



**PETROVIETNAM FERTILIZER AND CHEMICALS
CORPORATION - JSC**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED SEPARATE
FINANCIAL STATEMENTS**

For the year ended 31 December 2017

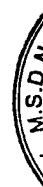


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STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of PetroVietnam Fertilizer and Chemicals Corporation - JSC (the "Corporation") presents this report together with the Corporation's separate financial statements for the for the year ended 31 December 2017.

THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS

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

Board of Management

Mr. Le Cu Tan	Chairperson
Ms. Nguyen Thi Hien	Vice Chairperson
Mr. Doan Van Nhuom	Member
Mr. Nguyen Hong Vinh	Member
Mr. Louis T.Nguyen	Member

Board of General Directors

Mr. Doan Van Nhuom	General Director
Ms. Tran Thi Phuong Thao	Deputy General Director
Mr. Tu Cuong	Deputy General Director
Mr. Hoang Viet Dung	Deputy General Director
Mr. Le Van Quoc Viet	Deputy General Director
Mr. Nguyen Van Tong	Deputy General Director (retired from 1 February 2018)
Mr. Duong Tri Hoi	Deputy General Director
Ms. Le Thi Thu Huong	Deputy General Director
Mr. Vo Ngoc Phuong	Chief Accountant

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of General Directors of the Corporation is responsible for preparing the separate financial statements, which give a true and fair view of the financial position of the Corporation as at 31 December 2017, and its financial performance and its cash flows for the for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these separate financial statements, the Board of General Directors is required to:

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

STATEMENT OF THE BOARD OF GENERAL DIRECTORS (Continued)

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY (Continued)

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

The Board of General Directors confirms that the Corporation has complied with the above requirements in preparing these separate financial statements.

For and on behalf of the Board of General Directors,



Đoàn Văn Nhuom
General Director

21 March 2018
Ho Chi Minh City, S.R. Vietnam

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INDEPENDENT AUDITORS' REPORT

**To: The Shareholders
The Boards of Management and General Directors
PetroVietnam Fertilizer and Chemicals Corporation - JSC**

We have audited the accompanying separate financial statements of PetroVietnam Fertilizer and Chemicals Corporation - JSC (the "Corporation"), prepared on 21 March 2018, as set out from page 4 to page 38, which comprise the balance sheet as at 31 December 2017, the income statement, cash flows statement for the for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate Financial Statements

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

Auditors' Responsibility

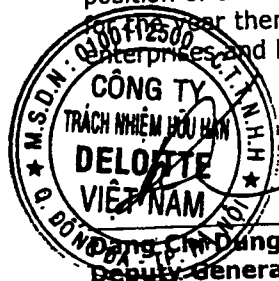
Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Corporation's preparation and fair presentation of the separate 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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate 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 separate financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Dang Chi Dung
Deputy General Director
Audit Practising Registration Certificate
No. 0030-2013-001-1

DELOITTE VIETNAM COMPANY LIMITED

21 March 2018
Hanoi, S.R. Vietnam

Vu Manh Hung
Auditor

Audit Practising Registration Certificate
No. 2737-2018-001-1

PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC43 Mac Dinh Chi Street, Da Kao Ward, District 1
Ho Chi Minh City, S.R. Vietnam**FORM B 01-DN**Issued under Circular No.200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance**BALANCE SHEET***As at 31 December 2017*

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		4,350,630,229,958	5,204,242,191,818
I. Cash and cash equivalents	110	4	1,975,644,526,576	3,551,725,949,149
1. Cash	111		101,644,526,576	127,725,949,149
2. Cash equivalents	112		1,874,000,000,000	3,424,000,000,000
II. Short-term financial investments	120	5	835,000,000,000	35,000,000,000
1. Held-to-maturity investments	123		835,000,000,000	35,000,000,000
III. Short-term receivables	130		212,161,697,308	510,985,185,427
1. Short-term trade receivables	131	6	103,671,774,172	115,958,873,418
2. Short-term advances to suppliers	132	7	90,757,085,022	356,434,286,384
3. Other short-term receivables	136	8	251,250,684,842	260,207,207,605
4. Provision for short-term doubtful debts	137	9	(233,517,846,728)	(221,663,412,363)
5. Deficits in assets awaiting solution	139		-	48,230,383
IV. Inventories	140	10	1,050,508,366,652	880,392,899,032
1. Inventories	141		1,050,508,366,652	880,392,899,032
V. Other short-term assets	150		277,315,639,422	226,138,158,210
1. Short-term prepayments	151	11	15,095,728,800	42,033,613,607
2. Value added tax deductibles	152		256,305,454,281	176,620,686,597
3. Taxes and other receivables from the State budget	153	19	5,914,456,341	7,483,858,006

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

BALANCE SHEET (Continued)

As at 31 December 2017

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
B. NON-CURRENT ASSETS	200		5,482,813,641,843	3,974,891,331,961
I. Long-term receivables	210		965,000,000	965,000,000
1. Other long-term receivables	216	8	965,000,000	965,000,000
II. Fixed assets	220		1,718,638,550,342	1,782,004,101,226
1. Tangible fixed assets	221	12	879,754,317,564	994,543,897,265
- Cost	222		7,454,934,165,117	7,442,996,156,019
- Accumulated depreciation	223		(6,575,179,847,553)	(6,448,452,258,754)
2. Intangible assets	227	13	838,884,232,778	787,460,203,961
- Cost	228		1,105,540,820,964	1,041,414,618,375
- Accumulated amortisation	229		(266,656,588,186)	(253,954,414,414)
III. Investment properties	230	14	260,945,826,865	271,508,391,432
- Cost	231		334,556,867,544	334,556,867,544
- Accumulated depreciation	232		(73,611,040,679)	(63,048,476,112)
IV. Long-term assets in progress	240		2,861,564,550,893	1,350,127,867,489
1. Construction in progress	242	15	2,861,564,550,893	1,350,127,867,489
V. Long-term financial investments	250	5	422,571,464,649	421,980,768,435
1. Investment in subsidiaries	251		386,250,000,000	386,250,000,000
2. Investments in joint-ventures, associates	252		680,903,000,000	680,903,000,000
3. Equity investments in other entities	253		20,502,000,000	20,502,000,000
4. Provision for impairment of long-term financial investments	254		(665,083,535,351)	(665,674,231,565)
VI. Other long-term assets	260		218,128,249,094	148,305,203,379
1. Long-term prepayments	261	11	13,397,838,293	16,939,412,084
2. Deferred tax assets	262	16	74,218,395,998	80,645,394,487
3. Long-term reserved spare parts	263	10	117,719,923,766	50,720,396,808
4. Other long-term assets	268		12,792,091,037	-
TOTAL ASSETS (270=100 + 200)	270		9,833,443,871,801	9,179,133,523,779

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

BALANCE SHEET (Continued)

As at 31 December 2017

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		1,940,846,467,106	1,129,980,472,553
I. Current liabilities	310		1,270,079,635,489	1,082,159,274,279
1. Short-term trade payables	311	17	302,503,746,891	467,493,965,213
2. Short-term advances from customers	312	18	35,445,705,703	30,127,260,440
3. Taxes and amounts payable to the State budget	313	19	12,058,155,576	14,463,684,386
4. Payables to employees	314		87,705,158,019	75,490,305,886
5. Short-term accrued expenses	315	20	173,617,987,993	87,975,748,712
6. Other current payables	319	21	434,373,064,069	64,609,951,465
7. Short-term provisions	321	22	199,470,502,806	312,335,214,817
8. Bonus and welfare funds	322		24,905,314,432	29,663,143,360
II. Long-term liabilities	330		670,766,831,617	47,821,198,274
1. Long-term unearned revenue	336		839,401,318	1,510,922,362
2. Other long-term payables	337	21	960,870,000	960,870,000
3. Long-term loans and obligations under finance leases	338	23	629,383,072,193	-
4. Scientific and technological development fund	343		39,583,488,106	45,349,405,912
D. EQUITY	400		7,892,597,404,695	8,049,153,051,226
I. Owners' equity	410	24	7,892,597,404,695	8,049,153,051,226
1. Owners' contributed capital	411		3,914,000,000,000	3,914,000,000,000
- Ordinary shares carrying voting rights	411a		3,914,000,000,000	3,914,000,000,000
2. Share premium	412		21,179,913,858	21,179,913,858
3. Treasury shares	415		(2,296,824,120)	(2,296,824,120)
4. Investment and development fund	418		3,444,814,857,841	3,444,814,857,841
5. Retained earnings	421		514,899,457,116	671,455,103,647
- Retained earnings accumulated to the prior year end	421a		280,120,843,647	517,538,600,405
- Retained earnings of the current year	421b		234,778,613,469	153,916,503,242
TOTAL RESOURCES (440=300+400)	440		9,179,133,523,779	9,179,133,523,779

Hoang Thi Lan Anh
Preparer

Vo Ngoc Phuong
Chief Accountant

Phan Van Nhuom
General Director

21 March 2018

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

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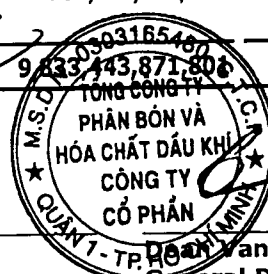
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INCOME STATEMENT

For the for the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	27	7,465,852,549,086	6,875,319,465,757
2. Deductions	02	27	157,671,743,412	99,855,371,522
3. Net revenue from goods sold and services rendered (10=01-02)	10		7,308,180,805,674	6,775,464,094,235
4. Cost of sales	11	28	5,452,528,564,255	4,736,179,757,273
5. Gross profit from goods sold and services rendered (20=10-11)	20		1,855,652,241,419	2,039,284,336,962
6. Financial income	21	30	194,160,162,710	283,421,602,561
7. Financial expenses	22	31	1,148,895,578	8,756,410,363
8. Selling expenses	25	32	663,885,338,085	594,818,145,517
9. General and administration expenses	26	32	551,860,445,034	411,744,236,158
10. Operating profit (30 = 20+(21-22)-(25+26))	30		832,917,725,432	1,307,387,147,485
11. Other income	31		15,605,365,438	10,092,091,085
12. Other expenses	32		1,317,355,627	2,547,423,555
13. Profit from other activities (40=31-32)	40		14,288,009,811	7,544,667,530
14. Accounting profit before tax (50=30+40)	50		847,205,735,243	1,314,931,815,015
15. Current corporate income tax expense	51	33	127,814,613,285	236,272,493,924
16. Deferred corporate tax expense/(income)	52	16	6,426,998,489	(23,205,412,135)
17. Net profit after corporate income tax (60=50-51-52)	60		712,964,123,469	1,101,864,733,226

Hoang Thi Lan Anh
Preparer

Vo Ngoc Phuong
Chief Accountant

Doan Van Nhuom
General Director

21 March 2018



CASH FLOW STATEMENT
For the for the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	847,205,735,243	1,314,931,815,015
2. Adjustments for:			
Depreciation and amortisation of fixed assets and investment properties	02	174,098,510,485	222,933,455,897
Provisions	03	162,804,499,175	219,167,514,652
Foreign exchange loss/(gain) arising from translating foreign currency items	04	534,131,424	(25,224,684)
(Gain) from investing activities	05	(198,485,599,091)	(277,866,830,055)
Interest expense	06	-	4,473,655,664
3. Operating profit before movements in working capital	08	986,157,277,236	1,483,614,386,489
Increase, decrease in receivables	09	(79,042,047,448)	585,731,912,564
Increase, decrease in inventories	10	(237,114,994,578)	198,251,364,713
Increase, decrease in payables (excluding accrued loan interest and corporate income tax payable)	11	(290,188,980,770)	(17,844,584,853)
Increase, decrease in prepaid expenses	12	33,195,780,650	(34,870,718,972)
Interest paid	14	-	(4,473,655,664)
Corporate income tax paid	15	(132,256,123,480)	(288,065,145,515)
Other cash inflows	16	-	17,851,484,482
Other cash outflows	17	(102,057,821,583)	(230,979,259,506)
Net cash generated by operating activities	20	178,693,090,027	1,709,215,783,738
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(1,387,185,031,855)	(1,297,005,518,078)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	13,774,818,182	-
3. Cash outflow for lending, buying debt instruments of other entities	23	(1,250,000,000,000)	-
4. Cash recovered from lending, selling debt instruments of other entities	24	450,000,000,000	35,000,000,000
5. Cash recovered from investments in other entities	26	-	63,530,094,000
6. Interest earned, dividends and profits received	27	188,155,237,104	276,957,583,084
Net cash used in investing activities	30	(1,985,254,976,569)	(921,517,840,994)

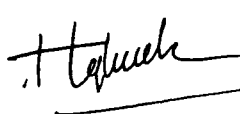
The accompanying notes are an integral part of these separate financial statements

CASH FLOW STATEMENT (Continued)

For the for the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Current year	Prior year
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue and owners' contributed capital	31	-	114,000,000,000
2. Proceeds from borrowings	33	628,839,088,937	5,780,162,536
3. Repayment of borrowings	34	-	(232,730,241,203)
4. Dividends and profits paid	36	(398,368,476,800)	(2,311,860,298,200)
Net cash generated by /(used in) financing activities	40	230,470,612,137	(2,424,810,376,867)
Net decrease in cash (50=20+30+40)	50	(1,576,091,274,405)	(1,637,112,434,123)
Cash and cash equivalents at the beginning of the year	60	3,551,725,949,149	5,188,813,158,588
Effect of changes in foreign exchange rates	61	9,851,832	25,224,684
Cash and cash equivalents at the end of the year (70=50+60+61)	70	1,975,644,526,576	3,551,725,949,149


Hoàng Thị Lan Anh
 Preparer


Võ Ngọc Phương
 Chief Accountant




Phạm Văn Nhôm
 General Director

21 March 2018

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION**Structure of ownership**

PetroVietnam Fertilizer and Chemicals Corporation - JSC (hereinafter referred to as the "Corporation"), formerly known as PetroVietnam Fertilizer and Chemicals Joint Stock Company, was established under Business Registration Certificate No. 4103007696 dated 31 August 2007 and the 13th amendment on 10 March 2016, issued by the Department of Planning and Investment of Ho Chi Minh City. On 01 September 2008, the Corporation officially transformed its operation into parent-subsidiary model in accordance with Resolution No. 01/ND-DHDCD passed at the Shareholders' General Meeting. Accordingly, the Holding Company - PetroVietnam Fertilizer and Chemicals Corporation - JSC was established from functional departments of PetroVietnam Fertilizer and Chemicals Joint Stock Company, project management units and Phu My Fertilizer Plant. The Corporation's shares are listed on Ho Chi Minh City Stock Exchange from 5 November 2007 with the stock symbol "DPM".

The parent company of the Corporation is Vietnam Oil and Gas Group ("PVN") which holds 59.58% of its charter capital as at 31 December 2017.

The total number of employees of the Corporation as at 31 December 2017 was 1,354 (31 December 2016: 1,320).

Operating industries and principal activities

The business activities of the Corporation include:

- Production and trade of fertilizer, liquid ammonia, industrial gas, other chemicals;
- Provision of technical services relating to production and trade of fertilizer and other related chemicals (excluding heavily toxic chemicals);
- Relevant technical architecture consultancy and activities;
- Production, transmission and distribution of electricity;
- Trade of real estates, land use rights in all kinds;
- Sales of agriculture and forestry products (excluding wood, bamboo) and living animals;
- Goods transport services by road and by inbound waterway, processing of oil and gas-related products and minerals;
- Vocational training;
- Supporting services for waterway transportation; loading and unloading goods;
- Act as maritime and shipping agency and goods storage.

The principal activities of the Corporation are production and trade of fertilizers used in agriculture.

Normal production and business cycle

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

The Corporation's structure

As at 31 December 2017, the Corporation had 04 subsidiaries, 03 associates, 01 branch, 01 plant and 01 Project Management Unit as follows:

- Phu My Fertilizer Plant
- Ho Chi Minh City Branch
- Fertilizer and Chemical Projects Management Unit

The general information about subsidiaries and associates of the Corporation are as follows:

	Place of incorporation and operation	Proportion of ownership interest(%)	Proportion of voting power held (%)	Principal activity	Relationship
Central PetroVietnam Fertilizer and Chemicals JSC	Binh Dinh Province	75	75	Trading of fertilizer and chemicals	Subsidiary
SouthWest PetroVietnam Fertilizer and Chemicals JSC	Can Tho City	75	75	Trading of fertilizer and chemicals	Subsidiary
SouthEast PetroVietnam Fertilizer and Chemicals JSC	Ho Chi Minh City	75	75	Trading of fertilizer and chemicals	Subsidiary
Northern PetroVietnam Fertilizer and Chemicals JSC	Hanoi City	75	75	Trading of fertilizer and chemicals	Subsidiary
Dam Phu My Packaging Joint Stock Company	Ba Ria - Vung Tau Province	43.34	43.34	Production of packages	Associate
PetroVietnam Urban Development JSC	Can Tho City	35.63	35.63	Construction and installation of civil and industrial works and services provision	Associate
PetroVietnam Petrochemical and Textile Fiber JSC	Hai Phong City	25.99	25.99	Production and sale of polyester fibers	Associate

Disclosure of information comparability in the separate financial statements

Comparative figures are the Corporation's figures of the audited separate financial statements for the year ended 31 December 2016.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying 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 financial reporting.

