsidiary and significant transactions between the Company and its subsidiary during the period are as follows:

	<b>Current period</b>			<b>Prior period</b>		
	<b>Revenue</b>	<b>Expenses</b>	<b>Profit after tax</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Profit after tax</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Operating status of the subsidiary during the period	99,027,154,537	98,494,441,351	532,713,186	112,831,210,318	110,282,253,251	2,548,957,067
The significant transactions between the Company and its subsidiary during the period	1,680,250,000	71,103,774,232	-	12,734,600,000	105,413,062,671	-

**6. SHORT-TERM TRADE RECEIVABLES**

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
Huy Chinh Trading - Service Company Limited	6,969,500,000	-
Phuc Dong Hai Company Limited	4,311,580,000	-
PetroVietnam Packaging Joint Stock Company	4,137,503,600	2,037,253,600
Other customers	5,342,213,620	131,617,400
	<b>20,760,797,220</b>	<b>2,168,871,000</b>
<i>In which:</i>		
<b>Trade receivables from related parties</b>	<b>4,142,574,700</b>	<b>2,060,283,600</b>
(Details stated in Note 36)		

**7. SHORT-TERM ADVANCES TO SUPPLIERS**

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
Vietnam Oil and Gas Group	30,597,955,738	30,597,955,738
BATECO Viet Nam Joint Stock Company	5,125,903,187	1,711,520,318
Other suppliers	17,647,553,079	22,915,323,911
	<b>53,371,412,004</b>	<b>55,224,799,967</b>
<i>In which:</i>		
<b>Advances to related parties</b>	<b>31,695,261,498</b>	<b>32,407,080,788</b>
(Details stated in Note 36)		

**8. OTHER SHORT-TERM RECEIVABLES**

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
Receivable from Vietnam Oil and Gas Group	121,342,074,328	276,761,701,091
- Receivable related to the equitization phase (i)	121,342,074,328	276,761,701,091
Receivables related to exchange of goods (ii)	72,000,000,000	-
Withholding tax on payments of foreign loan interest receivable from foreign banks (iii)	42,113,438,319	40,992,205,704
Accrued interest receivable from term deposits	15,335,512,332	17,995,824,660
Discounts on goods purchased	-	6,059,216,678
Advances to employees	2,204,923,100	541,370,100
Deposits	335,000,000	335,000,000
Others	3,918,343,862	2,527,905,310
	<b>257,249,291,941</b>	<b>345,213,223,543</b>
<i>In which:</i>		
<b>Other short-term receivables from related parties</b>	<b>122,851,395,064</b>	<b>278,271,021,827</b>
(Details stated in Note 36)		

- (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) Under Contracts No. DAP/BCC-DCM/2019-1 dated 02 January 2020 and No. DAP/BCC-DCM/2020-1 dated 10 January 2020, the Company and Baconco Company Limited agreed to exchange their merchandises being DAP 64% fertilizer of same quantity, unit price and product nature. The



quality of products has been verified by an independent appraiser, namely Vinacontrol Conformity Evaluation Joint Stock Company, and the Contracts provided no payment terms. The balance as at 30 June 2020 of receivables related to exchange of goods represents the entire value of DAP 64% fertilizer products which have been exchanged and delivered to Baconco Company Limited who, meanwhile, has handed over to the Company most of DAP 64% fertilizer as contracted in July 2020.

- (iii) Represent the foreign contractor withholding tax amounts paid by Company accumulated to 30 June 2020 which are receivable from foreign contractors relating to the loan interest under the ECA Loan Agreement between the lending group of BNP Paribas, Export-Import Bank of China and Credit Agricole Bank and Vietnam Oil and Gas Group. The Company paid this withholding tax to the State Budget pursuant to the Minutes dated 26 April 2018 between the Ministry of Finance Inspector, the Tax Department of Ca Mau Province and the Company (details presented in the Note 34).

## **9. INVENTORIES**

	<b>Closing balance</b>		<b>Opening balance</b>	
	<b>Cost</b>	<b>VND Provision</b>	<b>Cost</b>	<b>VND Provision</b>
Raw materials	441,112,895,973	-	393,965,924,970	-
Tools and supplies	5,927,506,749	-	7,466,257,116	-
Work in progress	77,465,434,262	-	62,395,111,664	-
Finished goods	531,909,496,165	-	524,534,932,807	-
Merchandise	206,507,253,386	-	274,874,775,817	(8,714,265,000)
	<b>1,262,922,586,535</b>	<b>-</b>	<b>1,263,237,002,374</b>	<b>(8,714,265,000)</b>

## **10. REPAYMENTS**

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
<b>a. Current</b>		
Asset insurance for Ca Mau Fertilizer Production Plant	7,473,236,399	29,636,127,643
Warranty extension and software copyrights	6,979,033,320	10,233,477,516
Other short-term prepaid expenses	503,748,764	7,937,341,714
	<b>14,956,018,483</b>	<b>47,806,946,873</b>
<b>b. Non-current</b>		
Asset repair	17,184,584,780	23,487,222,345
Tools and supplies	2,457,963,224	3,398,658,496
Other long-term prepaid expenses	120,929,458	158,685,951
	<b>19,763,477,462</b>	<b>27,044,566,792</b>

**PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 09a-DN**

**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
<b>COST</b>						
Opening balance	3,462,742,006,171	10,425,926,612,446	74,985,444,354	60,359,236,722	59,369,973,815	14,083,383,273,508
Additions	-	1,068,609,825	641,802,119	-	-	1,710,411,944
Closing balance	3,462,742,006,171	10,426,995,222,271	75,627,246,473	60,359,236,722	59,369,973,815	14,085,093,685,452
<b>ACCUMULATED DEPRECIATION</b>						
Opening balance	2,235,426,000,411	6,651,536,991,533	52,448,193,255	50,040,806,813	18,270,468,129	9,007,722,460,141
Charge for the period	150,172,386,655	489,742,161,344	3,045,068,866	1,802,783,498	129,966,930	644,892,367,293
Closing balance	2,385,598,387,066	7,141,279,152,877	55,493,262,121	51,843,590,311	18,400,435,059	9,652,614,827,434
<b>NET BOOK VALUE</b>						
Opening balance	1,227,316,005,760	3,774,389,620,913	22,537,251,099	10,318,429,909	41,099,505,686	5,075,660,813,367
Closing balance	1,077,143,619,105	3,285,716,069,394	20,133,984,352	8,515,646,411	40,969,538,756	4,432,478,858,018

The Company has pledged the entire fixed assets formed under "Ca Mau Fertilizer Plant Project" and "Material import port with the capacity of 500,000 ton/year of Ca Mau Fertilizer Production Plant" which have the carrying value of VND 4,194,293,015,594 as at 30 June 2020 (as at 31 December 2019: VND 4,802,188,993,656) to secure its bank loans.

The cost of the Company's tangible fixed assets as at 30 June 2020 includes VND 286,128,802,189 (as at 31 December 2019: VND 203,946,823,074) of tangible fixed assets which have been fully depreciated but are still in use.



12. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Copy rights, patent	Computer software	Total
	VND	VND	VND	VND
<b>COST</b>				
Opening balance	22,194,885,567	14,080,000,000	92,800,778,934	129,075,664,501
Closing balance	22,194,885,567	14,080,000,000	92,800,778,934	129,075,664,501
<b>ACCUMULATED AMORTISATION</b>				
Opening balance	6,287,242,058	14,080,000,000	55,580,856,193	75,948,098,251
Charge for the period	639,808,649	-	5,965,451,535	6,605,260,184
Closing balance	6,927,050,707	14,080,000,000	61,546,307,728	82,553,358,435
<b>NET BOOK VALUE</b>				
Opening balance	15,907,643,509	-	37,219,922,741	53,127,566,250
Closing balance	15,267,834,860	-	31,254,471,206	46,522,306,066

The cost of the Company's intangible assets as at 30 June 2020 includes VND 62,538,811,341 (as at 31 December 2019: VND 62,538,811,341) of intangible assets which have been fully amortised but are still in use.

13. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Composite Fertilizer Production from melted Urea	763,843,377,044	693,410,659,894
CO2 separation system	1,523,123,735	-
Other projects	5,686,790,126	5,095,426,991
	<b>771,053,290,905</b>	<b>698,506,086,885</b>

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" with the total amount of VND 763,843,377,044 as at 30 June 2020 (31 December 2019: VND 693,410,659,894) to secure its bank loans.

**PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)**

**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	414,144,169,047	414,144,169,047	459,336,702,198	459,336,702,198
PetroVietnam Power Corporation	36,825,354,858	36,825,354,858	80,176,252,657	80,176,252,657
PetroVietnam Packaging Joint Stock Company	33,022,986,823	33,022,986,823	14,937,099,919	14,937,099,919
PetroVietnam Fertilizer and Chemicals Corporation - Joint Stock Company - Chemical Business	27,250,548,834	27,250,548,834	21,579,663,510	21,579,663,510
Petroleum Branch				
Vietnam Petroleum Investment and Transport Joint Stock Company	8,164,600,030	8,164,600,030	9,864,540,711	9,864,540,711
Other suppliers	85,180,574,236	85,180,574,236	273,124,474,737	273,124,474,737
	<b>604,588,233,828</b>	<b>604,588,233,828</b>	<b>859,018,733,732</b>	<b>859,018,733,732</b>
<i>In which:</i>				
<b>Trade payables to related parties</b> (Details stated in Note 36)	<b>521,448,654,033</b>	<b>521,448,654,033</b>	<b>589,575,808,757</b>	<b>589,575,808,757</b>

