

**PETROVIETNAM MARINE SHIPYARD  
JOINT STOCK COMPANY**

*(Incorporated in the Socialist Republic of Vietnam)*

**REVIEWED INTERIM FINANCIAL STATEMENTS**

**For the period from 1 January 2016 to 30 June 2016**



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**PETROVIETNAM MARINE SHIPYARD JOINT STOCK COMPANY**

65A2, 30/4 Street, Thang Nhat Ward

Ba Ria - Vung Tau Province, S.R. Vietnam

**STATEMENT OF THE BOARD OF DIRECTORS**

The Board of Directors of PetroVietnam Marine Shipyard Joint Stock Company (the "Company") presents this statement together with the Company's interim financial statements for the period from 1 January 2016 to 30 June 2016.

**THE BOARDS OF MANAGEMENT AND DIRECTORS**

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

**Board of Management**

Mr. Phan Tu Giang	Chairman
Mr. Le Hung	Member
Mrs. Le Thi Kim Khuyen	Member (appointed on 29 March 2016)
Mr. Tran Thien Le	Member (appointed on 29 March 2016)
Mr. Hoang Huy Ha	Member (resigned on 29 March 2016)
Mr. Vu Minh Phu	Member
Mr. Nguyen Van Quang	Member

**Board of Directors**

Mr. Le Hung	General Director
Mr. Tran Quoc Thanh	Deputy General Director
Mr. Nguyen Nam Anh	Deputy General Director
Mr. Dao Do Khiem	Deputy General Director

**BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY**

The Board of Directors of the Company is responsible for preparing the interim financial statements, which give a true and fair view of the financial position of the Company and of its results and cash flows for the period in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these interim financial statements, the Board of Directors is required to:

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

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

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

On behalf of the Board of Directors,



General Director  
22 July 2016

No.: 082 /VNIA-HC-BC

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**To:** The Shareholders  
The Boards of Management and Board of Directors of  
PetroVietnam Marine Shipyard Joint Stock Company

We have reviewed the accompanying interim financial statements of PetroVietnam Marine Shipyard Joint Stock Company (the "Company"), prepared on 22 July 2016 as set out from page 3 to page 27, which comprise the balance sheet as at 30 June 2016, the statement of income and statement of cash flows for the period from 1 January 2016 to 30 June 2016, and a summary of significant accounting policies and other explanatory information.

### *Board of Directors' Responsibility for the Interim Financial Statements*

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

### *Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position of the Company as at 30 June 2016, and of its financial performance and its cash flows for the period from 1 January 2016 to 30 June 2016 in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting.