The Corporation's separate financial statements are prepared based on the aggregation of financial statements of the head office of PetroVietnam Fertilizer and Chemicals Corporation - JSC and its dependent accounting units. The major transactions and balances between the head office and its dependent accounting units are eliminated in the Corporation's separate financial statements.

The accompanying 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.

Financial year

The Corporation'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 Corporation in the preparation of these separate financial statements, are as follows:

Accounting estimates

The preparation of the separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of General Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the separate financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Board of General Directors' 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 Corporation has the positive intent or ability to hold to maturity, including term deposits in banks 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 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 (if any).

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 Corporation has control. Control is achieved where the Corporation has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Investments in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Interests in subsidiaries and associates are initially recognised at cost. The Corporation's share of the net profit of the investee after acquisition is recognised in the income statement.

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Other distributions received other than such profit share are deducted from the cost of the investments as recoverable amounts.

Investments in subsidiaries and associates are carried in the balance sheet at cost less provision for impairment of such investments (if any). Provisions for impairment of investments in subsidiaries and associates are made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

Equity investments in other entities

Equity investments in other entities represent the Corporation's investments in ordinary shares of the entities over which the Corporation has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment.

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. Issue cost is calculated using the weighted average method, except for issue cost of materials that is calculated using the FIFO method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working conditions and locations for their intended use. The costs of tangible fixed assets formed from construction investment by contractual mode or self-construction or self-generating process are the settled costs of the invested construction projects in accordance with the prevailing State's regulations on investment and construction management, directly-related expenses and registration fee (if any).

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In the event the construction project has been completed and put into use but the settled costs thereof have not been approved, the cost of tangible fixed assets is recognised at the estimated cost based on the actual cost incurred. The estimated cost will be adjusted according to the settled costs approved by competent authorities.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives, as follows:

	<u>Current year</u>
	Years
Buildings, structures	10 - 25
Machinery, equipment	3 - 6
Motor vehicles	6
Office equipment	3 - 5
Others	3

Repair and maintenance expenses of fixed assets at Phu My Fertilizer Plant which are incurred on a cyclical basis are permitted to be charged to operating expenses based on the estimated amount stated in the annual budget. If the actual expenses of repair and maintenance are higher than estimated, the amount over budget shall be charged to operating expenses. If the actual expenses of repair and maintenance are lower than estimated, the amount under budget shall be accounted for as a reduction of operating expenses of the year. Accrued repair and maintenance expenses are reported as long-term and short-term payable provisions.

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 income statement.

Intangible assets and amortization

Intangible assets represent land use rights, patent rights, computer software and other intangible assets which are stated at cost less accumulated amortization. Land use rights are amortised using the straight-line method over the duration of the right to use the land, indefinite-term land use rights are not amortized. The patent rights and other intangible assets are amortized using the straight-line method over 6 years. The computer software is amortized using the straight-line method over 3 years.

Operating leases

Operating leases include office and land rentals. Payments under operating leases are charged to profit or loss on a straight-line basis over the lease term.

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 costs and related borrowing costs in accordance with the Corporation'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.

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Investment properties

Investment properties are composed of land use rights, buildings and structures held by the Corporation to earn rentals or for capital appreciation. Investment properties held to earn rentals are stated at cost less accumulated depreciation while investment properties held for capital appreciation are stated at cost less impairment loss. The costs of purchased investment properties comprise their purchase prices and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs.

Investment properties, which are composed of land use rights and buildings and structures of Dong Tay Building at 27 Dinh Bo Linh Street, Ho Chi Minh City; Cuu Long Supermarket-Office Building in Ca Mau Province; PVFCCo Building at 43 Mac Dinh Chi Street, Ho Chi Minh City held by the Corporation to earn rentals, are stated at cost less accumulated depreciation.

Investment properties held to earn rentals are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Current year</u>
	Years
Land use rights	44 - 50
Buildings and structures	25

The Corporation does not depreciate investment properties which are indefinite-term land use rights.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods, including asset insurance premium, land rentals and other types of prepayments.

Prepaid land rentals are charged to the income statement on the straight-line basis over the rental term.

Other types of prepayments comprise of tools and supplies issued for consumption and other expenses which are expected to provide future economic benefits to the Corporation. These prepaid expenses are charged to the income statement on the straight-line basis in accordance with the current prevailing accounting regulations.

Payable provisions

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

Scientific and technological development fund

Scientific and technological development fund are made in order to finance science and technology activities of the Corporation. This fund was formed on the basis of the Corporation's demand for research and development and technology innovation and is recognized in the operation results of the year.

Revenue recognition

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

- (a) The Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) The Corporation 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 Corporation; 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 Corporation;
- (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.

Revenue from leasing investment property is recognized in the income statement on the straight-line basis over the lease term.

Financial income mainly comprises interest on demand and term deposits, dividend income from short-term and long-term investments, and foreign exchange gains. Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate. Dividend income from investments is recognised when the Corporation's right to receive payment has been established.

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 income statement.

Under the guidance of Official Letter No. 4360/DKVN-TCKT dated 31 December 2015 and Official Letter No. 3124/DKVN-TCKT dated 13 May 2015 issued by Vietnam Oil and Gas Group, the Corporation applied the buying rate announced by the Joint Stock Commercial Bank for Foreign Trade of Vietnam to translate monetary items denominated in foreign currencies as at 31 December 2017. The above mentioned rate differs from that stated in Circular No. 200/2014/TT-BTC issued on 22 December 2014 by the Ministry of Finance guiding the accounting regime for enterprises, however, such difference has no material influence on the Corporation's separate financial statements for the for the year ended 31 December 2017.

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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.

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

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For fertilizer production at Phu My Fertilizer Plant: the Corporation is obliged to pay corporate income tax at the rate of 15% of its taxable profit.

For other business activities: the Corporation is obliged to pay corporate income tax at the rate of 20% of its taxable profit.

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

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Cash on hand	1,552,583,443	1,225,799,016
Bank demand deposits	100,091,943,133	126,500,150,133
Cash equivalents (*)	1,874,000,000,000	3,424,000,000,000
	1,975,644,526,576	3,551,725,949,149

(*) Cash equivalents represent the time deposits with original terms from 1 to 3 months at commercial banks with interest rates ranging from 4.3% to 5.5% per annum.

As at 31 December 2017, the Corporation's deposit with term under three months at Ocean Commercial One Member Limited Liability Bank (previously Ocean Commercial Joint Stock Bank) amounted to VND 284 billion. According to Official Letter No. 5351/2016/CV-OCEANBANK dated 04 October 2016, Ocean Commercial One Member Limited Liability Bank ensured the return of deposits held by its clients following the restructuring plan which has been submitted to the State Bank of Vietnam and the Government for approval. Interest earned on deposits at Ocean Commercial One Member Limited Liability Bank from 01 October 2015 to present have been received.

5. FINANCIAL INVESTMENTS

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
	<u>Cost</u>	<u>Carrying amount</u>	<u>Cost</u>	<u>Carrying amount</u>
Short-term held-to-maturity investments				
Term deposits	835,000,000,000	835,000,000,000	35,000,000,000	35,000,000,000

Short-term held-to-maturity investments as at 31 December 2017 represent time deposits with original terms of more than 3 months and remaining terms of less than 12 months from the reporting date at commercial banks with interest rates ranging from 5.4% to 5.9% per annum.

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PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC
NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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5. FINANCIAL INVESTMENTS (Continued)

	Closing balance			Opening balance		
	VND	VND	VND	VND	VND	VND
	Cost	Provision	Fair value	Cost	Provision	Fair value
Investments in other entities						
Investments in subsidiaries	386,250,000,000	-	376,575,000,000	386,250,000,000	-	507,300,000,000
Central PetroVietnam Fertilizer and Chemicals JSC	75,000,000,000	-	82,500,000,000	75,000,000,000	-	121,500,000,000
SouthWest PetroVietnam Fertilizer and Chemicals JSC	127,500,000,000	-	122,400,000,000	127,500,000,000	-	175,950,000,000
SouthEast PetroVietnam Fertilizer and Chemicals JSC	93,750,000,000	-	84,375,000,000	93,750,000,000	-	93,750,000,000
Northern PetroVietnam Fertilizer and Chemicals JSC	90,000,000,000	-	87,300,000,000	90,000,000,000	-	116,100,000,000
Investments in associates	680,903,000,000	(662,700,000,000)	33,675,180,000	680,903,000,000	(662,700,000,000)	28,760,424,000
PetroVietnam Urban Development JSC	100,000,000,000	(100,000,000,000)	-	100,000,000,000	(100,000,000,000)	-
PetroVietnam Petrochemical and Textile Fiber JSC	562,700,000,000	(562,700,000,000)	-	562,700,000,000	(562,700,000,000)	-
Dam Phu My Packaging Joint Stock Company	18,203,000,000	-	33,675,180,000	18,203,000,000	-	28,760,424,000
Investments in other entities	20,502,000,000	(2,383,535,351)	-	20,502,000,000	(2,974,231,565)	-
Petroleum Information Technology Telecom and Automation JSC	3,600,000,000	-	-	3,600,000,000	-	-
Ut Xi Aquatic Products Processing Corporation	16,902,000,000	(2,383,535,351)	-	16,902,000,000	(2,974,231,565)	-

As stipulated in Circular No. 200/2014/TT-BTC dated 22 December 2014, the fair value of the investments as at 31 December 2017 should be presented. The Corporation has determined the fair value of investments in North PetroVietnam Fertilizer and Chemicals JSC, Central PetroVietnam Fertilizer and Chemicals JSC, SouthEast PetroVietnam Fertilizer and Chemicals JSC, SouthWest PetroVietnam Fertilizer and Chemicals JSC and Dam Phu My Packaging JSC based on listed price of shares on the stock exchange and the number of shares currently held by the Corporation.

For the remaining investments, these companies have not had their shares listed on a stock exchange yet and the Corporation was unable to collect reliable information in order to determine their fair value. Accordingly, the fair value of such investments as at 31 December 2017 has not been determined and presented in the Notes to the separate financial statements as per Circular No. 200/2014/TT-BTC.

PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC
NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

	Current year			Prior year		
	VND	VND	VND	VND	VND	VND
	Revenue	Expenditures	Profit/(loss) after tax	Revenue	Expenditures	Profit/(loss) after tax
Operating status of subsidiaries during the year						
Central PetroVietnam Fertilizer and Chemicals JSC	2,053,425,572,054	1,999,149,491,082	17,535,839,018	1,997,251,696,448	1,971,180,421,524	25,167,615,924
SouthWest PetroVietnam Fertilizer and Chemicals JSC	2,058,858,152,872	2,033,693,661,355	9,952,913,209	2,237,994,856,584	2,210,148,985,986	28,116,903,299
SouthEast PetroVietnam Fertilizer and Chemicals JSC	2,123,364,372,956	2,081,525,061,154	12,895,405,730	2,165,957,731,176	2,140,769,300,029	23,352,907,504
Northern PetroVietnam Fertilizer and Chemicals JSC	1,290,136,758,296	1,259,988,448,793	13,152,412,792	1,295,737,628,464	1,273,073,230,030	20,672,876,602
Operating status of associates during the year						
PetroVietnam Urban Development JSC (1)	161,048,001,525	163,710,794,242	(72,379,748,996)	252,917,005,060	251,379,331,669	(17,524,016,154)
PetroVietnam Petrochemical and Textile Fiber JSC (2)	1,283,566,638	48,663,550,872	(576,963,703,109)	225,599,911,674	248,997,429,529	(676,703,988,927)
Phu My Fertilizer Packaging Joint Stock Company	397,195,826,945	378,720,953,614	11,900,416,084	286,393,895,841	270,595,713,806	10,316,002,909

(1) According to the unaudited financial statements for the year end 31 December 2017 of PetroVietnam Urban Development Joint Stock Company ("PVC-Mekong"), PVC-Mekong's net assets are approximately negative VND 89 billion, which is VND 280 billion less than the capital contributed by its shareholders. Therefore, the Corporation made a full provision with the amount of VND 100 billion for impairment of the investment in PVC Mekong.

(2) According to the unaudited consolidated financial statements for the for the year end 31 December 2017 of PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTTEX"), PVTTEX's net assets are approximately negative VND 1,767 billion, which is VND 2,165 billion less than the capital contributed by its shareholders. Therefore, the Corporation made a full provision with the amount of VND 562.7 billion for impairment of the investment in PVTTEX.

	Current year			Prior year		
	VND	VND	VND	VND	VND	VND
	Sales	Purchases of goods and services	Dividends received	Sales	Purchases of goods and services	Dividends received
Significant transactions between Holding Corporation and its subsidiaries and associates in the period (See details in Note 36)	6,777,006,897,308	280,961,800,541	43,107,010,000	6,474,390,118,951	303,830,464,858	62,414,040,000

6. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u> <u>VND</u>	<u>Opening balance</u> <u>VND</u>
Hoang Long Company	13,892,699,433	5,495,524,046
F.A Joint Stock Company	8,818,526,294	14,309,065,598
Lam Son Overall Management Company	-	14,209,590,956
Receivables from related parties (as presented in Note 36)	41,800,953,594	63,963,509,963
Others	39,159,594,851	17,981,182,855
	<u>103,671,774,172</u>	<u>115,958,873,418</u>

7. SHORT-TERM ADVANCES TO SUPPLIERS

	<u>Closing balance</u> <u>VND</u>	<u>Opening balance</u> <u>VND</u>
BCA Thang Long - Ho Chi Minh Branch	14,949,045,455	-
Ngoc Lan PT Co., Ltd.	9,153,800,000	9,153,800,000
Thyssenkrupp Industrial Solution (India) Private Limited	1,865,658,176	26,865,843,154
Technip Italy S.p.A	-	101,560,245,434
Related parties (as presented in Note 36)	30,747,092,026	185,068,043,226
Others	34,041,489,365	33,786,354,570
	<u>90,757,085,022</u>	<u>356,434,286,384</u>

8. OTHER RECEIVABLES

	<u>Closing balance</u> <u>VND</u>	<u>Opening balance</u> <u>VND</u>
Other short-term receivables		
PetroVietnam Trade Union Finance Investment Corporation (PVFI)	110,143,267,289	110,143,267,289
PetroVietnam Petrochemical and Textile Fiber JSC (i)	114,384,102,264	110,568,051,564
Accrued interest income from term deposits	18,010,065,069	17,932,798,938
PetroVietnam Northen Gas JSC	-	12,792,091,037
Dividends and profits receivable	2,340,000,000	-
Advances to employees	220,000,000	891,200,000
Short-term deposits	481,798,000	29,000,000
Others	5,671,452,220	7,850,798,777
	<u>251,250,684,842</u>	<u>260,207,207,605</u>
Other long-term receivables		
Long-term deposits	965,000,000	965,000,000
	<u>965,000,000</u>	<u>965,000,000</u>

- (i) The balance of the receivable from PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX") as at 31 December 2017 represents a payment under the reciprocal guarantee commitment for short- and medium-term loans of PVTEX. Payment obligations arose from the fact that Corporation signed two reciprocal guarantee commitments with PVN relating to the guarantee obligations of PVN for short- and medium-term loans of PVTEX.

According to the Memorandum between PVN, PVTEX and the Corporation, PVN shall be responsible for collecting the principal of and interest on the guarantees having paid by parties on behalf of PVTEX. Within 7 days from the day PVN receives debt payments from PVTEX (including both the principal and interest), PVN will return an amount which is calculated based on the Corporation's capital proportion in PVTEX to the Corporation. The interest rate is determined at the rate equal to demand deposit interest rate announced by the Joint Stock Commercial Bank for Foreign Trade of Vietnam. The interest calculation period starts from the day the Corporation pays the reciprocal guarantee amount to PVN.

As at 31 December 2017, the Board of General Directors assessed the recoverability of this receivable at low level as the accumulated losses of PVTEX had exceeded its equity, and PVTEX is unable to meet its financial obligations as and when they fall due. Therefore, the Board of General Directors decided to make full provision for the receivable from PVTEX arising in 2016 and earlier and the interest receivable having paid by the Corporation on behalf of PVTEX in 2017 with the total amount of VND 114.3 billion. Until 31 December 2017, the remaining amount of such receivables arising in 2017 (VND 300 million) have not come due yet, for which the Corporation has not made provision.