15. SHORT-TERM ADVANCES FROM CUSTOMERS

	<u>Closing balance</u> <u>VND</u>	<u>Opening balance</u> <u>VND</u>
Yetak Group Company Limited	24,230,114,400	-
Chhun Sok An Company Limited	8,594,740,302	2,817,567
Five Star International Fertilizer Cambodia	5,780,000,000	-
Sayimex Ta Mchas Sre Company Limited	4,101,300,000	-
Thuy Minh Khoa Company Limited	5,057,851,400	1,931,739,000
Other customers	23,849,837,151	42,798,412,071
	<u>71,613,843,253</u>	<u>44,732,968,638</u>

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

	<u>Opening balance</u> <u>VND</u>	<u>Payable during the period</u> <u>VND</u>	<u>Paid during the period</u> <u>VND</u>	<u>Closing balance</u> <u>VND</u>
<b>a. Receivables</b>				
Value added tax	104,855,724	-	-	104,855,724
Land rentals	397,346,605	80,190,633	80,190,633	397,346,605
Import duty	66,807,775	1,489,186,960	1,435,863,706	13,484,521
	<u>569,010,104</u>	<u>1,569,377,593</u>	<u>1,516,054,339</u>	<u>515,686,850</u>
<b>b. Payables</b>				
Import Value added tax	-	3,074,510,840	3,074,510,840	-
Corporate income tax	16,000,332,385	17,011,667,514	18,626,610,369	14,385,389,530
Natural resources tax	229,003,200	1,344,470,400	1,351,857,600	221,616,000
License tax	-	3,000,000	3,000,000	-
Personal income tax	4,306,680,934	10,891,334,519	15,085,683,381	112,332,072
Other taxes	160,708,759	1,527,107,819	1,671,142,578	16,674,000
	<u>20,696,725,278</u>	<u>33,852,091,092</u>	<u>39,812,804,768</u>	<u>14,736,011,602</u>

17. SHORT-TERM ACCRUED EXPENSES

	<u>Closing balance</u> <u>VND</u>	<u>Opening balance</u> <u>VND</u>
Goods and services received but not billed	22,676,901,282	17,013,452,519
Non-deductible value added tax	13,662,432,524	13,919,985,689
Accrued interest expense	12,788,445,188	18,956,926,333
Guarantee fees	707,113,125	988,950,000
Accrued gas expenses		614,394,302,700
Other accruals	37,607,645,907	127,674,490,577
	<u>87,442,538,026</u>	<u>792,948,107,818</u>

*In which:*

**Accrued expenses payable to related parties**  
(details presented in Note 36)

	<u>15,977,882,381</u>	<u>628,314,288,389</u>
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**18. OTHER SHORT-TERM PAYABLES**

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
Ca Mau 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	124,371,817,205	124,371,817,205
- Receiving completed "Ca Mau Fertilizer Production Plant" Project (i)	78,515,027,920	78,515,027,920
- Profit payable in the period from 01 January 2014 to 14 January 2015	12,219,608,894	12,219,608,894
- 2014 corporate income tax overpayment	32,375,616,667	32,375,616,667
- Corporate income tax payable in the period from 01 January 2015 to 14 January 2015	1,176,849,040	1,176,849,040
- Payables relating to equitization	247,500,000	247,500,000
- Other payables	(162,785,316)	(162,785,316)
Safety reward fund	12,127,492,279	4,250,058,935
Trade union fee	1,228,195,660	1,400,357,040
Short-term deposits received	1,111,932,000	604,432,000
Other short-term payables	6,387,578,966	15,950,369,037
	<b>201,078,429,539</b>	<b>202,428,447,646</b>
<b>Other short-term payables to related parties</b> (details presented in Note 36)	<b>180,223,230,634</b>	<b>180,223,230,634</b>

- (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 Ca Mau Fertilizer Production Plant project, the Company took over fixed assets and current assets of Ca Mau Fertilizer Plant with value as finalized. The Company temporarily recognized the difference between the value of assets received and the total amount of the Company's charter capital and received loans as a payable to Vietnam Oil and Gas Group. This payable amount will be adjusted upon finalization of the Company's State-owned capital portion with the Group.



**PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)**

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**19. SHORT TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES**

	Opening balance		In the period		Closing balance	
	Amount	VND Amount able to be paid off	Increases	Decreases	Amount	VND Amount able to be paid off
<b>Short-term loans</b>						
Joint Stock	-	-	<b>1,160,625,510,293</b>	<b>828,723,510,293</b>	<b>331,902,000,000</b>	<b>331,902,000,000</b>
Commercial Bank for Foreign Trade of Vietnam - Thu Thiem Branch	-	-	1,068,723,510,293	828,365,760,293	240,357,750,000	240,357,750,000
Ho Chi Minh City Development Joint Stock Commercial Bank - Ca Mau Branch	-	-	91,902,000,000	357,750,000	91,544,250,000	91,544,250,000
<b>Current portion of long-term loans (see Note 21)</b>	<b>1,137,286,519,882</b>	<b>1,137,286,519,882</b>	<b>352,423,560,362</b>	<b>578,038,599,862</b>	<b>911,671,480,382</b>	<b>911,671,480,382</b>
	<b>1,137,286,519,882</b>	<b>1,137,286,519,882</b>	<b>1,513,049,070,655</b>	<b>1,406,762,110,155</b>	<b>1,243,573,480,382</b>	<b>1,243,573,480,382</b>

Represent unsecured short-term loans granted to PetroVietnam Ca Mau Fertilizer Joint Stock Company with loan term of no more than 3 months to supplement working capital for production and business activities. The interest rates applicable to loans from Ho Chi Minh City Development Joint Stock Commercial Bank and Joint Stock Commercial Bank for Foreign Trade of Vietnam were 3.2%/year and 4.9%/year, respectively.