Nguyễn Quang Trung

Audit Partner

Audit Practising Registration Certificate

No. 0733-2013-001-1

For and on behalf of

DELOITTE VIETNAM COMPANY LIMITED

22 July 2016

Ho Chi Minh City, S.R. Vietnam

**PETROVIETNAM MARINE SHIPYARD JOINT STOCK COMPANY**

65A2, 30/4 Road, Thang Nhat Ward  
Ba Ria - Vung Tau Province, S.R. Vietnam

**Interim Financial Statements**  
For the period from 1 January 2016 to 30 June 2016

**BALANCE SHEET**  
*As at 30 June 2016*

**FORM B 01a-DN**  
Unit: VND

ASSETS	Codes	Notes	30/6/2016	31/12/2015
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>1,772,125,474,320</b>	<b>1,548,528,293,634</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>89,145,654,054</b>	<b>479,440,036,807</b>
1. Cash	111		19,145,654,054	479,440,036,807
2. Cash equivalents	112		70,000,000,000	-
<b>II. Short-term financial investments</b>	<b>120</b>	<b>5</b>	<b>3,456,258,114</b>	<b>-</b>
1. Held-to-maturity investments	123		3,456,258,114	-
<b>III. Short-term receivables</b>	<b>130</b>		<b>1,338,862,147,860</b>	<b>251,336,885,551</b>
1. Short-term trade receivables	131	6	15,041,720,169	9,334,433,214
2. Short-term advances to suppliers	132	7	45,674,704,071	193,901,843,094
3. Receivables from construction contracts under percentage of completion method	134	8	1,230,070,579,290	-
4. Other short-term receivables	136	9	48,062,189,740	48,087,654,653
5. Deficits in assets awaiting solution	139		12,954,590	12,954,590
<b>IV. Inventories</b>	<b>140</b>	<b>10</b>	<b>321,120,356,929</b>	<b>811,658,576,347</b>
1. Inventories	141		321,120,356,929	811,658,576,347
<b>V. Other short-term assets</b>	<b>150</b>		<b>19,541,057,363</b>	<b>6,092,794,929</b>
1. Short-term prepayments	151	11	985,555,662	2,020,111,029
2. Value added tax deductibles	152	12	17,810,698,399	2,454,686,460
3. Taxes and other receivables from the State budget	153	12	744,803,302	1,617,997,440
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>630,418,488,527</b>	<b>682,223,177,998</b>
<b>I. Fixed assets</b>	<b>220</b>		<b>499,446,842,468</b>	<b>545,354,829,477</b>
1. Tangible fixed assets	221	13	475,616,716,859	542,725,655,534
- Cost	222		1,279,066,327,200	1,279,066,327,200
- Accumulated depreciation	223		(803,449,610,341)	(736,340,671,666)
2. Intangible assets	227	14	23,830,125,609	2,629,173,943
- Cost	228		64,684,198,145	41,132,298,145
- Accumulated amortization	229		(40,854,072,536)	(38,503,124,202)
<b>II. Other long-term assets</b>	<b>260</b>		<b>130,971,646,059</b>	<b>136,868,348,521</b>
1. Long-term prepayments	261	11	130,971,646,059	133,594,948,521
2. Deferred tax assets	262	15	-	3,273,400,000
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>2,402,543,962,847</b>	<b>2,230,751,471,632</b>

The notes set out on pages 7 to 27 are an integral part of these interim financial statements

**PETROVIETNAM MARINE SHIPYARD JOINT STOCK COMPANY**

65A2, 30/4 Road, Thang Nhat Ward  
Ba Ria - Vung Tau Province, S.R. Vietnam


**Interim Financial Statements**  
For the period from 1 January 2016 to 30 June 2016

**BALANCE SHEET (Continued)**  
As at 30 June 2016

**FORM B 01a-DN**  
Unit: VND

RESOURCES	Codes	Notes	30/6/2016	31/12/2015
<b>C. LIABILITIES</b>	<b>300</b>		<b>1,868,423,845,087</b>	<b>1,760,515,856,260</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,321,319,395,990</b>	<b>1,174,411,407,163</b>
1. Short-term trade payables	311	16	144,821,115,995	287,007,785,471
2. Short-term advances from customers	312	17	46,935,535,050	51,749,701,303
3. Taxes and amounts payable to the State budget	313	12	3,238,526,518	6,932,885,183
4. Payables to employees	314		11,993,415,516	13,156,471,863
5. Short-term accrued expenses	315	18	14,586,367,961	31,586,189,874
6. Payables relating to construction contracts under percentage of completion method	317	8	-	197,744,149
7. Other current payables	319	19	24,683,620,835	25,665,405,886
8. Short-term loans	320	20	1,072,948,104,519	755,727,413,838
9. Bonus and welfare funds	322		2,112,709,596	2,387,809,596
<b>II. Long-term liabilities</b>	<b>330</b>		<b>547,104,449,097</b>	<b>586,104,449,097</b>
1. Long-term loans	338	21	547,104,449,097	586,104,449,097
<b>D. EQUITY</b>	<b>400</b>		<b>534,120,117,760</b>	<b>470,235,615,372</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>22</b>	<b>526,515,157,826</b>	<b>460,460,146,238</b>
1. Owners' contributed capital	411		594,897,870,000	594,897,870,000
- Ordinary shares carrying voting rights	411a		594,897,870,000	594,897,870,000
2. Other owners' capital	414		2,597,721,463	2,597,721,463
3. Accumulated losses	421		(70,980,433,637)	(137,035,445,225)
- Losses accumulated to the prior year end	421a		(137,035,445,225)	(175,719,341,089)
- Retained earnings of the current period	421b		66,055,011,588	38,683,895,864
<b>II. Other resources and funds</b>	<b>430</b>		<b>7,604,959,934</b>	<b>9,775,469,134</b>
1. Subsidised funds	431		(14,954,460,233)	9,328,527,263
2. Funds for fixed assets acquisition	432		22,559,420,167	446,941,871
<b>TOTAL RESOURCES (440= 300+400)</b>	<b>440</b>		<b>2,402,543,962,847</b>	<b>2,230,751,471,632</b>