9. BAD DEBTS

	Closing balance		Opening balance	
	Cost	VND Recoverable amount	Cost	VND Recoverable amount
Doubtful debts	233,876,422,658	358,575,930	230,610,781,549	8,947,369,186
PetroVietnam Trade Union Finance Investment Corporation (i)	110,143,267,289	-	110,143,267,289	-
Ngoc Lan Private Enterprise (ii)	9,153,800,000	-	9,153,800,000	-
PetroVietnam Petrochemical and Textile Fiber JSC	114,579,355,369	358,575,930	110,568,051,564	8,947,369,186
- Receivables relating to reciprocal guarantee commitments (iii)	107,786,937,303	-	107,786,937,303	6,166,254,925
- Other receivables	6,792,418,066	358,575,930	2,781,114,261	2,781,114,261
Others	-	-	745,662,696	-

- (i) The Corporation made a full provision for the receivable amount from PetroVietnam Trade Union Finance Investment Corporation in the financial statements for the year ended 31 December 2012.
- (ii) The Corporation made a full provision for the receivable amount from Ngoc Lan Private Enterprise in the financial statements for the year ended 31 December 2011.
- (iii) The Corporation made a full provision for the receivable from PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX") arising in 2016 and earlier with regard to reciprocal guarantee commitments for medium-term and long-term loans of PVTEX and other receivables from PVTEX incurred in 2017 as stated in Note 8.

10. INVENTORIES

	Closing balance		Opening balance	
	VND		VND	
	Cost	Provision	Cost	Provision
Goods in transit	73,460,998,699	-	348,955,121,506	-
Raw materials	471,364,021,730	-	276,568,374,820	-
Tools and supplies	13,799,682,450	-	2,244,882,768	-
Long-term reserved spare parts	117,719,923,766	-	50,720,396,808	-
Work in progress	29,396,867,934	-	6,590,533,584	-
Finished goods	164,958,954,394	-	152,631,417,737	-
Merchandise	297,527,841,445	-	93,402,568,617	-
	1,168,228,290,418	-	931,113,295,840	-

11. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
Short-term		
Asset insurance premium prepayment	3,511,210,664	10,165,908,050
Project management expenses	-	15,549,281,691
Others	11,584,518,136	16,318,423,866
	15,095,728,800	42,033,613,607
Long-term		
Land rentals	2,247,300,596	2,809,125,752
Tools and supplies	5,859,257,083	6,523,404,048
Others	5,291,280,614	7,606,882,284
	13,397,838,293	16,939,412,084

12. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings, structures VND	Machinery, equipment VND	Motor vehicles, transmission equipment VND	Office equipment VND	Others VND	Total VND
COST						
Opening balance	1,818,094,860,743	5,403,880,477,392	57,716,663,055	155,027,252,324	8,276,902,505	7,442,996,156,019
Transfer from construction completed	-	49,058,069,118	-	-	-	49,058,069,118
Purchases	68,282,663	7,290,249,398	-	23,791,748,680	202,539,369	31,352,820,110
Disposals	(26,574,373,007)	(1,744,238,985)	(1,986,221,208)	(149,280,810)	-	(30,454,114,010)
Reclassification	(277,670,100,489)	277,528,009,579	-	142,090,910	-	-
Reclassify to tools and supplies, intangible assets	(38,018,766,120)	-	-	-	-	(38,018,766,120)
Closing balance	1,475,899,903,790	5,736,012,566,502	55,730,441,847	178,811,811,104	8,479,441,874	7,454,934,165,117
ACCUMULATED DEPRECIATION						
Opening balance	929,952,231,692	5,347,163,056,752	49,068,205,141	115,151,263,090	7,117,502,079	6,448,452,258,754
Charge for the year	93,836,414,901	30,424,885,102	3,040,950,439	26,926,148,955	584,089,703	154,812,489,100
Disposals	(20,712,650,681)	(1,744,238,985)	(1,986,221,208)	(149,280,810)	-	(24,592,391,684)
Reclassification	(31,218,192,715)	31,173,557,654	-	44,635,061	-	-
Reclassify to tools and supplies, intangible assets	(3,492,508,617)	-	-	-	-	(3,492,508,617)
Closing balance	968,365,294,580	5,407,017,260,523	50,122,934,372	141,972,766,296	7,701,591,782	6,575,179,847,553
NET BOOK VALUE						
Closing balance	507,534,609,210	328,995,305,979	5,607,507,475	36,839,044,808	777,850,092	879,754,317,564
Opening balance	888,142,629,051	56,717,420,640	8,648,457,914	39,875,989,234	1,159,400,426	994,543,897,265

The cost of the Corporation's tangible fixed assets as at 31 December 2017 includes VND 6,007,251,797,490 (31 December 2016: VND 5,948,437,751,002) of assets which have been fully depreciated but are still in use.

13. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Patent, copyright VND	Computer software VND	Others VND	Total VND
COST					
Opening balance	803,964,779,348	173,923,675,927	53,587,845,068	9,938,318,032	1,041,414,618,375
Addition in the year	-	-	28,337,550,184	-	28,337,550,184
Reclassification from tangible assets	-	35,788,652,405	-	-	35,788,652,405
Closing balance	803,964,779,348	209,712,328,332	81,925,395,252	9,938,318,032	1,105,540,820,964
ACCUMULATED AMORTISATION					
Opening balance	23,025,645,628	172,059,595,760	48,930,854,994	9,938,318,032	253,954,414,414
Charge for the year	4,303,568,201	1,787,411,145	2,632,477,472	-	8,723,456,818
Reclassification from tangible assets	-	3,978,716,954	-	-	3,978,716,954
Closing balance	27,329,213,829	177,825,723,859	51,563,332,466	9,938,318,032	266,656,588,186
NET BOOK VALUE					
Closing balance	776,635,565,519	31,886,604,473	30,362,062,786	-	838,884,232,778
Opening balance	780,939,133,720	1,864,080,167	4,656,990,074	-	787,460,203,961

The cost of the Corporation's intangible assets as at 31 December 2017 includes VND 225,986,954,414 (31 December 2016: VND 225,986,954,414) of assets which have been fully amortised but are still in use.

14. INCREASES, DECREASES IN INVESTMENT PROPERTIES

	Land use rights VND	Buildings and structures VND	Total VND
COST			
Opening balance	99,499,152,000	235,057,715,544	334,556,867,544
Closing balance	99,499,152,000	235,057,715,544	334,556,867,544
ACCUMULATED DEPRECIATION			
Opening balance	6,641,294,253	56,407,181,859	63,048,476,112
Charge for the year	1,005,683,040	9,556,881,527	10,562,564,567
Closing balance	7,646,977,293	65,964,063,386	73,611,040,679
NET BOOK VALUE			
Closing balance	91,852,174,707	169,093,652,158	260,945,826,865
Opening balance	92,857,857,747	178,650,533,685	271,508,391,432

Investment properties represent land use rights and buildings and structures of Dong Tay Building at 27 Dinh Bo Linh Street, Ho Chi Minh City; Cuu Long Supermarket-Office Building in Ca Mau Province; PVFCCo Building at 43 Mac Dinh Chi Street, Ho Chi Minh City which were held to earn rentals.

According to VAS No. 05 - *Investment Properties*, fair value of investment properties at the balance sheet date is required to be disclosed. However, the Corporation has not determined the fair value as at 31 December 2017; therefore, no information about the fair value of investment properties as at 31 December 2017 is presented in the Notes to the separate financial statements.

15. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Construction in progress	2,861,564,550,893	1,350,127,867,489
In which:		
NH3 and NPK project (*)	2,764,634,975,818	1,213,037,935,077
Apartment buildings for employees	36,342,070,618	36,342,070,618
Tay Ninh warehouse	24,127,540,909	24,001,000,364
Ammonia project	-	23,150,345,732
UFC 85/Formaldehyde factory project (**)	5,127,108,556	6,058,395,385
Other projects	31,332,854,992	47,538,120,313
	2,861,564,550,893	1,350,127,867,489

(*) The total value of NH3 and NPK project is pledged to secure the long-term loans from Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh City Branch (see details in Note 23).

(**) The UFC 85/Formaldehyde project were officially completed and put into operation according to the hand-over and completion minutes dated 11 May 2016. The Corporation has temporarily recorded the historical cost and the depreciation expense for the asset from 11 May 2016. Adjustments relating to the remaining project expenses will be made to the cost of assets upon the finalization of investment value (expected to be proceeded in Quarter 1 of 2018).

16. DEFERRED TAX ASSETS

The following are the major deferred tax assets recognized by the Corporation, and the movements there of, in 2017 and the prior financial year:

	Provision of short-term doubtful debts	Accrued expenses not yet invoiced	Others	Total
	VND	VND	VND	VND
As at 01/01/2016	22,356,550,123	28,410,142,794	6,673,289,435	57,439,982,352
Charge for the year	(8,129,654,590)	31,588,898,454	(253,831,729)	23,205,412,135
As at 01/01/2017	14,226,895,533	59,999,041,248	6,419,457,706	80,645,394,487
Charge for the year	(1,882,118,587)	(4,083,370,909)	(461,508,993)	(6,426,998,489)
As at 31/12/2017	12,344,776,946	55,915,670,339	5,957,948,713	74,218,395,998

17. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount	VND Amount able to be paid off	Amount	VND Amount able to be paid off
Uralkali Trading S.A	-	-	18,378,551,881	18,378,551,881
Baker Hughes Asia Pacific Ltd.,	38,596,727,241	38,596,727,241	3,821,163,780	3,821,163,780
Related parties (as presented in Note 36)	109,119,089,296	109,119,089,296	363,743,830,983	363,743,830,983
Others	154,787,930,354	154,787,930,354	81,550,418,569	81,550,418,569
	302,503,746,891	302,503,746,891	467,493,965,213	467,493,965,213

18. SHORT-TERM ADVANCES FROM CUSTOMERS

	Closing balance	Opening balance
	VND	VND
Uralkali Trading S.A	3,310,237,635	426,969,859
Huynh Chau Private Enterprise	6,618,499,680	4,000,000,000
Related parties (as presented in Note 36)	23,964,852,163	25,408,218,936
Others	1,552,116,225	292,071,645
	35,445,705,703	30,127,260,440

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

TAX AND AMOUNTS PAYABLE TO THE STATE BUDGET

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Output value added tax	2,122,744,074	952,031,395
Corporate income tax	8,874,014,347	13,315,524,542
Personal income tax	923,312,595	165,679,809
Natural resource tax	137,998,560	29,528,640
Others	86,000	920,000
	<u>12,058,155,576</u>	<u>14,463,684,386</u>

Implementation of tax obligation to the State budget for the year:

Items	<u>Opening balance</u>	<u>Movement during the year</u>		<u>Closing balance</u>
		<u>Increases</u>	<u>Decreases</u>	
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
a) Tax receivables				
Corporate income tax	3,152,818,774	-	-	3,152,818,774
Personal income tax	4,331,039,232	2,761,637,567	4,331,039,232	2,761,637,567
	<u>7,483,858,006</u>	<u>2,761,637,567</u>	<u>4,331,039,232</u>	<u>5,914,456,341</u>
b) Tax payables				
	<u>Opening balance</u>	<u>Payable during the year</u>	<u>Paid during the year</u>	<u>Closing balance</u>
VAT on domestic goods	952,031,395	11,109,594,551	9,938,881,872	2,122,744,074
VAT on imports	-	243,638,711,039	243,638,711,039	-
Import-export duties	-	41,389,736,522	41,389,736,522	-
Corporate income tax	13,315,524,542	127,814,613,285	132,256,123,480	8,874,014,347
Personal income tax	165,679,809	35,507,257,695	34,749,624,909	923,312,595
Natural resource tax	29,528,640	1,981,849,440	1,873,379,520	137,998,560
Environmental protection tax	920,000	55,390,450	56,224,450	86,000
License tax	-	944,955,131	944,955,131	-
Business tax	-	6,500,000	6,500,000	-
Foreign contractor withholding tax	-	20,514,548,140	20,514,548,140	-
Total	<u>14,463,684,386</u>	<u>482,963,156,253</u>	<u>485,368,685,063</u>	<u>12,058,155,576</u>

20. SHORT-TERM ACCRUED EXPENSES

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Social security expense	28,740,169,867	18,477,320,867
Accruals for construction in progress	29,030,879,273	29,030,879,273
Accruals for repairing and maintenance costs for Phu My Fertilizer Factory	-	3,233,075,173
Accruals for gas expenses of December	44,570,336,403	-
Others	71,276,602,450	37,234,473,399
	<u>173,617,987,993</u>	<u>87,975,748,712</u>

21. OTHER PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Other short-term payables		
Dividends payable	417,141,551,789	32,841,508,589
Short-term deposits received	4,437,646,073	4,051,140,865
Other short-term payables	12,793,866,207	27,717,302,011
	<u>434,373,064,069</u>	<u>64,609,951,465</u>
Other long-term payables		
Long-term deposits received	960,870,000	960,870,000
	<u>960,870,000</u>	<u>960,870,000</u>

22. PAYABLE PROVISIONS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Short-term		
Provision for repair and maintenance costs for Phu My Fertilizer Plant	199,470,502,806	312,335,214,817
	<u>199,470,502,806</u>	<u>312,335,214,817</u>

23. LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Loan and obligations under finance leases balance represents the loan under the Loan Agreement No. 639/2016/PVFCCo-PVB/HDTG dated 25 October 2016 between Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh City Branch and the Corporation with the credit limit of VND 2,628,000,000,000 in order to finance the project on productivity enhancement of NH₃ workshop of Phu My Fertilizer Plant and construction of NPK Fertilizer Production Plant by applying chemical technology. The maximum loan term is 108 months, the grace period is 24 months from the date of the first disbursement (i.e. 09 February 2017) or an earlier date as determined by the lender when the project is completed and starts generating revenue. The interest rate is determined by the reference interest rate plus the margin interest rate (2.5% per annum). The interest is calculated based on the actual outstanding balance and payable every 6 months. As at 31 December 2017, the total loan amounts that have been disbursed were VND 279,629,116,720 and USD 15,383,944.

The Corporation has pledged the entire value of the project on productivity enhancement of NH₃ workshop of Phu My Fertilizer Plant and construction of NPK Fertilizer Production Plant by applying chemical technology to secure the loans.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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24. OWNERS' EQUITY

	Owners' contributed capital	Share premium	Treasury shares	Investment and development fund	Retained earnings	Total
	VND	VND	VND	VND	VND	VND
Prior year's opening balance	3,800,000,000,000	21,179,913,858	(2,296,824,120)	3,444,814,857,841	1,104,472,517,040	8,368,170,464,619
Profit for the year	-	-	-	-	1,101,864,733,226	1,101,864,733,226
Capital increase	114,000,000,000	-	-	-	-	114,000,000,000
Distributions to bonus and welfare funds	-	-	-	-	(165,212,236,619)	(165,212,236,619)
Dividends declared	-	-	-	-	(1,369,669,910,000)	(1,369,669,910,000)
Current year's opening balance	3,914,000,000,000	21,179,913,858	(2,296,824,120)	3,444,814,857,841	671,455,103,647	8,049,153,051,226
Profit for the year	-	-	-	-	712,964,123,469	712,964,123,469
Distributions to bonus and welfare funds (1)	-	-	-	-	(86,851,250,000)	(86,851,250,000)
Dividends declared (2)	-	-	-	-	(782,668,520,000)	(782,668,520,000)
Current year's closing balance	3,914,000,000,000	21,179,913,858	(2,296,824,120)	3,444,814,857,841	514,899,457,116	7,892,597,404,695

(1) The Corporation made distributions of VND 86,851,250,000 to the Bonus and welfare funds from the profit of 2017 under Resolution No. 32/NQ-ĐHĐCĐ dated 20 April 2017 of the Board of Management.

(2) In 2017, the Corporation declared to pay the remaining dividends from the 2016 after-tax profit amounting to VND 391,334,260,000 (equivalent to VND 1,000 per share) and interim dividends from the 2017 after-tax profit amounting to VND 391,334,260,000 (equivalent to VND 1,000 per share) in accordance with Resolution No. 32/NQ-ĐHĐCĐ dated 20 April 2017 of the Board of Management. The Corporation paid the dividends from the 2016 after-tax profit in 2017, the remaining dividends will be paid in Quarter I of 2018.

	<u>Closing balance</u>	<u>Opening balance</u>
Shares		
Number of shares issued to public		
+) <i>Common shares</i>	391,400,000	391,400,000
+) <i>Preferred shares</i>	-	-
Number of treasury shares		
+) <i>Common shares</i>	65,740	65,740
+) <i>Preferred shares</i>	-	-
Number of outstanding shares in circulation		
+) <i>Common shares</i>	391,334,260	391,334,260
+) <i>Preferred shares</i>	-	-

A common share has par value of VND 10,000.