20. SHORT-TERM PAYABLE PROVISIONS

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Sales discount (i)	76,157,339,509	-
Periodic repair and maintenance expenses (ii)	39,900,100,002	-
Social welfare security and marketing communications expenses (ii)	34,597,756,222	-
	<b>150,655,195,733</b>	<b>-</b>

- (i) Represent Sales discount estimates based on the sale policy approved by the Executive Board which mainly include those for Urea products at the rate of 3.12% of revenue. Sales discount amount will be adjusted upon finalization at the end of the financial year.
- (iii) During the period, the Company accrued maintenance expenses, social security expenses and marketing and communication expenses based on the business plan for the year 2020 approved under Resolution No. 6954/NQ-DKVN dated 05 December 2019 of the Board of Directors of Vietnam Oil and Gas Group. These accruals will be adjusted upon finalization at the end of the financial year.





**PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)**

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**21. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES**

	Opening balance		In the period		Closing balance	
	Amount	VND Amount able to be paid off	Increases	Decreases	Amount	VND Amount able to be paid off
<b>Long-term loans</b>	<b>1,756,487,094,455</b>	<b>1,756,487,094,455</b>	<b>59,153,640,901</b>	<b>578,038,599,862</b>	<b>1,237,602,135,494</b>	<b>1,237,602,135,494</b>
Group of BNP Paribas Bank, Credit Agricole Bank, Export - Import Bank of China	878,180,002,077	878,180,002,077	-	253,940,002,077	624,240,000,000	624,240,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade Saigon - Hanoi Commercial Joint Stock Bank	491,490,582,540	491,490,582,540	-	245,552,923,500	245,937,659,040	245,937,659,040
Ho Chi Minh City Development Joint Stock Commercial Bank - Ca Mau Branch	336,191,468,685	336,191,468,685	59,153,640,901	65,889,414,000	329,455,695,586	329,455,695,586
	50,625,041,153	50,625,041,153	-	12,656,260,285	37,968,780,868	37,968,780,868
	<b>1,756,487,094,455</b>	<b>1,756,487,094,455</b>	<b>59,153,640,901</b>	<b>578,038,599,862</b>	<b>1,237,602,135,494</b>	<b>1,237,602,135,494</b>

**In which:**

- Amount due for settlement within 12 months	1,137,286,519,882	911,671,480,382
- Amount due for settlement after 12 months	619,200,574,573	325,930,655,112

**PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)**

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Long-term loans of the Company are disbursed in USD and VND for procurement of 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 period, the interest rate ranged from 2.5%/year to 5.4%/year for loans in USD and from 7.5%/year to 9.03%/year for loans in VND.

Loans are categorized according to the disbursement currency as follows:

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
Loans in USD	870,177,659,040	1,369,670,584,617
Loans in VND	367,424,476,454	386,816,509,838
	<b>1,237,602,135,494</b>	<b>1,756,487,094,455</b>

Long-term loans are repayable as follows:

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
On demand or within one year	911,671,480,382	1,137,286,519,882
In the second year	260,040,036,375	507,137,178,349
In the third to fifth year inclusive	65,890,618,737	112,063,396,224
	<b>1,237,602,135,494</b>	<b>1,756,487,094,455</b>
Less: Amount due for settlement within 12 months (shown under short-term loans and obligations under financial leases)	911,671,480,382	1,137,286,519,882
<b>Amount due for settlement after 12 months</b>	<b>325,930,655,112</b>	<b>619,200,574,573</b>

**22. SCIENCE AND TECHNOLOGY DEVELOPMENT FUND**

	<b>Current period</b>	<b>Prior period</b>
	<b>VND</b>	<b>VND</b>
Opening balance	137,797,154,046	156,508,475,924
- Utilization in the year	(1,594,928,849)	(18,711,321,878)
<b>Closing balance</b>	<b>136,202,225,197</b>	<b>137,797,154,046</b>