  
Nguyen Phuong Huong  
Preparer

  
Nguyen Van Quang  
Chief Accountant

  
CÔNG TY  
CỔ PHẦN  
CHẾ TẠO GIÀN KHOAN  
DẦU KHÍ  
TRUNG TÀU BÀ LẠC  
CHIEF ACCOUNTANT  
General Director  
22 July 2016

The notes set out on pages 7 to 27 are an integral part of these interim financial statements

**PETROVIETNAM MARINE SHIPYARD JOINT STOCK COMPANY**

65A2, 30/4 Road, Thang Nhat Ward  
Ba Ria - Vung Tau Province, S.R. Vietnam


**Interim Financial Statements**  
For the period from 1 January 2016 to 30 June 2016


**INCOME STATEMENT**

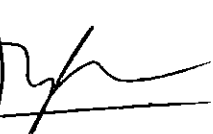
*For the period from 1 January 2016 to 30 June 2016*

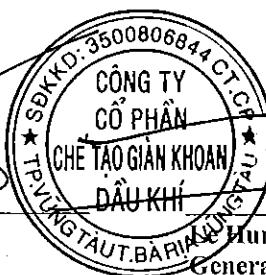
**FORM B 02a-DN**  
Unit: VND

ITEMS	Codes	Notes	From 01/01/2016 to 30/6/2016	From 01/01/2015 to 30/6/2015
1. Gross revenue	01		1,253,935,121,553	783,133,377,613
2. Net revenue (10=01)	10	25	1,253,935,121,553	783,133,377,613
3. Cost of sales	11	26	1,151,982,192,356	710,090,095,015
4. Gross profit (20=10-11)	20		101,952,929,197	73,043,282,598
5. Financial income	21	28	9,608,055,718	5,081,909,074
6. Financial expenses	22	29	31,537,907,647	41,968,169,160
- In which: Interest expense	23		30,894,362,190	28,201,119,015
7. General and administration expenses	26	30	12,965,577,270	14,589,145,446
8. Operating profit (30=20+(21-22)-26)	30		67,057,499,998	21,567,877,066
9. Other income	31		3,455,502,598	577,882,743
10. Other expenses	32		1,184,591,008	1,754,278,050
11. Profit/(loss) from other activities (40=31-32)	40	31	2,270,911,590	(1,176,395,307)
12. Profit before tax (50=30+40)	50		69,328,411,588	20,391,481,759
13. Corporate income tax expense	51	32	-	-
14. Deferred corporate tax expense	52	32	3,273,400,000	454,174,358
15. Net profit after corporate income tax (60=50-51-52)	60		66,055,011,588	19,937,307,401
16. Basic earnings per share	70	33	<u>1,110</u>	<u>335</u>

  
\_\_\_\_\_  
Nguyen Phuong Huong  
Preparer

  
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Nguyen Van Quang  
Chief Accountant