Charter capital

According to Business Registration Certificate No. 4103007696 dated 31 August 2007 and the latest amendment dated 10 March 2016 issued by the Department of Planning and Investment of Ho Chi Minh City, the Corporation's charter capital is VND 3,914,000,000,000. The charter capital was fully contributed by the shareholders as at 31 December 2017 as follows:

Shareholders	<u>According to the latest Business Registration</u>		<u>Contributed capital Closing balance</u>	<u>Contributed capital Opening balance</u>
	VND	%	VND	VND
Vietnam Oil and Gas Group	2,332,042,530,000	59.58	2,332,042,530,000	2,332,042,530,000
Others	1,581,957,470,000	40.42	1,581,957,470,000	1,581,957,470,000
	3,914,000,000,000	100%	3,914,000,000,000	3,914,000,000,000

Dividends

In accordance with Resolution No. 32/NQ-DHĐCĐ dated 20 April 2017 of the Board of Management of the Corporation, shareholders approved the plan for making reserves, distributing profit and dividends from 2017 after-tax profit, accordingly, the total dividends for 2017 are estimated at VND 782,668,520,000, equivalent to 20% par value. The officially declared dividends to shareholders will be approved in the 2018 Annual General Meeting of Shareholders. The Corporation declares the interim dividends from the 2017 after-tax profit amounting to VND 391,334,260,000 (equivalent to VND 1,000 per share) which has been presented in its financial statement of 2017.

25. OFF-BALANCE SHEET ITEMS

	<u>Closing balance</u>	<u>Opening balance</u>
Foreign currencies		
- USD	19,974	94,619
- EUR	32,549	32,560

26. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Corporation's principal activities are manufacturing and trade of fertilizers used in agriculture. Accordingly, the financial information presented in the balance sheet as at 31 December 2017 and all revenue and expenses presented in the income statement for the year ended 31 December 2017 relate to manufacture and trade of fertilizers only. Revenue and cost of sales for each type of goods item and business activity are presented in Note 27 and Note 28.

The Corporation distributes fertilizer, chemicals, packages, and provides related services nationwide via its subsidiaries in each region, including the North, Central Region - Central Highlands, Southeast, Southwest and Ho Chi Minh City. During the year, the Corporation exported products with the revenue of approximately VND 24 billion, accounting for negligible proportion of gross revenue from goods sold and services rendered of the Corporation. Thus, most of the production and business activities of the Corporation during the year were carried out inside the territory of Vietnam.

27. REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	Current year	Prior year
	VND	VND
Sales of Urea	5,043,684,903,400	4,705,192,744,243
Sales of Ammonia	166,905,812,347	236,756,051,893
Sales of electricity	1,712,480,969	1,525,152,007
Sales of UFC 85	92,365,700,381	40,761,398,018
Others	2,161,183,651,989	1,891,084,119,596
Gross revenue from goods sold and services rendered	7,465,852,549,086	6,875,319,465,757
Deduction		
Sales discounts	155,300,777,412	99,855,371,522
Sale returns	2,370,966,000	-
	157,671,743,412	99,855,371,522
Sales in the year to related parties (presented in Note 36)	6,799,214,111,490	6,481,629,066,203

28. COST OF SALES

	Current year	Prior year
	VND	VND
Cost of sold Urea	3,234,955,869,560	2,792,758,065,085
Cost of sold Ammonia	129,258,148,078	119,350,317,000
Cost of sold electricity	2,642,794,187	1,824,813,783
Cost of sold UFC 85	77,197,839,781	42,691,126,664
Others	2,008,473,912,649	1,779,555,434,741
	5,452,528,564,255	4,736,179,757,273

29. PRODUCTION COST BY NATURE

	Current year	Prior year
	VND	VND
Raw materials and consumables	2,588,893,223,201	1,982,632,136,031
Labour	448,330,026,839	465,516,296,707
Depreciation and amortisation	174,098,510,485	222,894,816,009
Out-sourced services	910,627,827,345	922,605,860,621
Other expenses	510,221,281,330	414,182,426,663
	4,632,170,869,200	4,007,831,536,031

30. FINANCIAL INCOME

	Current year	Prior year
	VND	VND
Interest income	145,125,493,235	210,719,496,055
Dividends and profits received	45,447,010,000	62,414,040,000
Foreign exchange gain	3,587,659,475	1,427,888,436
Gain arising on the transfer of shares of PetroVietnam Southern Building and Development JSC	-	4,733,294,000
Others	-	4,126,884,070
	194,160,162,710	283,421,602,561

31. FINANCIAL EXPENSES

	Current year	Prior year
	VND	VND
Provision for impairment of long-term investments	(590,696,214)	2,638,361,279
Interest	-	4,473,655,664
Foreign exchange loss	1,739,591,792	1,644,393,420
Others	-	-
	1,148,895,578	8,756,410,363

32. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>VND</u>
Selling expenses for the year		
Salary and other benefits for sales staff	40,357,284,261	34,424,865,245
Transportation, loading, uploading and storages	304,804,343,386	256,743,986,023
Social security expenses	58,590,160,000	58,858,341,500
Advertising - media expenses	174,257,050,831	179,294,780,379
Others	85,876,499,607	65,496,172,370
	663,885,338,085	594,818,145,517
General and administration expenses for the year		
Administrative personnel costs	181,435,177,731	105,838,765,514
Administration fee paid to the Group	26,603,937,412	27,169,136,540
Depreciation and amortisation	84,295,816,812	84,266,457,299
Others	259,525,513,079	194,469,876,805
	551,860,445,034	411,744,236,158

33. CURRENT CORPORATE INCOME TAX EXPENSE

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>VND</u>
Corporate income tax expense based on taxable income in the current year	127,814,613,285	236,272,493,924
Total current corporate income tax expense	127,814,613,285	236,272,493,924

For production and trading of fertilizers: the Corporation is obliged to pay corporate income tax at the rate of 15% of its taxable profit.

For other business activities, the Corporation is obliged to pay corporate income tax at the rate of 20% of its taxable profit.

34. COMMITMENTS

Operating lease commitments

At the balance sheet date, the payment schedule of the Corporation's operating lease commitments was as follows:

	<u>Current year</u> <u>VND</u>	<u>Prior year</u> <u>VND</u>
Within one year	15,104,544,383	15,141,197,811
In the second to fifth years inclusive	60,418,177,534	60,564,791,245
After five years	388,041,952,557	405,027,041,450
	463,564,674,474	480,733,030,506

On 03 September 2005, the Corporation was handed over with Land-subleasing contract No. 178/HD/TLD/UDEC.2001 dated 01 June 2001 signed between the Project Management Unit (PMU) of Phu My Fertilizer Plant and Ba Ria-Vung Tau Urban Development and Construction Company for the long-term lease of land and infrastructure in Phu My I Industrial Zone, Tan Thanh district, Ba Ria - Vung Tau province. The contract is valid for 17 years from 03 September 2004. According to the Appendix No.135/PLHD/IZICO signed on 7 November 2013, from 2014 onwards, the Corporation has to pay the annual rental fee of USD 666,524 on 15 February each year.

Capital commitments

Under Decision No. 115/QD-PHBC dated 08 April 2014, the Corporation's Board of Management approved the project on investment and construction to enhance productivity of NH₃ workshop of Phu My Fertilizer Plant and construction of NPK Fertilizer Production Plant by applying chemical technology, supplying and meeting domestic demand for NH₃ and NPK fertilizer consumption with total investment cost of VND 4,987,200,000,000. The project is expected to be completed in early 2018. As at 31 December 2017, the costs of the project amounted to VND 2,764,634,975,818.

Other commitment

Under the Appendix No. 06 dated 04 April 2016 to Gas Sales and Purchase Agreement No. 82/2010/PVGas-KTTT/TM-PVFCCo/B1 dated 07 May 2010, from 01 January 2016 to 31 December 2019, the gas price is calculated using the formula to calculate the gas price traded at a gas delivery place as follows: VAT exclusive gas price USD/MMBTU = 46% * MFOC average oil price + Cuu Long Basin charges applied to Phu My Fertilizer Plant. The estimated price applied for 2017 is 0.96 USD/MMBTU which will be finalized according to the approval by competent authorities.

35. CONTINGENT LIABILITIES

As at 31 December 2017, the Corporation had reciprocal guarantee commitments with Vietnam Oil and Gas Group ("PVN") relating to the guarantee obligations of PVN for short and medium-term loans of PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX") - the Corporation's associate. Accordingly, the Corporation was committed to pay to PVN the principals, interest, other relating expenses and incurring financial losses which PVN had paid to the banks corresponding to the Corporation's capital contribution in PVTEX. The repayment will be implemented within 45 days starting from the date when PVN sends the official letter requiring the Corporation to make the mentioned payment.

Up to 31 December 2017, the Corporation has paid PVN an amount of more than VND 107.8 billion relating to the guarantee commitment obligation, this amount was recorded as receivables from PVTEX as presented at Note 8.

As at 31 December 2017, the loans and interest are secured by all the assets of project "Dinh Vu Textile Fiber Plant" and the guarantee obligations of PVN and the Corporation (as presented above) with the total amount of collaterals is about VND 5,400 billion.

According to Official Letter No. 9792/CV-KHDN dated 31 December 2014 issued by Joint Stock Commercial Bank for Investment and Development of Vietnam on restructuring the loans for the construction of Dinh Vu Textile Fiber Plant: the coming date for principal and interest payment is 21 June 2018 and 21 December 2018 with the total amount of VND 625.5 billion. As at 31 December 2017, the Corporation has the contingent liability of VND 169.6 billion corresponding to the Corporation's capital proportion in PVTEX. The contingent liability in the upcoming years is uncertain and dependent on the plan on handling of PVTEX's outstanding problems, restart of the plant and PVTEX's sources of funds to cover its debts as approved by competent authority

36. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

Parent Company - Vietnam Oil and Gas Group
 Subsidiaries, associates
 Companies under Vietnam Oil and Gas Group

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

	<u>Current year</u> VND	<u>Prior year</u> VND
Vietnam Oil and Gas Group (PetroVietnam)		
Dividends	466,408,506,000	1,399,225,518,000
Management fee	26,603,937,412	27,169,136,540
	493,012,443,412	1,426,394,654,540
Sales		
PetroVietnam Ca Mau Fertilizer Joint Stock Company	-	4,823,947,252
SouthWest PetroVietnam Fertilizer and Chemicals JSC	1,781,052,729,088	1,831,724,020,157
Central PetroVietnam Fertilizer and Chemicals JSC	1,824,547,911,585	1,743,376,823,743
Northern PetroVietnam Fertilizer and Chemicals JSC	1,184,419,001,769	1,145,697,060,009
SouthEast PetroVietnam Fertilizer and Chemicals JSC	1,986,987,254,866	1,753,592,215,042
PetroVietnam Gas Joint Stock Corporation - Ca Mau Branch	22,207,214,182	2,415,000,000
Dam Phu My Packaging Joint Stock Company	-	-
	6,799,214,111,490	6,481,629,066,203
Purchases		
PetroVietnam Gas Joint Stock Corporation	2,081,523,052,776	1,656,848,014,531
PVI Holdings	35,800,891,548	55,752,013,524
Dam Phu My Packaging Joint Stock Company	197,659,853,120	133,215,269,790
PetroVietnam Technical Services Corporation (PTSC)	649,768,643,872	482,940,296,741
Central PetroVietnam Fertilizer and Chemicals JSC	28,172,651,704	35,048,847,296
Northern PetroVietnam Fertilizer and Chemicals JSC	21,847,213,809	22,776,313,111
PetroVietnam Transportation Corporation JSC	14,909,695,583	14,829,544,035
SouthWest PetroVietnam Fertilizer and Chemicals JSC	15,978,253,136	21,893,919,008
SouthEast PetroVietnam Fertilizer and Chemicals JSC	17,303,828,772	87,590,507,878
Vietnam Petroleum Institute	2,099,789,784	1,450,756,751
PetroVietnam Urban Development Joint Stock Company	4,166,030,879	3,305,607,775
PetroVietnam General Services Joint Stock Corporation (Petrosetco)	504,975,444	4,415,971,627
PTSC Phu My Port	-	-
PetroVietnam Security Service JSC	1,605,863,489	-
Petrovietnam Maintenance and Repair Corporation (PVMR)	50,184,553,769	2,050,272,850
PetroVietnam Technical Safety Registration Company Limited	1,179,023,043	-
PetroVietnam Oil Corporation	1,280,000,000	3,302,940,188
	3,123,984,320,728	2,525,420,275,105

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PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC
NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

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

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Trade receivables		
SouthEast PetroVietnam Fertilizer and Chemicals JSC	2,225,329,789	22,438,105,610
Central PetroVietnam Fertilizer and Chemicals JSC	-	3,072,220,849
SouthWest PetroVietnam Fertilizer and Chemicals JSC	39,380,370,700	28,207,047,068
Northern PetroVietnam Fertilizer and Chemicals JSC	-	6,586,324,931
PetroVietnam Gas Ca Mau Company	-	2,415,000,000
Drilling Mud Joint Stock Corporation (DMC)	-	1,049,558,400
PetroVietnam Petrochemical and Textile Fiber JSC	195,253,105	195,253,105
	41,800,953,594	63,963,509,963
Advances to suppliers		
PetroVietnam Technical Services Corporation (PTSC)	22,013,374,648	174,033,876,612
PetroVietnam Urban Development Joint Stock Company	4,860,607,417	5,118,217,417
Petrovietnam Maintenance and Repair Corporation (PVMR)	3,049,148,944	4,142,670,713
PetroVietnam Manpower Training College (PVMTC)	680,819,747	1,046,625,214
Dam Phu My Packaging Joint Stock Company	36,408,000	619,920,000
PetroVietnam Securities Incorporated - Ho Chi Minh City Branch	106,733,270	106,733,270
	30,747,092,026	185,068,043,226
Other short-term receivables		
PetroVietnam Trade Union Finance Investment Corporation	110,143,267,289	110,143,267,289
PetroVietnam Petrochemical and Textile Fiber JSC	114,384,102,264	110,568,051,564
PetroVietnam Northern Gas Joint Stock Company	-	12,792,091,037
Northern PetroVietnam Fertilizer and Chemicals JSC	-	1,147,503,234
Central PetroVietnam Fertilizer and Chemicals JSC	2,439,360	855,000,000
Vietnam Public Joint Stock Commercial Bank- Ho Chi Minh Branch	-	402,294,445
	224,529,808,913	235,908,207,569
Trade payables		
PetroVietnam Gas Joint Stock Corporation	-	212,363,643,743
PetroVietnam Technical Services Corporation (PTSC)	69,281,839,652	127,330,385,794
Central PetroVietnam Fertilizer and Chemicals JSC	8,695,486,065	2,572,273,457
Northern PetroVietnam Fertilizer and Chemicals JSC	3,706,484,261	3,484,092,883
Dam Phu My Packaging Joint Stock Company	7,411,843,780	1,104,636,500
PetroVietnam Urban Development Joint Stock Company	4,271,216,900	3,980,477,953
PetroVietnam Security Service Joint Stock Company	584,917,165	551,299,619
PVI Insurance Hochiminh City	952,700,823	205,113,462
Petrovietnam Maintenance and Repair Corporation (PVMR)	2,580,913,665	3,491,424,829
Vietnam Petroleum Institute	182,538,616	641,322,046
SouthEast PetroVietnam Fertilizer and Chemicals JSC	5,609,524,680	3,093,438,463
SouthWest PetroVietnam Fertilizer and Chemicals JSC	5,841,623,689	4,925,722,234
	109,119,089,296	363,743,830,983

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PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC
NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Advances from customers		
SouthWest PetroVietnam Fertilizer and Chemicals JSC	-	4,450,000,000
Central PetroVietnam Fertilizer and Chemicals JSC	4,549,487,250	4,328,548,064
Northern PetroVietnam Fertilizer and Chemicals JSC	12,779,211,913	2,456,379,664
SouthEast PetroVietnam Fertilizer and Chemicals JSC	6,636,153,000	14,173,291,208
	<u>23,964,852,163</u>	<u>25,408,218,936</u>
Accruals		
PetroVietnam Gas Joint Stock Corporation	44,570,336,403	-
Loans and obligations under finance leases		
Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh Branch	629,383,072,193	-
	<u>629,383,072,193</u>	-
Other payables		
Vietnam Oil and Gas Group - Dividend payables	233,204,253,000	-
	<u>233,204,253,000</u>	-

Handwritten signature of Hoang Thi Lan Anh



Hoang Thi Lan Anh
Preparer

Vo Ngoc Phuong
Chief Accountant

Doan Van Nhuom
General Director

21 March 2018





**PETROVIETNAM FERTILIZER AND CHEMICALS
CORPORATION - JSC**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2017

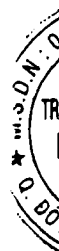
PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC

43 Mac Dinh Chi Street, Da Kao Ward, District 1

Ho Chi Minh City, S.R. Vietnam

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PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC

43 Mac Dinh Chi Street, Da Kao Ward, District 1

Ho Chi Minh City, S.R. Vietnam

STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of PetroVietnam Fertilizer and Chemicals Corporation - JSC (the "Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31 December 2017.

THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS

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

Board of Management

Mr. Le Cu Tan	Chairperson
Ms. Nguyen Thi Hien	Vice Chairperson
Mr. Doan Van Nhuom	Member
Mr. Nguyen Hong Vinh	Member
Mr. Louis T. Nguyen	Member

Board of General Directors

Mr. Doan Van Nhuom	General Director
Ms. Tran Thi Phuong Thao	Deputy General Director
Mr. Tu Cuong	Deputy General Director
Mr. Hoang Viet Dung	Deputy General Director
Mr. Le Van Quoc Viet	Deputy General Director
	Deputy General Director (retired from 1 February 2018)
Mr. Nguyen Van Tong	Deputy General Director
Mr. Duong Tri Hoi	Deputy General Director
Ms. Le Thi Thu Huong	Deputy General Director
Mr. Vo Ngoc Phuong	Chief Accountant

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of General Directors of the Corporation is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Corporation as at 31 December 2017, and its consolidated financial performance and its 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 Board of General Directors is required to:

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

PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC

43 Mac Dinh Chi Street, Da Kao Ward, District 1

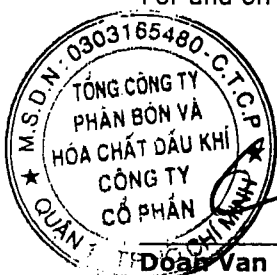
Ho Chi Minh City, S.R. Vietnam

STATEMENT OF THE BOARD OF GENERAL DIRECTORS (Continued)

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

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

For and on behalf of the Board of General Directors,



Doan Van Nhuom
General Director

21 March 2018

Ho Chi Minh City, S.R. Vietnam

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders
The Boards of Management and General Directors
PetroVietnam Fertilizer and Chemicals Corporation - JSC**

We have audited the accompanying consolidated financial statements of PetroVietnam Fertilizer and Chemicals Corporation - JSC (the "Corporation") prepared on 21 March 2018, as set out from page 4 to page 41, which comprise the consolidated balance sheet as at 31 December 2017, the consolidated statement of income, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management 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 management 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

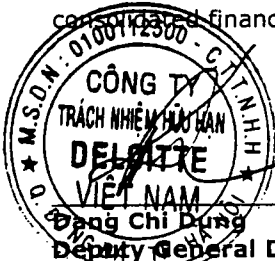
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 Corporation'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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 Corporation as at 31 December 2017, and its consolidated financial performance and its 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 reportings.



Đặng Chí Dũng
Deputy General Director

Audit Practising Registration Certificate
No. 0030-2013-001-1


Vu Manh Hung
Auditor

Audit Practising Registration Certificate
No. 2737-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

21 March 2018

Hanoi, S.R. Vietnam

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CONSOLIDATED BALANCE SHEET

As at 31 December 2017

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		5,017,087,993,696	5,815,897,194,459
I. Cash and cash equivalents	110	4	2,361,887,855,663	4,098,557,036,080
1. Cash	111		183,292,026,309	212,637,546,024
2. Cash equivalents	112		2,178,595,829,354	3,885,919,490,056
II. Short-term financial investments	120	5	895,000,000,000	55,000,000,000
1. Held-to-maturity investments	123		895,000,000,000	55,000,000,000
III. Short-term receivables	130		256,516,457,348	512,570,440,907
1. Short-term trade receivables	131	6	143,208,711,158	113,770,688,184
2. Short-term advances to suppliers	132	7	94,031,112,122	357,298,450,604
3. Other short-term receivables	136	8	252,794,480,796	263,116,484,099
4. Provision for short-term doubtful debts	137	9	(233,517,846,728)	(221,663,412,363)
5. Deficits in assets awaiting solution	139		-	48,230,383
IV. Inventories	140	10	1,222,968,204,548	923,155,439,979
1. Inventories	141		1,223,013,757,447	924,827,026,054
2. Provision for devaluation of inventories	149		(45,552,899)	(1,671,586,075)
V. Other short-term assets	150		280,715,476,137	226,614,277,493
1. Short-term prepayments	151	11	17,312,413,639	42,509,732,890
2. Value added tax deductibles	152		256,305,454,281	176,620,686,597
3. Taxes and other receivables from the State budget	153	19	7,097,608,217	7,483,858,006



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

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2017

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
B. NON-CURRENT ASSETS	200		5,247,016,579,792	3,752,732,326,026
I. Long-term receivables	210		2,041,734,000	2,067,606,000
1. Other long-term receivables	216	8	2,041,734,000	2,067,606,000
II. Fixed assets	220		1,834,693,985,228	1,910,477,137,280
1. Tangible fixed assets	221	12	938,879,341,269	1,065,244,359,016
- Cost	222		7,638,038,829,329	7,621,745,716,384
- Accumulated depreciation	223		(6,699,159,488,060)	(6,556,501,357,368)
2. Intangible assets	227	13	895,814,643,959	845,232,778,264
- Cost	228		1,166,854,986,839	1,102,728,784,250
- Accumulated amortisation	229		(271,040,342,880)	(257,496,005,986)
III. Investment properties	230	14	260,945,826,865	281,624,932,537
- Cost	231		334,556,867,544	346,037,256,544
- Accumulated depreciation	232		(73,611,040,679)	(64,412,324,007)
IV. Long-term assets in progress	240		2,861,604,550,893	1,350,127,867,489
1. Construction in progress	242	15	2,861,604,550,893	1,350,127,867,489
V. Long-term financial investments	250	5	46,684,613,638	45,353,584,368
1. Investments in joint-ventures, associates	252		28,566,148,989	27,825,815,933
2. Equity investments in other entities	253		20,502,000,000	20,502,000,000
3. Provision for impairment of long-term financial investments	254		(2,383,535,351)	(2,974,231,565)
VI. Other long-term assets	260		241,045,869,168	163,081,198,352
1. Long-term prepayments	261	11	30,549,534,439	29,294,044,224
2. Deferred tax assets	262	16	79,984,319,926	83,066,757,320
3. Long-term reserved spare parts	263	10	117,719,923,766	50,720,396,808
4. Other long-term assets	268		12,792,091,037	-
TOTAL ASSETS (270=100 + 200)	270		10,264,104,573,488	9,568,629,520,485

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

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2017

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		2,220,879,729,293	1,339,645,449,703
I. Current liabilities	310		1,417,572,897,676	1,159,284,251,429
1. Short-term trade payables	311	17	297,706,572,390	475,420,239,620
2. Short-term advances from customers	312	18	138,300,964,371	42,391,537,087
3. Taxes and amounts payable to the State budget	313	19	15,981,781,948	22,663,336,608
4. Payables to employees	314		105,980,504,396	89,519,496,693
5. Short-term accrued expenses	315	20	178,366,248,271	93,066,847,570
6. Other current payables	319	21	445,556,275,527	77,540,129,961
7. Short-term provisions	321	22	199,470,502,806	312,335,214,817
8. Bonus and welfare funds	322		36,210,047,967	46,347,449,073
II. Long-term liabilities	330		803,306,831,617	180,361,198,274
1. Long-term unearned revenue	336		839,401,318	1,510,922,362
2. Other long-term payables	337	21	960,870,000	960,870,000
3. Long-term loans and obligations under finance leases	338	23	629,383,072,193	-
4. Deferred tax liabilities	341	16	132,540,000,000	132,540,000,000
5. Scientific and technological development fund	343		39,583,488,106	45,349,405,912
D. EQUITY	400		8,043,224,844,195	8,228,984,070,782
I. Owner's equity	410	24	8,043,224,844,195	8,228,984,070,782
1. Owner's contributed capital	411		3,914,000,000,000	3,914,000,000,000
- Ordinary shares carrying voting rights	411a		3,914,000,000,000	3,914,000,000,000
2. Share premium	412		21,179,913,858	21,179,913,858
3. Treasury shares	415		(2,296,824,120)	(2,296,824,120)
4. Investment and development fund	418		3,497,039,984,857	3,497,039,984,857
5. Retained earnings	421		442,169,277,324	625,289,673,315
- Retained earnings accumulated to the prior year end	421a		233,937,947,570	447,473,885,864
- Retained earnings of the current year	421b		208,231,329,754	177,815,787,451
6. Non-controlling interests	429		171,132,492,276	173,771,322,872
TOTAL RESOURCES (440=300+400)	440		10,264,104,573,488	9,568,629,520,485

Tran Xuan Thao
Preparer

Vo Ngoc Phuong
Chief Accountant

Doan Van Nhuom
General Director

21 March 2018

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01		8,101,852,559,310	8,013,045,841,689
2. Deductions	02		106,023,465,391	88,258,717,964
3. Net revenue from goods sold and services rendered (10=01-02)	10	27	7,995,829,093,919	7,924,787,123,725
4. Cost of sales	11	27	5,884,432,561,847	5,528,945,830,113
5. Gross profit from goods sold and services rendered (20=10-11)	20		2,111,396,532,072	2,395,841,293,612
6. Financial income	21	29	164,595,463,841	234,042,714,790
7. Financial expenses	22	30	1,379,308,284	13,686,412,637
- In which: Interest expense	23		186,427,398	4,473,655,670
8. Share of profits of associates	24	5	3,834,843,056	3,849,188,452
9. Selling expenses	25	31	802,514,524,567	735,465,012,634
10. General and administration expenses	26	31	638,677,975,533	499,365,924,703
11. Operating profit (30=20+(21-22)+24-(25+26))	30		837,255,030,585	1,385,215,846,880
12. Other income	31		17,312,125,756	11,186,505,268
13. Other expenses	32		1,702,710,637	3,327,436,657
14. Profit from other activities (40=31-32)	40		15,609,415,119	7,859,068,611
15. Accounting profit before tax (50=30+40)	50		852,864,445,704	1,393,074,915,491
16. Current corporate income tax expense	51	32	141,942,071,760	260,806,442,949
17. Deferred corporate tax expense/(income)	52	16	3,082,437,394	(32,506,272,281)
18. Net profit after corporate income tax (60=50-51-52)	60		707,839,936,550	1,164,774,744,823
18.1. Profit after tax attributable to the Holding Company	61		694,455,793,862	1,140,934,981,419
18.2. Profit after tax attributable to non-controlling interests	62		13,384,142,688	23,839,763,404
19. Basic earnings per share	70	33	1,532	2,452

Tran Xuan Thao
Preparer

Vo Ngoc Phuong
Chief Accountant

Doan Van Nhuom
General Director

21 March 2018

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	852,864,445,704	1,393,074,915,491
2. Adjustments for:			
Depreciation and amortisation of fixed assets and investment properties	02	191,416,391,928	242,263,838,182
Provisions	03	161,178,465,999	216,838,943,170
Foreign exchange loss/(gain) arising from translating foreign currency items	04	534,131,424	(25,224,684)
Gain from investing activities	05	(173,126,134,697)	(228,142,043,039)
Interest expense	06	186,427,398	4,473,655,670
3. Operating profit before movements in working capital	08	1,033,053,727,756	1,628,484,084,790
Increase, decrease in receivables	09	(124,204,301,195)	451,316,815,164
Increase, decrease in inventories	10	(365,186,258,351)	393,812,636,054
Increase, decrease in payables (excluding accrued loan interest and corporate income tax payable)	11	(217,852,377,459)	(27,710,216,020)
Increase, decrease in prepaid expenses	12	26,658,151,088	(32,767,930,905)
Interest paid	14	(186,427,398)	(4,473,655,670)
Corporate income tax paid	15	(150,238,245,425)	(318,332,007,665)
Other cash inflows	16	-	17,851,484,482
Other cash outflows	17	(121,068,044,243)	(272,537,201,070)
Net cash generated by operating activities	20	80,976,224,773	1,835,644,009,160
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(1,392,102,797,275)	(1,288,584,447,183)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	24,314,881,455	-
3. Cash outflow for lending, buying debt instruments of other entities	23	(1,310,000,000,000)	(150,000,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	470,000,000,000	175,000,000,000
5. Cash recovered from investments in other entities	26	-	30,222,223,701
6. Interest earned, dividends and profits received	27	159,662,046,661	231,012,135,796
Net cash used in investing activities	30	(2,048,125,869,159)	(1,002,350,087,686)

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

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Current year	Prior year
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue	31	-	114,000,000,000
2. Proceeds from borrowings	33	759,439,088,937	5,780,162,536
3. Repayment of borrowings	34	(130,600,000,000)	(232,730,241,203)
4. Dividends and profits paid	36	(398,368,476,800)	(2,311,860,298,200)
Net cash generated by/(used in) financing activities	40	230,470,612,137	(2,424,810,376,867)
Net (decrease) in cash (50=20+30+40)	50	(1,736,679,032,249)	(1,591,516,455,393)
Cash and cash equivalents at the beginning of the year	60	4,098,557,036,080	5,690,048,266,789
Effects of changes in foreign exchange rates	61	9,851,832	25,224,684
Cash and cash equivalents at the end of the year (70=50+60+61)	70	2,361,887,855,663	4,098,557,036,080


Tran Xuan Thao
 Preparer


Vo Ngoc Phuong
 Chief Accountant


Doan Van Nhuom
 General Director



21 March 2018

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

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 Fertilizer and Chemicals Corporation - JSC (hereinafter referred to as the "Corporation"), formerly known as PetroVietnam Fertilizer and Chemicals Joint Stock Company, was established under Business Registration Certificate No. 4103007696 dated 31 August 2007 and the 13th amendment on 10 March 2016, issued by the Department of Planning and Investment of Ho Chi Minh City. On 01 September 2008, the Corporation officially transformed its operation into parent-subsidary model in accordance with Resolution No. 01/ND-DHDCD passed at the Shareholders' General Meeting. Accordingly, the Holding Company - PetroVietnam Fertilizer and Chemicals Corporation - JSC was established from functional departments of PetroVietnam Fertilizer and Chemicals Joint Stock Company, project management units and Phu My Fertilizer Plant. The Corporation's shares are listed on Ho Chi Minh City Stock Exchange from 05 November 2007 with the stock symbol "DPM".

The parent company of the Corporation is Vietnam Oil and Gas Group which holds 59.58% of its charter capital as at 31 December 2017.

Operating industries and principal activities

The business activities of the Corporation include:

- Production and trade of fertilizer, liquid ammonia, industrial gas, other chemicals;
- Provision of technical services relating to production and trade of fertilizer and other related chemicals (excluding heavily toxic chemicals);
- Relevant technical architecture consultancy and activities;
- Production, transmission and distribution of electricity;
- Trade of real estates, land use rights in all kinds;
- Sales of agriculture and forestry products (excluding wood, bamboo) and living animals;
- Goods transport services by road and by inbound waterway, processing of oil and gas-related products and minerals;
- Vocational training;
- Supporting services for waterway transportation; loading and unloading goods;
- Act as maritime and shipping agency and goods storage.

The principal activities of the Corporation are production and trade of fertilizers used in agriculture.

Normal production and business cycle

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

The Corporation's structure

As at 31 December 2017, the Corporation had 04 subsidiaries, 03 associates, 01 branch, 01 plant and 01 Project Management Unit as follows:

- Phu My Fertilizer Plant
- Ho Chi Minh City Branch
- Fertilizer and Chemical Projects Management Unit

The general information about subsidiaries and associates of the Corporation are as follows:

	Place of incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activity	Relationship
Central PetroVietnam Fertilizer and Chemicals JSC	Binh Dinh Province	75	75	Trading of fertilizer and chemicals	Subsidiary
SouthWest PetroVietnam Fertilizer and Chemicals JSC	Can Tho City	75	75	Trading of fertilizer and chemicals	Subsidiary
SouthEast PetroVietnam Fertilizer and Chemicals JSC	Ho Chi Minh City	75	75	Trading of fertilizer and chemicals	Subsidiary
Northern PetroVietnam Fertilizer and Chemicals JSC	Hanoi City	75	75	Trading of fertilizer and chemicals	Subsidiary
Dam Phu My Packaging JSC	Ba Ria - Vung Tau Province	43.34	43.34	Production of packages	Associate
PetroVietnam Urban Development JSC	Can Tho City	35.63	35.63	Construction and installation of civil and industrial works and services provision	Associate
PetroVietnam Petrochemical and Textile Fiber JSC	Hai Phong City	25.99	25.99	Production and sale of polyester fibers	Associate

Disclosure of information comparability in the consolidated financial statements

Comparative figures are the Corporation's figures of the audited consolidated financial statements for the year ended 31 December 2016.