**PETROVIETNAM CA MAU FERTILIZER JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (Continued)**

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**23. OWNERS' EQUITY**

**Movement in owners' equity**

	Owners' contributed capital	Investment and development fund	Retained earnings	Total
	VND	VND	VND	VND
<b>Prior period's opening balance</b>	<b>5,294,000,000,000</b>	<b>314,320,492,607</b>	<b>622,350,815,002</b>	<b>6,230,671,307,609</b>
Profit for the period	-	-	296,220,198,358	296,220,198,358
Appropriation to investment and development fund from 2019 retained earnings	-	23,697,615,869	(23,697,615,869)	-
Appropriation to bonus and welfare funds from 2019 retained earnings	-	-	(32,268,750,000)	(32,268,750,000)
Additional appropriation to bonus and welfare funds from 2018 retained earnings	-	-	(111,270,000)	(111,270,000)
<b>Prior period's closing balance</b>	<b>5,294,000,000,000</b>	<b>338,018,108,476</b>	<b>862,493,377,491</b>	<b>6,494,511,485,967</b>
<b>Current period's opening balance</b>	<b>5,294,000,000,000</b>	<b>348,386,378,931</b>	<b>428,063,780,027</b>	<b>6,070,450,158,958</b>
Profit for the period	-	-	355,563,899,229	355,563,899,229
Appropriation to investment and development fund from 2020 retained earnings (i)	-	35,556,389,923	(35,556,389,923)	-
Appropriation to bonus and welfare funds from 2020 retained earnings (ii)	-	-	(30,452,256,250)	(30,452,256,250)
Additional appropriation to bonus and welfare funds from 2019 retained earnings (ii)	-	-	315,244,328	315,244,328
<b>Current period's closing balance</b>	<b>5,294,000,000,000</b>	<b>383,942,768,854</b>	<b>717,934,277,411</b>	<b>6,395,877,046,265</b>

(i) In the period, the Company made temporary appropriation to investment and development fund and bonus and welfare funds under Resolution No. 1161/NQ-PVCFC dated 25 June 2020 passed at the Company's General Shareholders' Meeting.

(ii) Represents the additional appropriation to bonus and welfare funds from 2020 retained earnings equal to 3 months of average salary according to the approved 2020 plan salary fund and the decrease of distributions to the Bonus and welfare fund from 2019 retained earnings according to Minutes No. 813/PVCFC-QTNL dated 15 July 2020 on the approval of the labor and salary plan for 2020.

**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>	<i>529,400,000</i>	<i>529,400,000</i>
Number of outstanding shares in circulation	529,400,000	529,400,000
<i>Ordinary shares</i>	<i>529,400,000</i>	<i>529,400,000</i>

**Charter capital**

The charter capital of the Company is VND 5,294,000,000,000. As at 30 June 2020, the charter capital has been fully contributed by shareholders, as follows:

	<u>Per Investment Certificate</u>		<u>Contributed capital</u>	
	<u>VND</u>	<u>%</u>	<u>Closing balance</u> <u>VND equivalent</u>	<u>Opening balance</u> <u>VND equivalent</u>
Vietnam Oil and Gas Group	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
	<b>5,294,000,000,000</b>	<b>100%</b>	<b>5,294,000,000,000</b>	<b>5,294,000,000,000</b>

**Dividends**

According to Resolution No. 1161/NQ-PVCFC dated 25 June 2020, the Company's General Shareholders Meeting declared dividends from 2019 retained earnings at the rate of 6% of charter capital, equivalent to the amount of VND 317,640,000,000, to be paid in the future.

**24. OFF-BALANCE SHEET ITEMS**

	<u>Closing balance</u>	<u>Opening balance</u>
<b>Foreign currencies</b>		
USD	13,787,485	10,118,415
EUR	1,280	1,280

**25. BUSINESS AND GEOGRAPHICAL SEGMENTS**

**Business segment**

The Company's principal activities are manufacturing and trading fertilizers used in agriculture. Accordingly, the financial information presented in the interim balance sheet as at 30 June 2020 and all revenue and expenses presented in the interim income statement for the 6-month period ended 30 June 2020 mainly relate to manufacturing and trading fertilizers. Therefore, no business segment report has been prepared. Revenue and cost of sales by goods item and business activity are presented in Note 26 and Note 27.

**Geographical segment**

The Company carries out the distribution of fertilizer products primarily in the Southwest, Southeast and Central Highlands markets. During the period, the Company exported Ca Mau Fertilizer Products and other fertilizers to Cambodia with revenue of about VND 576 billion (6-month period ended 30 June 2019: about VND 262 billion) - accounting for insignificant proportion (approximately 17%) of gross revenue from goods sold and services rendered of the Company.