  
\_\_\_\_\_  
Le Hung  
General Director  
22 July 2016



**PETROVIETNAM MARINE SHIPYARD JOINT STOCK COMPANY**

65A2, 30/4 Road, Thang Nhat Ward  
Ba Ria - Vung Tau Province, S.R. Vietnam

**Interim Financial Statements**

For the period from 1 January 2016 to 30 June 2016

**CASH FLOW STATEMENT**

For the period from 1 January 2016 to 30 June 2016

**FORM B 03a-DN**  
Unit: VND

ITEMS	Codes	From 01/01/2016 to 30/6/2016	From 01/01/2015 to 30/6/2015
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	01	69,328,411,588	20,391,481,759
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	68,020,465,305	72,015,963,128
Foreign exchange (gain)/loss arising from translating foreign currency items	04	(4,492,464,529)	12,194,862,392
Gain from investing activities	05	(3,149,790,091)	(2,161,828,630)
Interest expense	06	30,894,362,190	28,201,119,015
3. Operating profit before movements in working capital	08	160,600,984,463	130,641,597,664
Changes in receivables	09	(1,101,995,091,091)	(381,519,380,556)
Changes in inventories	10	490,538,219,418	(515,364,962,811)
Changes in payables	11	(146,090,959,438)	(429,546,880,370)
Changes in prepaid expenses	12	3,657,857,829	2,192,712,154
Interest paid	14	(53,841,793,560)	(36,870,683,668)
Other cash inflows	16	-	41,314,237,641
Other cash outflows	17	(24,558,087,496)	(24,768,310,493)
Net cash used in operating activities	20	(671,688,869,875)	(1,213,921,670,439)
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets	21	-	(7,492,195,910)
2. Cash outflow for lending, buying debt instruments of other entities	23	(3,456,258,114)	-
3. Interest earned, dividends and profits received	27	3,149,790,091	2,161,828,630
Net cash used in investing activities	30	(306,468,023)	(5,330,367,280)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	498,792,558,481	822,607,525,270
2. Repayment of borrowings	34	(216,432,705,442)	(285,924,356,669)
3. Dividends paid	36	(602,487,800)	(507,279,400)
Net cash generated by financing activities	40	281,757,365,239	536,175,889,201
Net decrease in cash (50=20+30+40)	50	(390,237,972,659)	(683,076,148,518)
Cash and cash equivalents at the beginning of the period	60	479,440,036,807	1,013,571,500,908
Effects of changes in foreign exchange rates	61	(56,410,094)	189,185,833
Cash and cash equivalents at the end of the period (70=50+60+61)	70	89,143,654,054	330,684,538,223

Nguyen Phuong Huong  
Preparer

Nguyen Van Quang  
Chief Accountant

General Director  
22 July 2016

The notes set out on pages 7 to 27 are an integral part of these interim financial statements



**PETROVIETNAM MARINE SHIPYARD JOINT STOCK COMPANY**

65A2, 30/4 Road, Thang Nhat Ward  
Ba Ria - Vung Tau Province, S.R. Vietnam

**Interim Financial Statements**

For the period from 1 January 2016 to 30 June 2016

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**FORM B 09a-DN**

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

**1. GENERAL INFORMATION**

**Structure of ownership**

PetroVietnam Marine Shipyard Joint Stock Company ("the Company") was incorporated in Vietnam under Enterprise Registration Certificate No. 3500806844 dated 9 July 2007 issued by the Department of Planning and Investment of Ba Ria - Vung Tau Province, as amended.

The number of the Company's employees as at 30 June 2016 was 641 (as at 31 December 2015: 695).

**Principal activities**

The principal activities of the Company are to build, maintain, and refurbish drilling platforms, oil platforms, ships, floating devices and related equipment; to trade in related materials and equipment.

**Normal production and business cycle**

The principal activities of the Company are to build, maintain oil platforms, floating devices, the normal production and business cycle is carried out accordingly to the timing for building and maintaining, upon projects, normally for a time period from 1 to 3 year for building and of 12 months or less for maintaining.

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

The interim financial statements, expressed in Vietnam Dong ("VND"), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting.

The interim 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 Company's financial year begins on 1 January and ends on 31 December. The interim financial statements of the Company were prepared for the 6-month period from 1 January to 30 June each year.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Estimates**

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



**PETROVIETNAM MARINE SHIPYARD JOINT STOCK COMPANY**

65A2, 30/4 Road, Thang Nhat Ward  
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**Interim Financial Statements**

For the period from 1 January 2016 to 30 June 2016

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)****FORM B 09a-DN**

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

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working conditions and locations for their intended use. The costs of tangible fixed assets formed from construction investment by contractual mode or self-construction or self-generating process are the settled costs of the invested construction projects in accordance with the prevailing regulations on investment and construction management, directly-related expenses and registration fee (if any). In the event the construction project has been completed and put into use but the settled costs thereof have not been approved, the cost of tangible fixed assets is recognised at the estimated cost based on the actual cost incurred. The estimated cost will be adjusted according to the settled costs approved by competent authorities.