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 financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial year

The Corporation'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 Corporation in the preparation of these consolidated financial statements, are as follows:

Accounting estimates

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and enterprises controlled by the Corporation (its subsidiaries) up to 31 December 2017. This control is achieved where the Corporation 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 subsidiaries 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 subsidiaries to bring the accounting policies used in line with those used by the Corporation.

All significant inter-company transactions and balances between the Corporation and its subsidiaries and among subsidiaries are eliminated 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 subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Investments in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Interests in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Corporation's share of the net assets of the associate. Losses of an associate in excess of the Corporation's interest in that associate (which includes any long-term interests that, in substance, form part of the Corporation's net investment in the associate) are not recognised.

Where a group entity transacts with an associate of the Corporation, unrealised profits and losses are eliminated to the extent of the Corporation's interest in the relevant associate.

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 Corporation has the positive intent or ability to hold to maturity, including term deposits in banks 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.

Held-to-maturity investments are measured at cost less provision for doubtful debts (if any).

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

Equity investments in other entities

Equity investments in other entities represent the Corporation's investments in ordinary shares of the entities over which the Corporation has no control, joint control or significant influence.

Equity investments in other entities are carried at cost less provision for impairment of such investments.

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. Issue cost is calculated using the weighted average method, except for issue cost of materials that is calculated using the FIFO 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.

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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 location for their intended use. The costs of tangible fixed assets formed from construction investment by contractual mode or self-construction or self-generating process are the settled costs of the invested construction projects in accordance with the prevailing State's regulations on investment and construction management, directly-related expenses and registration fee (if any).

In the event the construction project has been completed and put into use but the settled costs thereof have not been approved, the cost of tangible fixed assets is recognized at the estimated cost based on the actual cost incurred. The estimated cost will be adjusted according to the settled costs approved by competent authorities.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives, as follows:

	<u>Current year</u>
	<u>Years</u>
Buildings, structures	5 - 25
Machinery, equipment	3 - 6
Motor vehicles	6 - 10
Office equipment	3 - 8
Others	3

Repair and maintenance expenses of fixed assets at Phu My Fertilizer Plant which are incurred on a cyclical basis are permitted to be charged to operating expenses based on the estimated amount stated in the annual budget. If the actual expenses of repair and maintenance are higher than estimated, the amount over budget shall be charged to operating expenses. If the actual expenses of repair and maintenance are lower than estimated, the amount under budget shall be accounted for as a reduction of operating expenses of the year. Accrued repair and maintenance expenses are reported as long-term and short-term payable provisions.

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 amortization

Intangible assets represent land use rights, patent rights, computer software and other intangible assets which are stated at cost less accumulated amortization. Land use rights having a finite useful life are amortized using the straight-line method over the duration of the right to use the land, indefinite-term land use rights are not amortized. The patent rights and other intangible assets are amortized using the straight-line method over 6 years. The computer software is amortized using the straight-line method over 3 years.

Operating leases

Operating leases include office and land rentals. Payments under operating leases are charged to profit or loss on a straight-line basis over the lease term.

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 costs and related borrowing costs in accordance with the Corporation'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.

Investment properties

Investment properties are composed of land use rights, buildings and structures held by the Corporation to earn rentals or for capital appreciation. Investment properties held to earn rentals are stated at cost less accumulated depreciation while investment properties held for capital appreciation are stated at cost less impairment loss. The costs of purchased investment properties comprise their purchase prices and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs.

Investment properties, which are composed of land use rights and buildings and structures of Dong Tay Building at 27 Dinh Bo Linh Street, Ho Chi Minh City; Cuu Long Supermarket-Office Building in Ca Mau Province and PVFCCo Building at 43 Mac Dinh Chi Street, Ho Chi Minh City held by the Corporation to earn rentals, are stated at cost less accumulated depreciation.

Investment properties held to earn rentals are depreciated using the straight-line method over their estimated useful lives as follows:

	Current year
	Years
Land use rights	44 - 50
Buildings and structures	25

The Corporation does not depreciate investment properties which are indefinite-term land use rights.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods, including asset insurance premium, land rentals, office rentals and other types of long-term prepayments.

Prepaid land and office rentals are charged to the consolidated income statement on the straight-line basis over the rental term.

Other types of prepayments comprise of tools and supplies issued for consumption which are expected to provide future economic benefits to the Corporation are charged to the income

statement on the straight-line basis in accordance with the current prevailing accounting regulations.

Payable provisions

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

Scientific and technological development fund

Scientific and technological development fund are made in order to finance science and technology activities of the Corporation. This fund was formed on the basis of the Corporation's development demand for research and development and technology innovation and is recognized in the operation results of the year.

Revenue recognition

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

- (a) the Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Corporation 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 Corporation; 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 Corporation;
- (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.

Revenue from leasing investment properties is recognized in profit or loss on the straight-line basis over the lease term.

Financial income mainly comprises interest on demand and term deposits, and foreign exchange gains. Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate. Dividend income from investments is recognised when the Corporation's right to receive payment has been established.

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.

Under the guidance of Official Letter No. 4360/DKVN-TCKT dated 31 December 2015 and Official Letter No. 3124/DKVN-TCKT dated 13 May 2015 issued by Vietnam Oil and Gas Group, the Corporation applied the buying rate announced by the Joint Stock Commercial Bank for Foreign Trade of Vietnam to translate monetary items denominated in foreign currencies as at 31 December 2017. The above mentioned rate differs from that stated in Circular No. 200/2014/TT-BTC issued on 22 December 2014 by the Ministry of Finance guiding the accounting regime for enterprises. However, such difference has no material impact on the Corporation's consolidated financial statements for the year ended 31 December 2017.

Borrowing costs

Borrowing costs are recognised in the consolidated 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.

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 Corporation 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	2,224,218,432	1,798,603,950
Bank demand deposits	181,067,807,877	210,838,942,074
Cash equivalents (*)	2,178,595,829,354	3,885,919,490,056
	2,361,887,855,663	4,098,557,036,080

(*) Cash equivalents represent the time deposits with original terms from 01 to 3 months at commercial banks with the interest rates ranging from 4.3% to 5.5% per annum.

As at 31 December 2017, the Corporation's deposit with term under three months at Ocean Commercial One Member Limited Liability Bank (previously Ocean Commercial Joint Stock Bank) amounted to VND 284 billion. According to Official Letter No. 5351/2016/CV-OCEANBANK dated 04 October 2016, Ocean Commercial One Member Limited Liability Bank ensured the return of deposits held by its clients following the restructuring plan which has been submitted to the State Bank of Vietnam and the Government for approval. Interest earned on deposits at Ocean Commercial One Member Limited Liability Bank from 01 October 2015 to present have been received.

5. FINANCIAL INVESTMENTS

	Closing balance		Opening balance	
	VND	VND	VND	VND
	Cost	Carrying amount	Cost	Carrying amount
Short-term held-to-maturity investments				
Term deposits	895,000,000,000	895,000,000,000	55,000,000,000	55,000,000,000

Short-term held-to-maturity investments as at 31 December 2017 represent time deposits with original terms of more than 3 months and remaining terms of less than 12 months from the reporting date at commercial banks with interest rates ranging from 5.4% to 5.9% per annum.

PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

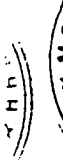
	Closing balance			Opening balance		
	VND Cost	VND Cost under equity method	VND Fair value	VND Cost	VND Cost under equity method	VND Fair value
Investments in associates	680,903,000,000	28,566,148,989	33,675,180,000	680,903,000,000	27,825,815,933	28,760,424,000
PetroVietnam Urban Development JSC	100,000,000,000	-	-	100,000,000,000	-	-
PetroVietnam Petrochemical and Textile Fiber JSC	562,700,000,000	-	-	562,700,000,000	-	-
Dam Phu My Packaging JSC	18,203,000,000	28,566,148,989	33,675,180,000	18,203,000,000	27,825,815,933	28,760,424,000
	Closing balance			Opening balance		
	VND Cost	VND Provision	VND Fair value	VND Cost	VND Provision	VND Fair value
Investments in other entities	20,502,000,000	(2,383,535,351)	-	20,502,000,000	(2,974,231,565)	-
Petroleum Information Technology Telecom and Automation JSC	3,600,000,000	-	-	3,600,000,000	-	-
Ut Xi Aquatic Products Processing JSC	16,902,000,000	(2,383,535,351)	-	16,902,000,000	(2,974,231,565)	-

As stipulated in Circular No. 200/2014/TT-BTC dated 22 December 2014, the fair value of the investments in associates and other entities as at 31 December 2017 should be presented. The Corporation has determined the fair value of investments in Dam Phu My Packaging JSC based on listed price of shares on the stock exchange and the number of shares currently held by the Corporation.

For the remaining investments, these companies have not had their shares listed on a stock exchange yet and the Corporation was unable to collect reliable information in order to determine their fair value. Accordingly, the fair value of such investments as at 31 December 2017 has not been determined and presented in the Notes to the consolidated financial statements as per Circular No. 200/2014/TT-BTC.

A summary of financial information of the Corporation's associates is as follows:

	Closing balance			Opening balance		
	VND	VND	VND	VND	VND	VND
	Total assets	Total liabilities	Net assets	Total assets	Total liabilities	Net assets
PetroVietnam Urban Development JSC	6,071,498,564,851	7,854,409,993,118	(1,782,911,428,267)	6,541,099,629,341	7,677,128,367,088	(1,136,028,737,747)
PetroVietnam Petrochemical and Textile Fiber JSC	272,456,860,641	361,626,431,865	(89,169,571,224)	380,240,974,739	397,510,379,219	(17,269,404,480)
Dam Phu My Packaging JSC	5,602,166,691,486	7,361,819,566,360	(1,759,652,874,874)	6,017,966,029,991	7,200,928,201,757	(1,182,962,171,766)
	196,875,012,724	130,963,994,893	65,911,017,831	142,892,624,611	78,689,786,112	64,202,838,499
	Current year			Prior year		
	VND	VND	VND	VND	VND	VND
	Net revenue	Net profit/(loss) after tax	Share of Profits from associates	Net revenue	Net profit/(loss) after tax	Share of Profits from associates
PetroVietnam Urban Development JSC	558,442,267,232	(637,443,036,021)	3,834,843,056	764,799,597,028	(671,045,364,366)	3,849,188,452
PetroVietnam Petrochemical and Textile Fiber JSC	161,048,001,525	(72,379,748,996)	-	252,917,005,060	(17,524,016,154)	-
Dam Phu My Packaging JSC	1,283,566,638	(576,963,703,109)	-	225,488,696,127	(663,837,351,121)	-
	396,110,699,069	11,900,416,084	3,834,843,056	286,393,895,841	10,316,002,909	3,849,188,452



6. SHORT-TERM TRADE RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Hung Thanh Company Limited	15,044,520,540	16,208,118,250
Hoang Long Company	14,072,036,008	12,727,862,214
Tuan Vu Fertilizer Commercial and Services Company	12,930,848,129	1,210,144,325
Kim Hoang Private Enterprise	12,787,537,500	-
Long Viet Fertilizer Joint Stock Company	11,044,024,560	14,320,735,000
F.A Joint Stock Company	8,818,526,294	14,309,065,598
Thuy Minh Khoa Limited Company	3,461,015,827	5,389,835,667
Nam Du Gia Lai Limited Company	2,064,182,380	11,322,847,500
Minh Dung Commercial and Services one-member Limited Company	-	5,632,908,601
Lam Son Overall Management Company	-	14,209,590,956
Related parties (as presented in Note 36)	4,235,526,434	3,886,961,512
Others	58,750,493,486	14,552,618,561
	143,208,711,158	113,770,688,184

7. SHORT-TERM ADVANCES TO SUPPLIERS

	Closing balance	Opening balance
	VND	VND
BCA Thang Long - Ho Chi Minh Branch	14,949,045,455	-
Ngoc Lan PT Co., Ltd.	9,153,800,000	9,153,800,000
Thyssenkrupp Industrial Solution (India) Private Limited	1,865,658,176	26,865,843,154
PSC Media Joint Stock Company	-	5,857,050,000
Technip Italy S.p.A	-	101,560,245,434
Related parties (as presented in Note 36)	30,874,695,956	185,333,087,516
Others	37,187,912,535	28,528,424,500
	94,031,112,122	357,298,450,604

8. OTHER RECEIVABLES

	Closing balance VND	Opening balance VND
Other short-term receivables		
PetroVietnam Trade Union Finance Investment Corporation (PVFI)	110,143,267,289	110,143,267,289
PetroVietnam Petrochemical and Textile Fiber JSC (i)	114,384,102,264	110,568,051,564
PetroVietnam Northern Gas JSC (ii)	-	12,792,091,037
Advances to employees	324,100,000	901,200,000
Profits receivable	2,340,000,000	-
Accrued interest income from term deposits	18,857,134,512	19,927,022,411
Short-term deposits	432,664,000	29,000,000
Others	6,313,212,731	8,755,851,798
	252,794,480,796	263,116,484,099
Other long-term receivables		
Long-term deposits	2,041,734,000	2,067,606,000
	2,041,734,000	2,067,606,000

- (i) The balance of the receivable from PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX") as at 31 December 2017 represents a payment under the reciprocal guarantee commitment for short- and medium-term loans of PVTEX. Payment obligations arose from the fact that Corporation signed two reciprocal guarantee commitments with PVN relating to the guarantee obligations of PVN for short- and medium-term loans of PVTEX.

According to the Memorandum between PVN, PVTEX and the Corporation, PVN shall be responsible for collecting the principal of and interest on the guarantees having paid by parties on behalf of PVTEX. Within 7 days from the day PVN receives debt payments from PVTEX (including both the principal and interest), PVN will return an amount which is calculated based on the Corporation's capital proportion in PVTEX to the Corporation. The interest rate is determined at the rate equal to demand deposit interest rate announced by the Joint Stock Commercial Bank for Foreign Trade of Vietnam. The interest calculation period starts from the day the Corporation pays the reciprocal guarantee amount to PVN.

As at 31 December 2017, the Board of General Directors assessed the recoverability of this receivable at low level as the accumulated losses of PVTEX had exceeded its equity, and PVTEX might be unable to meet its financial obligations as and when they fall due. Therefore, the Board of General Directors decided to make a full provision for the receivable from PVTEX arising in 2016 and earlier and the interest receivable in 2017 with the total amount of VND 114.3 billion. The remaining amount of such receivables arising in 2017 (VND 300 million) have not come due yet, for which the Corporation has not made provision.

9. BAD DEBTS

	Closing balance		Opening balance	
	Cost	VND Recoverable amount	Cost	VND Recoverable amount
Doubtful debts	233,876,422,658	358,575,930	230,610,781,549	8,947,369,186
PetroVietnam Trade Union Finance Investment Corporation (i)	110,143,267,289	-	110,143,267,289	-
Ngoc Lan Private Enterprise (ii)	9,153,800,000	-	9,153,800,000	-
PetroVietnam Petrochemical and Textile Fiber JSC	114,579,355,369	358,575,930	110,568,051,564	8,947,369,186
	107,786,937,303	-	107,786,937,303	6,166,254,925
- Receivables relating to reciprocal guar				
- Other receivables	6,792,418,066	358,575,930	2,781,114,261	2,781,114,261
Others	-	-	745,662,696	-

- (i) The Corporation made a full provision for the receivable amount from PetroVietnam Trade Union Finance Investment Corporation in the financial statements for the year ended 31 December 2012.
- (ii) The Corporation made a full provision for the receivable amount from Ngoc Lan Private Enterprise in the financial statements for the year ended 31 December 2011.
- (ii) The Corporation made a full provision for the receivables from PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX") arising in 2016 and earlier with regard to reciprocal guarantee commitments for medium-term and long-term loans of PVTEX and other receivables from PVTEX as stated in Note 8.

10. INVENTORIES

	Closing balance		Opening balance	
	VND Cost	VND Provision	VND Cost	VND Provision
Goods in transit	73,460,998,699	-	348,955,121,506	-
Raw materials	471,364,021,730	-	276,568,374,820	-
Tools and supplies	14,060,360,050	-	2,298,199,305	-
Long-term reserved spare parts	117,719,923,766	-	50,720,396,808	-
Work in progress	30,435,993,313	-	6,836,680,324	-
Finished goods	250,473,890,243	-	159,886,269,744	-
Merchandise	383,218,493,412	(45,552,899)	130,282,380,355	(1,671,586,075)
Total	1,340,733,681,213	(45,552,899)	975,547,422,862	(1,671,586,075)

As at 31 December 2017, the Corporation made provisions for devaluation of inventories which are merchandise having costs higher than their net realisable values with an amount of VND 45,552,899 (as at 31 December 2016: VND 1,671,586,075).

11. PREPAYMENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Short-term		
Asset insurance premium prepayment	3,511,210,664	10,165,908,050
Project management expense	-	15,549,281,691
Others	13,801,202,975	16,794,543,149
	<u>17,312,413,639</u>	<u>42,509,732,890</u>
Long-term		
Land and office rentals	7,429,198,425	8,143,806,809
Tools and supplies	7,753,525,623	9,517,339,780
Others	15,366,810,391	11,632,897,635
	<u>30,549,534,439</u>	<u>29,294,044,224</u>

12. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

COST	Buildings, structures VND	Machinery, equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Opening balance	1,962,438,021,389	5,404,061,420,788	82,485,288,288	163,940,790,214	8,820,195,705	7,621,745,716,384
New purchases	68,282,663	7,290,249,398	4,531,879,220	24,137,634,880	202,539,369	36,230,585,530
Transfer from construction completed	-	49,058,069,118	-	-	-	49,058,069,118
Disposals	(26,574,373,007)	(1,744,238,985)	(1,986,221,208)	(671,942,383)	-	(30,976,775,583)
Reclassification	(277,670,100,489)	277,528,009,579	-	142,090,910	-	-
Reclassify to tools and supplies, intangible assets	(38,018,766,120)	-	-	-	-	(38,018,766,120)
Closing balance	1,620,243,064,436	5,736,193,509,898	85,030,946,300	187,548,573,621	9,022,735,074	7,638,038,829,329
ACCUMULATED DEPRECIATION						
Opening balance	1,012,448,026,773	5,351,590,644,820	62,362,280,993	122,676,974,615	7,423,430,167	6,556,501,357,368
Charge for the year	106,527,184,801	30,499,626,434	5,987,383,226	27,531,585,102	719,913,003	171,265,692,566
Disposals	(20,712,650,681)	(1,744,238,985)	(1,986,221,208)	(671,942,383)	-	(25,115,053,257)
Reclassification	(31,218,192,715)	31,173,557,654	-	44,635,061	-	-
Reclassify to tools and supplies, intangible assets	(3,492,508,617)	-	-	-	-	(3,492,508,617)
Closing balance	1,063,551,859,561	5,411,519,589,923	66,363,443,011	149,581,252,395	8,143,343,170	6,699,159,488,060
NET BOOK VALUE						
Opening balance	949,989,994,616	52,470,775,968	20,123,007,295	41,263,815,599	1,396,765,538	1,065,244,359,016
Closing balance	556,691,204,875	324,673,919,975	18,667,503,289	37,967,321,226	879,391,904	938,879,341,269

The cost of the Corporation's tangible fixed assets as at 31 December 2017 includes VND 6,029,672,599,543 (31 December 2016: VND 5,967,171,274,527) of tangible assets which have been fully depreciated but are still in use.

13. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Patent copyright	Computer software	Others	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	864,754,631,862	174,122,075,927	53,845,478,429	10,006,598,032	1,102,728,784,250
Addition in the year	-	-	28,337,550,184	-	28,337,550,184
Reclassification from tangible assets	-	35,788,652,405	-	-	35,788,652,405
Closing balance	864,754,631,862	209,910,728,332	82,183,028,613	10,006,598,032	1,166,854,986,839
ACCUMULATED AMORTISATION					
Opening balance	26,390,579,107	172,061,402,681	49,104,959,937	9,939,064,261	257,496,005,986
Charge for the year	5,005,600,203	1,787,411,145	2,683,715,259	88,893,333	9,565,619,940
Reclassification from tangible assets	-	3,978,716,954	-	-	3,978,716,954
Closing balance	31,396,179,310	177,827,530,780	51,788,675,196	10,027,957,594	271,040,342,880
NET BOOK VALUE					
Opening balance	838,364,052,755	2,060,673,246	4,740,518,492	67,533,771	845,232,778,264
Closing balance	833,358,452,552	32,083,197,552	30,394,353,417	(21,359,562)	895,814,643,959

The cost of the Corporation's intangible assets as at 31 December 2017 includes VND 226,042,204,414 (31 December 2016: VND 226,124,754,414) of intangible assets which have been fully amortized but are still in use.

14. INCREASES, DECREASES IN INVESTMENT PROPERTIES

	Land use rights	Buildings and structures	Total
	VND	VND	VND
COST			
Opening balance	109,213,516,000	236,823,740,544	346,037,256,544
Disposals	(9,714,364,000)	(1,766,025,000)	(11,480,389,000)
Closing balance	99,499,152,000	235,057,715,544	334,556,867,544
ACCUMULATED DEPRECIATION			
Opening balance	8,429,030,460	55,983,293,547	64,412,324,007
Charge for the year	1,005,683,040	9,579,396,382	10,585,079,422
Disposals	-	(1,386,362,750)	(1,386,362,750)
Closing balance	9,434,713,500	64,176,327,179	73,611,040,679
NET BOOK VALUE			
Opening balance	100,784,485,540	180,840,446,997	281,624,932,537
Closing balance	90,064,438,500	170,881,388,365	260,945,826,865

Investment properties represent land use rights and buildings and structures of Dong Tay Building at 27 Dinh Bo Linh Street, Ho Chi Minh City; Cuu Long Supermarket-Office Building in Ca Mau Province and PVFCCo Building at 43 Mac Dinh Chi Street, Ho Chi Minh City held by the Corporation and its subsidiaries to earn rentals.

According to VAS No. 05 - *Investment Properties*, fair value of investment properties at the balance sheet date is required to be disclosed. However, the Corporation has not determined the fair value as at 31 December 2017; therefore, no information about the fair value of investment

properties as at 31 December 2017 is presented in the Notes to the consolidated financial statements.

15. CONSTRUCTION IN PROGRESS

	Closing balance	Số đầu năm
	VND	VND
Construction in progress	2,861,604,550,893	1,350,127,867,489
In which:		
<i>NH3 and NPK project (*)</i>	2,764,634,975,818	1,213,037,935,077
<i>Apartment buildings for employees</i>	36,342,070,618	36,342,070,618
<i>Tay Ninh warehouse</i>	24,127,540,909	24,001,000,364
<i>Ammonia project</i>	-	23,150,345,732
<i>UFC 85/Formaldehyde factory project (**)</i>	5,127,108,556	6,058,395,385
<i>Other projects</i>	31,372,854,992	47,538,120,313
	2,861,604,550,893	1,350,127,867,489

(*) The total value of NH3 and NPK project is pledged to secure the long-term loans from Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh City Branch (see details in Note 23).

(**) The UFC 85/Formaldehyde project were officially completed and put into operation according to the hand-over and completion minutes dated 11 May 2016. The Corporation has temporarily recorded the historical cost and the depreciation expense for the asset from 11 May 2016. Adjustments relating to the remaining project expenses will be made to the cost of assets upon the finalization of investment value (expected to be proceeded in Quarter I of 2018).

16. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets

	Provision for short-term doubtful debts	Accrued expenses not yet billed	Unearned revenue	Others	Total
	VND	VND	VND	VND	VND
As at 01/01/2016	22,356,550,123	29,147,149,705	4,881,935,685	7,820,831,670	64,206,467,183
Charge for the year	(8,129,654,590)	30,851,891,543	(4,284,594,768)	422,647,952	18,860,290,137
As at 01/01/2017	14,226,895,533	59,999,041,248	597,340,917	8,243,479,622	83,066,757,320
Charge for the year	(1,882,118,587)	(4,083,370,909)	3,325,890,007	(442,837,905)	(3,082,437,394)
As at 31/12/2017	12,344,776,946	55,915,670,339	3,923,230,924	7,800,641,717	79,984,319,926

Deferred tax liabilities

	Current year
	VND
Opening balance	132,540,000,000
Charge for the year	-
Closing balance	132,540,000,000

17. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	VND	VND	VND	VND
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
Uralkali Trading S.A	-	-	18,378,551,881	18,378,551,881
Baker Hughes Asia Pacific Ltd Co.	39,860,878,231	39,860,878,231	16,221,420,370	16,221,420,370
Related parties (see in Note 36)	87,384,321,472	87,384,321,472	353,920,549,549	353,920,549,549
Others	170,461,372,687	170,461,372,687	86,899,717,820	86,899,717,820
	297,706,572,390	297,706,572,390	475,420,239,620	475,420,239,620

18. SHORT-TERM ADVANCES FROM CUSTOMERS

	Closing balance	Opening balance
	VND	VND
Kim Hoang Private Enterprise	41,028,899,600	-
Tuan Vu Fertilizer Commercial Company	14,691,125,500	3,767,400,000
Hung Thanh Company Limited	11,569,140,000	1,361,400,000
Tran Thi Ngoan Private Enterprise	9,343,150,000	-
Huynh Chau Private Enterprise	6,618,499,680	4,000,000,000
Related parties (as presented in Note 36)	282,258,938	350,196,715
Others	54,767,890,653	32,912,540,372
	138,300,964,371	42,391,537,087

19. TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

Items	Opening balance	Movement during the year		Closing balance
		Increase	Decrease	
	VND	VND	VND	VND
Tax receivables				
Corporate income tax	3,152,818,774	828,478,524	-	3,981,297,298
Personal income tax	4,331,039,232	3,116,310,919	4,331,039,232	3,116,310,919
Total	7,483,858,006	3,944,789,443	4,331,039,232	7,097,608,217

Items	Opening balance	Movement during the year		Closing balance
		Amount payable	Amount paid	
	VND	VND	VND	VND
Tax payables				
VAT on domestic goods	2,062,262,939	15,435,036,404	13,947,396,808	3,549,902,535
VAT on imports	-	243,638,711,039	243,638,711,039	-
Import-export duties	-	41,389,736,522	41,389,736,522	-
Corporate income tax	18,935,392,871	142,141,819,741	150,238,245,425	10,838,967,187
Personal income tax	1,635,232,158	42,120,733,099	42,301,137,591	1,454,827,666
Natural resource tax	29,528,640	1,981,849,440	1,873,379,520	137,998,560
Environmental protection tax	920,000	55,390,450	56,224,450	86,000
License tax	-	24,500,000	24,500,000	-
Foreign contractor withholding tax	-	20,514,548,140	20,514,548,140	-
Other taxes	-	968,287,356	968,287,356	-
Total	22,663,336,608	508,270,612,191	514,952,166,851	15,981,781,948

20. SHORT-TERM ACCRUED EXPENSES

	<u>Closing balance</u> <u>VND</u>	<u>Opening balance</u> <u>VND</u>
Social security expense	28,740,169,867	18,477,320,867
Accruals for construction in progress	29,030,879,273	29,030,879,273
Accruals for repairing and maintenance costs for Phu My Fertilizer Factory	-	3,233,075,173
Accruals for gas expenses of December	44,570,336,403	-
Others	76,024,862,728	42,325,572,257
	<u>178,366,248,271</u>	<u>93,066,847,570</u>

21. OTHER PAYABLES

	<u>Closing balance</u> <u>VND</u>	<u>Opening balance</u> <u>VND</u>
Short-term payables		
Dividends payable	417,141,551,789	32,841,508,589
Discount payable	5,571,136,250	4,275,963,100
Short-term deposits received	4,437,646,073	11,713,640,865
Other short-term payables	18,405,941,415	28,709,017,407
	<u>445,556,275,527</u>	<u>77,540,129,961</u>
Other long-term payables		
Long-term deposits received	960,870,000	960,870,000
	<u>960,870,000</u>	<u>960,870,000</u>

22. PROVISION PAYABLES

	<u>Closing balance</u> <u>VND</u>	<u>Opening balance</u> <u>VND</u>
Short-term		
Provision for repairing and maintenance costs	199,470,502,806	312,335,214,817
	<u>199,470,502,806</u>	<u>312,335,214,817</u>

23. LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Items	Opening balance		Movement in the year			Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND	VND
Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh Branch (i)	-	-	629,383,072,193	-	629,383,072,193	629,383,072,193	629,383,072,193
Total	-	-	629,383,072,193	-	629,383,072,193	629,383,072,193	629,383,072,193
In which:							
Amount due for settlement within 12 months	-						-
Amount due for settlement after 12 months	-						629,383,072,193

(i) Loan and obligations under finance leases balance represents the loan under the Loan Agreement No. 639/2016/PVFCCo-PVB/HDTG dated 25 October 2016 between Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh City Branch and the Corporation with the credit limit of VND 2,628,000,000,000 in order to finance the project on productivity enhancement of NH3 workshop of Phu My Fertilizer Plant and construction of NPK Fertilizer Production Plant by applying chemical technology. The maximum loan term is 108 months, the grace period is 24 months from the date of the first disbursement (i.e. 09 February 2017) or an earlier date as determined by the lender when the project is completed and starts generating revenue. The interest rate is determined by the reference interest rate plus the margin interest rate (2.5% per annum). The interest is calculated based on the actual outstanding balance and payable every 6 months.

As at 31 December 2017, the total loan amounts that have been disbursed were VND 279,629,116,720 and USD 15,383,944. The Corporation has pledged the entire value of the project on productivity enhancement of NH3 workshop of Phu My Fertilizer Plant and construction of NPK Fertilizer Production Plant by applying chemical technology to secure the loans.

Long-term loans are repayable as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Within one year	-	-
In the second year	89,911,867,456	-
In the third to fifth year inclusive	269,735,602,368	-
After five year	269,735,602,369	-
	<u>629,383,072,193</u>	<u>-</u>
Less: Amount due for settlement within 12 months (<i>shown under current liabilities</i>)	-	-
Amount due for settlement after 12 months	<u>629,383,072,193</u>	<u>-</u>



24. OWNERS' EQUITY

Movement in owners' equity:

	Owners' contributed capital	Other owners' capital	Share premium	Treasury shares	Foreign exchange reserve	Investment and development fund	Other reserves	Retained earnings	Non-controlling interests
	VND	VND	VND	VND	VND	VND	VND	VND	VND
Prior year's opening balance as previously reported	3,800,000,000,000	-	21,179,913,858	(2,296,824,120)	-	3,498,666,363,829	-	1,038,014,367,026	191,941,449,662
Capital increase	114,000,000,000	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	1,140,934,981,419	23,839,763,404
Profit distributions	-	-	-	-	-	2,594,752,499	-	(2,594,752,499)	-
Distribution to bonus and welfare funds	-	-	-	-	-	-	-	(185,663,585,544)	(6,817,116,309)
Dividends declared	-	-	-	-	-	-	-	(1,369,669,910,000)	(19,712,500,000)
Increase/(decrease) due to capital divestment from PetroVietnam Southern Building and Development JSC	-	-	-	-	-	(4,221,131,471)	-	4,221,131,471	(15,480,273,885)
(Decrease) due to changes in opening balances of associates	-	-	-	-	-	-	-	47,342,540	-
Other increases/(decreases)	-	-	-	-	-	-	-	98,902	-
Prior year's closing balance as previously reported	3,914,000,000,000	-	21,179,913,858	(2,296,824,120)	-	3,497,039,984,857	-	625,289,673,315	173,771,322,872
Current year's opening balance	3,914,000,000,000	-	21,179,913,858	(2,296,824,120)	-	3,497,039,984,857	-	625,289,673,315	173,771,322,872
Profit for the year	-	-	-	-	-	-	-	694,455,793,862	13,384,142,688
Distribution to bonus and welfare funds (1)	-	-	-	-	-	-	-	(94,907,669,853)	(2,685,473,284)
Dividends declared (2)	-	-	-	-	-	-	-	(782,668,520,000)	(13,337,500,000)
Current year's closing balance	3,914,000,000,000	-	21,179,913,858	(2,296,824,120)	-	3,497,039,984,857	-	442,169,277,324	171,132,492,276

(1) Distributions to bonus and welfare funds in the year is made as per the Resolutions passed at the General Shareholders' Meeting of the Corporation and its subsidiaries.

(2) In 2017, the Corporation declared to pay the remaining dividends from the 2016 after-tax profit amounting to VND 391,334,260,000 (equivalent to VND 1,000 per share) and interim dividends from the 2017 after-tax profit amounting to VND 391,334,260,000 (equivalent to VND 1,000 per share) under Resolution No. 32/NQ-ĐHĐCĐ dated 20 April 2017. The Corporation paid dividends from the 2016 after-tax profit in 2017 and the remaining dividends are expected to be paid in Quarter I of 2018.

Shares	Closing balance	Opening balance
Number of shares issued to public		
+ <i>Common shares</i>	391,400,000	391,400,000
+ <i>Preferred shares</i>	-	-
Number of treasury shares		
+ <i>Common shares</i>	65,740	65,740
+ <i>Preferred shares</i>	-	-
Number of outstanding shares in circulation		
+ <i>Common shares</i>	391,334,260	391,334,260
+ <i>Preferred shares</i>	-	-

A common share has par value of VND 10,000.