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Segment reports are prepared for corporate management purposes. The Company does not keep track of assets, liabilities by segment. The Company keeps track of the revenue, expenses and results by geographical segment as follows:

<b>Current period</b>	<b>Domestic</b>	<b>Export</b>	<b>Total</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>
Net revenue from goods sold	2,690,813,372,575	559,318,546,559	3,250,131,919,134
Cost of sales	(2,180,378,771,429)	(467,415,206,818)	(2,647,793,978,247)
<b>Gross profit by department</b>	<b>510,434,601,146</b>	<b>91,903,339,741</b>	<b>602,337,940,887</b>
General operating expenses			(246,658,501,243)
Financial income			61,138,908,904
Financial expenses			(43,618,027,704)
Other income			6,528,553,099
Other expenses			(985,131,349)
<b>Accounting profit before tax</b>			<b>378,743,742,594</b>
Current corporate income tax expense			(17,011,667,514)
Deferred corporate tax expense			(6,168,175,851)
<b>Net profit after corporate income tax</b>			<b>355,563,899,229</b>

<b>Prior period</b>	<b>Domestic</b>	<b>Export</b>	<b>Total</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>
Net revenue from goods sold	3,181,359,820,886	262,290,087,241	3,443,649,908,127
Cost of sales	(2,685,951,250,477)	(234,832,453,839)	(2,920,783,704,316)
<b>Gross profit by department</b>	<b>495,408,570,409</b>	<b>27,457,633,402</b>	<b>522,866,203,811</b>
General operating expenses			(246,552,996,096)
Financial income			68,827,327,861
Financial expenses			(63,918,957,907)
Other income			39,264,208,409
Other expenses			(303,785,357)
<b>Accounting profit before tax</b>			<b>320,182,000,721</b>
Current corporate income tax expense			(23,076,061,540)
Deferred corporate tax expense			(885,740,823)
<b>Net profit after corporate income tax</b>			<b>296,220,198,358</b>

**26. REVENUE**

	<b>Current period</b> <b>VND</b>	<b>Prior period</b> <b>VND</b>
<b>Sales of goods and services rendered</b>		
Sales of urea	2,734,446,499,920	2,666,963,017,204
- Domestic sales	2,164,829,394,500	2,493,288,211,254
- Export	569,617,105,420	173,674,805,950
Sales of ammonia	-	38,074,579,385
Sales of fertilizers	504,762,914,650	706,211,418,400
- Domestic sales	497,859,448,600	618,204,694,150
- Export	6,903,466,050	88,006,724,250
Sales of production waste and other fertilizers	114,071,245,450	130,189,175,480
	<b>3,353,280,660,020</b>	<b>3,541,438,190,469</b>
<b>Deductions</b>		
Sales discount	103,148,740,886	97,788,282,342
	<b>103,148,740,886</b>	<b>97,788,282,342</b>
<b>Sales in the year to related parties</b> (details presented in Note 36)	<b>1,725,647,100</b>	<b>12,755,450,000</b>

**27. COST OF SALES**

	<b>Current period</b> <b>VND</b>	<b>Prior period</b> <b>VND</b>
Cost of urea sold	2,120,973,739,160	2,130,878,430,838
Cost of ammonia sold	-	48,754,893,520
Cost of fertilizers sold	446,795,729,415	664,201,175,215
Cost of other fertilizers	80,024,509,672	76,949,204,743
	<b>2,647,793,978,247</b>	<b>2,920,783,704,316</b>

**28. PRODUCTION COST BY NATURE**

	<b>Current period</b> <b>VND</b>	<b>Prior period</b> <b>VND</b>
Raw materials and consumables	1,388,586,589,797	1,764,203,343,651
Labour	144,308,770,738	177,901,411,195
Depreciation and amortisation	650,951,741,232	643,688,522,694
Out-sourced services	181,696,257,699	155,520,343,934
Other monetary expenses	115,356,788,286	141,376,317,091
	<b>2,480,900,147,752</b>	<b>2,882,689,938,565</b>



**29. FINANCIAL INCOME**

	<b>Current period</b> <b>VND</b>	<b>Prior period</b> <b>VND</b>
Bank interest	56,151,656,083	64,021,669,932
Foreign exchange gain	4,987,252,821	4,805,657,929
	<b>61,138,908,904</b>	<b>68,827,327,861</b>

**30. FINANCIAL EXPENSES**

	<b>Current period</b> <b>VND</b>	<b>Prior period</b> <b>VND</b>
Interest expense	29,600,313,661	47,244,845,697
Settlement discount	-	29,750,000
Guarantee fee	1,387,812,927	2,634,348,911
Foreign exchange loss	12,629,901,116	14,010,013,299
	<b>43,618,027,704</b>	<b>63,918,957,907</b>

**31. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES**

	<b>Current period</b> <b>VND</b>	<b>Prior period</b> <b>VND</b>
<b>Selling expenses for the year</b>		
Selling staff expenses	12,072,143,075	15,454,711,230
Transport, loading and storage expenses	76,360,451,837	66,620,127,521
Advertisement and communication expenses	39,191,653,363	33,325,951,134
Social welfare security expenses	4,999,999,998	7,500,000,000
Selling expenses of merchandise	7,989,791,767	12,338,115,664
Depreciation and amortization expenses	1,558,290,631	381,911,939
Outsourced services	10,463,812,857	4,876,273,650
Other selling expenses	14,690,728,636	14,079,166,731
	<b>167,326,872,164</b>	<b>154,576,257,869</b>
<b>General and administration expenses for the period</b>		
Administrative staff expenses	30,986,471,849	40,890,757,400
Management fee payable to Vietnam Oil and Gas Group	-	13,525,187,983
Depreciation and amortization expenses	7,110,364,758	6,291,861,127
Outsourced services	20,518,141,374	11,305,837,721
Other general and administration expenses	20,716,651,098	19,963,093,996
	<b>79,331,629,079</b>	<b>91,976,738,227</b>

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**32. OTHER INCOME AND EXPENSES**

	<b>Current period VND</b>	<b>Prior period VND</b>
<b>Other income</b>		
Penalty for breach of contract	168,610,829	491,211,075
Insurance compensations received	4,617,945,459	37,488,786,000
Other income	1,741,996,811	1,284,211,334
	<b>6,528,553,099</b>	<b>39,264,208,409</b>
<b>Other expenses</b>		
Tax penalties	152,523,472	303,785,357
Other expenses	832,607,877	-
	<b>985,131,349</b>	<b>303,785,357</b>
<b>Profit from other activities</b>	<b>5,543,421,750</b>	<b>38,960,423,052</b>

**33. CURRENT CORPORATE INCOME TAX EXPENSE**

	<b>Current period VND</b>	<b>Prior period VND</b>
<b>Current corporate income tax expense</b>		
Corporate income tax expense based on taxable profit in the current period	16,253,553,516	23,076,061,540
Adjustments for corporate income tax expense in previous periods to the current period	758,113,998	-
<b>Total current corporate income tax expense</b>	<b>17,011,667,514</b>	<b>23,076,061,540</b>

Corporate income tax expense based on taxable profit in the current period is calculated as follows:

	<b>Current period VND</b>	<b>Prior period VND</b>
Profit before tax	378,743,742,594	320,182,000,721
Adjustments for taxable profit		
<i>Less: Prior period's sale discount billed in the current period</i>	<i>(102,888,286,098)</i>	<i>(11,970,466,567)</i>
<b>Taxable profit</b>	<b>275,855,456,496</b>	<b>308,211,534,154</b>
<i>Taxable profit at normal tax rate of 20%</i>	<i>16,547,734,707</i>	<i>51,103,232,217</i>
<i>Taxable profit at incentive tax rate of 10% and 50% reduction</i>	<i>258,880,131,494</i>	<i>257,108,301,937</i>
<b>Corporate income tax expense based on taxable profit in the current period</b>	<b>16,253,553,516</b>	<b>23,076,061,540</b>

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 as follows: 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. 2020 is the fifth 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 those under 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.

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

### **34. 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 lender group of BNP Paribas, Export-Import Bank of China 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 42,113,438,319 relating to the interest amounts that the Company paid to the banks accumulated to 30 June 2020. The tax amount was paid and recorded as other receivables from the aforementioned banks.

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 lender group to determine the obligations of relevant parties relating to this tax amount for foreign contractors. Therefore, the Company has not completed all relevant procedures or reported any penalties for late tax payment which may incur until there is final decision from competent authorities.

### **35. OTHER COMMITMENTS**

- According to Contract No. 3918/HD-DKVN dated 23 May 2012 and Contract Annex No. 07 dated 13 December 2018 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 495 million m<sup>3</sup> of standard gas per year.

The new price for the gas purchased under this contract applied for the period from 01 January 2019 to the end of 31 December 2031 will be as per the Contract amendment dated 27 May 2020 of the Gas Purchase and Sale Contract No. 3918/HD-DKVN 23 May 2012.

- 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 project is expected to complete by the end of 2020 with the structure of investment capital comprising 70% debt and 30% equity.

36. RELATED PARTIES TRANSACTIONS AND BALANCES

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

Related parties	Relationship
Vietnam Oil and Gas Group	Parent Company
Other companies	Affiliates (Subsidiaries, joint ventures and associates of Vietnam Oil and Gas Group)
PetroVietnam Packaging Joint Stock Company	Subsidiary