Charter capital

According to Business Registration Certificate No. 4103007696 dated 31 August 2007 and the latest amendment dated 10 March 2016 issued by the Department of Planning and Investment of Ho Chi Minh City, the Corporation's charter capital is VND 3,914,000,000,000. The charter capital was fully contributed by the shareholders as at 31 December 2017 as follows:

Shareholders	According to the latest Business Registration		Contributed capital Closing balance	Contributed capital Opening balance
	VND	%	VND	VND
Vietnam Oil and Gas Group	2,332,042,530,000	59.58	2,332,042,530,000	2,332,042,530,000
Others	1,581,957,470,000	40.42	1,581,957,470,000	1,581,957,470,000
	3,914,000,000,000	100%	3,914,000,000,000	3,914,000,000,000

Dividends

In accordance with Resolution No. 32/NQ-ĐHĐCĐ dated 20 April 2017 of the Board of Management of the Corporation, shareholders approved the plan for making reserves, distributing profit and dividends from 2017 after-tax profit, accordingly, the total dividends for 2017 are estimated at VND 782,668,520,000, equivalent to 20% par value. The officially declared dividends to shareholders will be approved in the 2018 Annual General Meeting of Shareholders. The Corporation declares the interim dividends from the 2017 after-tax profit amounting to VND 391,334,260,000 (equivalent to VND 1,000 per share) which has been presented in its financial statement of 2017.

Movements of non-controlling interests during the year are as follows:

	Owners' contributed capital	Investment and development fund	Retained earnings	Total
	VND	VND	VND	VND
Opening balance	128,750,000,000	17,408,375,673	27,612,947,199	173,771,322,872
Profit for the year	-	-	13,384,142,688	13,384,142,688
Distributions to bonus and welfare funds	-	-	(2,685,473,284)	(2,685,473,284)
Dividends declared	-	-	(13,337,500,000)	(13,337,500,000)
Closing balance	128,750,000,000	17,408,375,673	24,974,116,603	171,132,492,276

25. OFF BALANCE SHEET ITEMS

	Unit	Closing balance	Opening balance
Foreign currencies			
- United States Dollar	USD	20,363	95,019
- Euro	EUR	32,549	32,560

26. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments:

The Corporation and its subsidiaries operate in the same industry with relatively interrelated business activities. The Corporation and its subsidiaries' principal activities are manufacture and trade of fertilizers and other chemical products used in agriculture.

Accordingly, the information as presented in the consolidated balance sheet as at 31 December 2017 and the revenue, expenses as presented in the consolidated income statement for the year ended 31 December 2017 relates to the trade of fertilizers and chemicals only. Revenue and cost of sales for each type of goods are presented in Note 27.

Geographical segments:

The Corporation distributes fertilizer, chemicals, packages, and provides related services nationwide via its subsidiaries in each region, including the North, Central Region - Central Highlands, Southeast, Southwest and Ho Chi Minh City. During the year, the Corporation exported products with the revenue of approximately VND 24 billion, accounting for negligible proportion of gross revenue from goods sold and services rendered of the Corporation. Thus, most of the production and business activities of the Corporation during the year were carried out inside the territory of Vietnam.

27. NET REVENUE AND COST OF SALES

	Locally-produced products	Imported goods	Total
	VND	VND	VND
Current year			
Net revenue	5,516,498,406,100	2,479,330,687,819	7,995,829,093,919
Cost of sales	(3,568,866,076,857)	(2,315,566,484,990)	(5,884,432,561,847)
Gross profit	1,947,632,329,243	163,764,202,829	2,111,396,532,072
Prior year			
Net revenue	5,456,717,943,708	2,468,069,180,017	7,924,787,123,725
Cost of sales	(3,180,495,106,036)	(2,348,450,724,077)	(5,528,945,830,113)
Gross profit	2,276,222,837,672	119,618,455,940	2,395,841,293,612

Details of revenue from trading locally-produced products are as follows:

	Current year	Prior year
	VND	VND
Sales of Phu My Urea	5,100,033,667,750	5,039,139,796,250
Sales of Ca Mau Urea	28,199,799,000	35,539,830,000
Sales of Ammonia	166,905,812,347	236,756,051,893
Sales of electricity	1,712,480,969	1,525,152,007
Sales of UFC 85%	92,365,700,381	40,761,398,018
Others	191,326,150,375	171,823,532,111
	5,580,543,610,822	5,525,545,760,279
Sales discounts	64,045,204,722	68,827,816,571
	5,516,498,406,100	5,456,717,943,708
Sales in the period with related parties (as presented in Note 36)	68,421,657,639	248,965,021,010

Details of cost of sales with regard to trade of locally-produced products are as follows:

	Current year	Prior year
	VND	VND
Cost of sold Phu My Urea	3,168,822,323,310	2,834,297,622,370
Cost of sold Ca Mau Urea	27,937,916,000	34,959,831,220
Cost of sold Ammonia	129,258,148,078	119,350,317,000
Cost of sold electricity	2,642,794,187	1,824,813,783
Cost of sold UFC 85%	77,197,839,781	42,691,126,664
Others	163,007,055,501	147,371,394,999
	3,568,866,076,857	3,180,495,106,036

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28. PRODUCTION COST BY NATURE

	Current year	Prior year
	VND	VND
Raw materials and consumables	2,598,164,830,092	1,989,631,282,972
Labour cost	550,733,668,953	559,911,165,447
Depreciation and amortisation	191,416,391,928	241,407,716,159
Out-sourced services	967,207,286,152	1,112,640,002,491
Other monetary expenses	553,434,023,518	440,993,118,407
	4,860,956,200,643	4,344,583,285,476

29. FINANCIAL INCOME

	Current year	Prior year
	VND	VND
Interest income	158,592,158,762	228,427,976,361
Dividends and profits received	2,340,000,000	-
Foreign exchange gain	3,663,305,079	1,484,572,059
Others	-	4,130,166,370
	164,595,463,841	234,042,714,790

30. FINANCIAL EXPENSES

	Current year	Prior year
	VND	VND
Interest expenses	186,427,398	4,473,655,670
Provision for impairment of long-term investments	(590,696,214)	2,638,361,279
Foreign exchange loss	1,748,114,598	2,050,259,940
Loss due to divestment from PetroVietnam Southern Building and Development JSC	-	4,135,121,774
Others	35,462,502	389,013,974
	1,379,308,284	13,686,412,637

31. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
Selling expenses in the year		
Transportation, loading/uploading and storages expenses	309,370,154,743	266,393,814,700
Salesperson costs	93,305,393,760	89,396,879,966
Social security expenses and advertising - media expenses	238,075,506,216	254,765,553,276
Others	161,763,469,848	124,908,764,692
	802,514,524,567	735,465,012,634
General and administration expenses in the year		
Administrative personnel costs	230,757,710,346	167,878,983,364
Administration fee paid to the Group	26,603,937,412	27,169,136,540
Depreciation and amortisation	87,903,488,249	88,091,155,391
Others	293,412,839,526	216,226,649,408
	638,677,975,533	499,365,924,703

32. CURRENT CORPORATE INCOME TAX EXPENSE

	Current year VND	Prior year VND
Corporate income tax expense based on taxable income in the current year	141,942,071,760	260,806,442,949
Total current corporate income tax expense	141,942,071,760	260,806,442,949

33. BASIC EARNINGS PER SHARE

	Current year VND	Prior year VND
Profit after corporate income tax	694,455,793,862	1,140,934,981,419
- Distribution to Bonus and Welfare funds	(94,890,204,109)	(185,681,051,289)
Earnings for the purpose of calculating basic earnings per share	599,565,589,753	955,253,930,130
Weighted average number of ordinary shares in circulation during the period	391,334,260	389,527,703
Basic earnings per share	1,532	2,452

34. COMMITMENTS

Operating lease commitments

At the balance sheet date, the payment schedule of the Corporation's operating lease commitments was as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Within one year	17,451,108,383	18,247,695,274
In the second to fifth years inclusive	60,418,177,534	61,688,700,337
After five years	388,041,952,556	403,662,161,064
	465,911,238,473	483,598,556,675

Operating lease payments represent the total amounts that are payable by the Corporation and its subsidiaries for land lease for construction of workshops and warehouses.

Capital commitment

Under Decision No. 115/QĐ-PHBC dated 08 April 2014, the Corporation's Board of Management approved the project on investment and construction to enhance productivity of NH₃ workshop of Phu My Fertilizer Plant and construction of NPK Fertilizer Production Plant by applying chemical technology, supplying and meeting domestic demand for NH₃ and NPK fertilizer consumption with total investment cost of VND 4,987,200,000,000. The project is expected to be completed in early 2018. By 31 December 2017, the costs of the project amounted to VND 2,764,634,975,818.

Other commitment

Under the Appendix No. 06 dated 04 April 2016 to Gas Sales and Purchase Agreement No. 82/2010/PVGas-KTTT/TM-PVFCCo/B1 dated 07 May 2010, from 01 January 2016 to 31 December 2019, the gas price is calculated using the formula to calculate the gas price traded at a gas delivery place as follows: VAT exclusive gas price USD/MMBTU = 46% * MFOC average oil price + Cuu Long Basin charges applied to Phu My Fertilizer Plant. The estimated price applied for 2017 is 0.96 USD/MMBTU which will be finalized according to the approval by competent authorities.

35. CONTINGENT LIABILITIES

As at 31 December 2017, the Corporate had reciprocal guarantee commitments with Vietnam Oil and Gas Group ("PVN") relating to the guarantee obligations of PVN for short and medium-term loans of PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX") - the Corporation's associate. Accordingly, the Corporate was committed to pay to PVN the principals, interest, other relating expenses and incurring financial losses which PVN had paid to the banks corresponding to the Corporation's capital contribution in PVTEX. The repayment will be implemented within 45 days starting from the date when PVN sends the official letter requiring the Corporation to make the mentioned payment.

Up to 31 December 2017, the Corporation has paid PVN an amount of more than VND 107.8 billion relating to the guarantee commitment obligation, this amount was recorded as receivables from PVTEX as presented at Note 8.

As at 31 December 2017, the loans and interest are secured by all the assets of project "Dinh Vu Textile Fiber Plant" and the guarantee obligations of PVN and the Corporation (as presented above) with the total amount of collaterals is about VND 5,400 billion.

According to Official Letter No. 9792/CV-KHDN dated 31 December 2014 issued by Joint Stock Commercial Bank for Investment and Development of Vietnam on restructuring the loans for the construction of Dinh Vu Textile Fiber Plant: the coming date for principal and interest payment is 21 June 2018 and 21 December 2018 with the total amount of VND 625.5 billion. As at 31 December 2017, the Corporation has the contingent liability of VND 169.6 billion corresponding to the Corporation's capital proportion in PVTEX. The contingent liability in the upcoming years is uncertain and dependent on the plan on handling of PVTEX's

outstanding problems, restart of the plant and PVTEX's sources of funds to cover its debts as approved by competent authority

36. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

Parent Company - Vietnam Oil and Gas Group (PetroVietnam)

Associates

Fellow subsidiaries

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

	Current year	Prior year
	VND	VND
Vietnam Oil and Gas Group (PetroVietnam)		
Dividends	466,408,506,000	1,399,125,518,000
Management fee	26,603,937,412	27,169,136,540
	493,012,443,412	1,426,294,654,540
Sales		
Drilling Mud Joint Stock Corporation (DMC)	27,338,358,430	47,615,550,363
PetroVietnam Gas Joint Stock Corporation (PV Gas)	22,207,214,182	2,415,000,000
Binh Son Refining and Petrochemical Company Limited (BSR)	-	1,970,665,800
PetroVietnam Oil Corporation (PV Oil)	-	354,600,000
Bien Dong Petroleum Operating Company (BIEN DONG POC)	-	648,318,000
PetroVietnam Transportation Corporation (PVTrans)	-	90,156,000
PetroVietnam Northern Gas Joint Stock Company	14,845,859,687	13,674,000,000
PetroVietnam Petrochemical and Textile Fiber JSC (PVTEX)	-	176,428,324,745
PetroVietnam Ca Mau Fertilizer Joint Stock Company (PVCFC)	4,030,225,340	5,768,406,102
	68,421,657,639	248,965,021,010
Purchases		
PetroVietnam Gas Joint Stock Corporation (PV Gas)	2,081,523,052,776	1,656,848,014,531
PetroVietnam Ca Mau Fertilizer Joint Stock Company (PVCFC)	-	8,043,000,000
Petrovietnam Maintenance and Repair Corporation (PVMR)	50,184,553,769	2,050,272,850
Vietnam Petroleum Institute (VPI)	2,099,789,784	1,450,756,751
PetroVietnam Oil Corporation (PV Oil)	1,280,000,000	3,302,940,188
PVI Holdings	36,551,509,378	57,210,772,653
PetroVietnam General Services Joint Stock Corporation (Petrosetco)	1,382,123,378	4,415,971,627
PetroVietnam Technical Services Corporation (PTSC)	650,323,664,446	483,681,290,251
PetroVietnam Transportation Corporation (PVTrans)	15,557,124,783	16,854,371,455
PetroVietnam Urban Development JSC	4,166,030,879	3,305,607,775
Dam Phu My Packaging JSC	197,925,200,620	133,312,122,790
	3,040,993,049,813	2,370,475,120,871

Related party balances at the balance sheet date were as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Trade receivables		
Binh Son Refining and Petrochemical Company Limited (BSR)	-	33,000
PetroVietnam Ca Mau Fertilizer Joint Stock Company (PVCFC)	904,243,160	-
PetroVietnam Gas Joint Stock Corporation (PV Gas)	337,920,000	2,415,000,000
PetroVietnam Petrochemical and Textile Fiber JSC (PVTEX)	195,253,105	195,253,105
PetroVietnam Technical Services Corporation (PTSC)	939,903,257	125,717,790
PVI Insurance Joint Stock Corporation	1,817,157,911	100,677,217
Drilling Mud Joint Stock Corporation (DMC)	41,049,001	1,050,280,400
	4,235,526,434	3,886,961,512
Advances to suppliers		
PetroVietnam Urban Development Joint Stock Company (PVC Mekong)	4,860,607,417	5,118,217,417
PetroVietnam Technical Services Corporation (PTSC)	22,013,374,648	174,033,876,612
Drilling Mud Joint Stock Corporation (DMC)	270,745,200	199,859,262
Petrovietnam Maintenance and Repair Corporation (PVMR)	3,049,148,944	4,142,670,713
PetroVietnam Manpower Training College (PVMTC)	680,819,747	1,046,625,214
Dam Phu My Packaging JSC	-	619,920,000
PetroVietnam General Services Joint Stock Corporation (Petrosetco)	-	171,918,298
	30,874,695,956	185,333,087,516
Other short-term receivables		
PetroVietnam Trade Union Finance Investment Corporation (PVFI)	110,143,267,289	110,143,267,289
PetroVietnam Petrochemical and Textile Fiber JSC (PVTEX)	114,384,102,264	110,568,051,564
PetroVietnam Northern Gas Joint Stock Company	-	12,792,091,037
Vietnam Public Joint Stock Commercial Bank (PVCombank)	-	896,277,778
	224,527,369,553	234,399,687,668
Trade payables		
PetroVietnam Gas Joint Stock Corporation (PV Gas)	-	212,364,198,249
PetroVietnam Technical Services Corporation (PTSC)	69,281,839,652	129,666,737,363
PetroVietnam Urban Development Joint Stock Company	4,271,216,900	3,980,477,953
Petrovietnam Maintenance and Repair Corporation (PVMR)	2,580,913,665	3,491,424,829
Vietnam Petroleum Institute (VPI)	182,538,616	641,322,046
PVI Holdings	1,123,690,309	315,976,845
PetroVietnam General Services Joint Stock Corporation (Petrosetco)	9,428,562	1,721,740,089
PetroVietnam Transportation Corporation (PVTrans)	2,522,849,988	634,035,675
Dam Phu My Packaging JSC	7,411,843,780	1,104,636,500
	87,384,321,472	353,920,549,549

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	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Advances from customers		
PetroVietnam Gas Joint Stock Corporation (PV Gas)	138,315,313	146,106,250
Drilling Mud Joint Stock Corporation (DMC)	143,943,625	204,090,465
	<u>282,258,938</u>	<u>350,196,715</u>
Accruals		
PetroVietnam Gas Joint Stock Corporation (PV Gas)	44,570,336,403	-
	<u>44,570,336,403</u>	-
Loan		
Vietnam Public Joint Stock Commercial Bank- Ho Chi Minn Branch	629,383,072,193	-
	<u>629,383,072,193</u>	-
Other short-term payables		
Vietnam Oil and Gas Group (PetroVietnam) - Dividend payables	233,204,253,000	-
	<u>233,204,253,000</u>	-


Tran Xuan Thao
Preparer


Vo Ngoc Phuong
Chief Accountant


Doan Van Nhuom
General Director



21 March 2018