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

	Current period VND	Prior period VND
<b>Sales</b>		
PetroVietnam Packaging Joint Stock Company	1,680,250,000	12,734,600,000
PetroVietnam Transportation Vung Tau Joint Stock Company	45,397,100	20,850,000
	<b>1,725,647,100</b>	<b>12,755,450,000</b>
<b>Purchases</b>		
Vietnam Oil and Gas Group	914,090,137,385	1,388,717,301,949
PetroVietnam Power Corporation	135,608,611,055	140,522,850,986
PetroVietnam Packaging Joint Stock Company	71,103,774,232	105,413,062,671
PetroVietnam Fertilizer and Chemical Joint Stock Company - Chemical Trading Branch	58,897,339,480	39,878,138,062
PetroVietnam Gas Joint Stock Company - Camau Branch	10,358,251,725	7,261,131,656
PetroVietnam Security Service Corporation	7,632,361,150	7,353,310,770
PetroVietnam Transportation Vung Tau Joint Stock Company	3,665,846,457	1,140,909,000
Saigon PetroVietnam Oil Joint Stock Company	2,529,642,736	3,968,283,754
South-East PetroVietnam Fertilizer and Chemical Joint Stock Company	2,033,476,162	749,899,806
South-West PetroVietnam Fertilizer and Chemical Joint Stock Company	1,162,281,280	2,283,375,417
Vietnam Petroleum Institute	507,056,000	901,918,000
Indochina Petroleum Transportation Joint Stock Company	265,498,496	332,136,770
Petrovietnam Securities Joint Stock Company	200,000,000	220,000,000
Petrovietnam Chemical and Services Corporation	60,978,000	138,567,000
Petroleum Maintenance Services Joint Stock Company	-	6,958,539,006
Petroleum Pipeline and Tank Construction Joint Stock Company	-	927,338,503
PetroVietnam Infrastructure and Urban Investment Joint Stock Company	-	793,445,400
PV Oil Lube Joint Stock Company	-	129,951,205
	<b>1,208,115,254,158</b>	<b>1,707,690,159,955</b>



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

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
<b>Short-term trade receivables</b>		
PetroVietnam Packaging Joint Stock Company	4,137,503,600	2,037,253,600
PetroVietnam Transportation Vung Tau Joint Stock Company	5,071,100	23,030,000
	<b>4,142,574,700</b>	<b>2,060,283,600</b>
<b>Other short-term receivables</b>		
Vietnam Oil and Gas Group	121,342,074,328	276,761,701,091
PetroVietnam Packaging Joint Stock Company	1,509,320,736	1,509,320,736
	<b>122,851,395,064</b>	<b>278,271,021,827</b>
<b>Short-term advances to suppliers</b>		
Vietnam Oil and Gas Group - Holding company	30,597,955,738	30,597,955,738
Vietnam Petroleum Institute	954,183,960	1,139,217,950
PVOil Sai Gon Joint Stock Company	143,121,800	243,156,600
Indochina Petroleum Transportation Joint Stock Company	-	260,700,000
PetroVietnam Transportation Vung Tau Joint Stock Company	-	166,050,500
	<b>31,695,261,498</b>	<b>32,407,080,788</b>
<b>Short-term trade payables</b>		
Vietnam Oil and Gas Group	414,144,169,047	459,336,702,198
PetroVietnam Power Corporation	36,825,354,858	80,176,252,657
PetroVietnam Packaging Joint Stock Company	33,022,986,823	14,937,099,919
PetroVietnam Fertilizer and Chemical Joint Stock Company - Chemical Trading Branch	27,250,548,834	21,579,663,510
PetroVietnam Transportation Vung Tau Joint Stock Company	2,453,055,300	1,433,323,740
South-East PetroVietnam Fertilizer and Chemical Joint Stock Company	2,236,823,778	656,021,196
PetroVietnam Gas Joint Stock Company - Camau Branch	1,765,079,850	1,685,954,418
PetroVietnam Infrastructure and Urban Investment Joint Stock Company	1,606,905,000	1,606,905,000
PetroVietnam Security Service Corporation	1,391,440,420	1,421,031,890
PVOil Sai Gon Joint Stock Company	407,259,141	596,932,091
South-West PetroVietnam Fertilizer and Chemical Joint Stock Company	255,118,798	636,470,125
Vietnam Petroleum Institute	66,042,184	4,522,596,913
PetroVietnam Technical Safety Registration Company Limited	23,870,000	-
Petroleum Maintenance Services Joint Stock Company	-	324,500,000
Branch of Petrovietnam Fertilizer and Chemicals Corporation - Phu My Urea Plant	-	286,626,000
Indochina Petroleum Transportation Joint Stock Company	-	201,666,100
PetroVietnam Manpower Training College	-	110,500,000
Binh Son Refining and Petrochemical Joint Stock Company	-	63,563,000
	<b>521,448,654,033</b>	<b>589,575,808,757</b>

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	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
<b>Short-term accrued expenses</b>		
Vietnam Oil and Gas Group	15,977,882,381	628,314,288,389
	<b>15,977,882,381</b>	<b>628,314,288,389</b>
<b>Other current payables</b>		
Camau Gas - Power - Fertilizer Project Management Unit	55,851,413,429	55,851,413,429
Vietnam Oil and Gas Group	124,371,817,205	124,371,817,205
	<b>180,223,230,634</b>	<b>180,223,230,634</b>

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

	<u>Current period</u>	<u>Prior period</u>
	<u>VND</u>	<u>VND</u>
Remuneration paid to the Board of Directors and Executive Board	7,267,384,654	7,641,673,591
	<b>7,267,384,654</b>	<b>7,641,673,591</b>



**Huynh Thi Ngoc Ha**  
Preparer



**Dinh Nhu Cuong**  
Chief Accountant




**Le Ngoc Minh Tri**  
Executive Officer

21 August 2020