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

	Years
Buildings structures	5 - 25
Machinery, equipment	5 - 7
Office equipment	3 - 15
Motor vehicles	2 - 6
Equipment formed from Subsidised funds	2 - 3
Others	3

**Leasing**

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

**Intangible assets and amortization**

Intangible assets represent computer software and vessel designing software formed from subsidised funds that are stated at cost less accumulated amortization. Computer software and vessel designing software formed from subsidised funds which are not part of the related hardware, the relevant purchase price will be capitalized and recorded as intangible assets. Computer software and vessel designing software formed from subsidised funds are amortized using straight-line method from 3 to 5 years.

**Prepayments**

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments comprise prepaid land rentals and other types of long-term prepayments.

Prepaid land rentals are charged to the income statement using the straight-line method over the lease term of 47 years.

Other types of prepayments comprise costs of land clearance and tools which are expected to provide future economic benefits to the Company for more than 1 year. These expenditures have been capitalised as prepayments, and are allocated to the income statement using the straight-line method in accordance with the current prevailing accounting regulations.

**PETROVIETNAM MARINE SHIPYARD JOINT STOCK COMPANY**

65A2, 30/4 Road, Thang Nhat Ward  
Ba Ria - Vung Tau Province, S.R. Vietnam

**Interim Financial Statements**  
For the period from 1 January 2016 to 30 June 2016

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)**

**FORM B 09a-DN**

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

**Payable provisions**

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

**Revenue recognition**

Revenue of a transaction involving the rendering of services is recognized when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognized in each period by reference to the percentage of completion of the transaction at the balance sheet date of that period. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

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

Revenue from construction contracts is recognised in accordance with the Company's accounting policy on construction contracts (see note as below).

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

**Construction contracts**

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the percentage of completion of the contract activity at the balance sheet date as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the percentage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable of recovery.

**Foreign currencies**

The Company applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 "Effects of changes in foreign exchange rates" (VAS 10). Accordingly, 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 recognized in the income statement. Unrealized exchange gains as at the balance sheet date are not treated as part of distributable profit to shareholders.

**Borrowing costs**

Borrowing costs are recognized in the income statement in the period when incurred.

**PETROVIETNAM MARINE SHIPYARD JOINT STOCK COMPANY**65A2, 30/4 Road, Thang Nhat Ward  
Ba Ria - Vung Tau Province, S.R. Vietnam**Interim Financial Statements**

For the period from 1 January 2016 to 30 June 2016

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)****FORM B 09a-DN***These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements***Taxation**

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

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

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the 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 recognized for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. 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 taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determinations of the tax currently payable and deferred tax are 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**

	30/06/2016	31/12/2015
	VND	VND
Cash on hand	443,266,224	866,303,485
Demand deposits	18,702,387,830	478,573,733,322
Cash equivalents	70,000,000,000	-
	<u>89,145,654,054</u>	<u>479,440,036,807</u>

Cash equivalents represent time deposit in Vietnam Dong at Vietnam Bank for Industry and Trade ("Vietinbank") for period of one month and earn interest at the rate 4.4% per annum.

**5. HELD-TO-MATURITY INVESTMENTS**

Held-to-maturity investments represent term a deposit contract at Vietnam Public Joint Stock Commercial Bank for the period from 5 February 2016 to 5 February 2017 and earn interest rate at 6.5% per annum.

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**6. SHORT-TERM TRADE RECEIVABLES**

	30/6/2016	31/12/2015
	VND	VND
Vietsovetro Joint Venture	1,925,991,739	-
Sao Mai - Ben Dinh Petroleum Investment Joint Stock	-	2,831,016,136
Petroleum Pipeline & Tank Construction Joint Stock Company	1,579,182,000	1,579,742,000
TJS Technical service & Construction Joint Stock	1,048,347,267	1,052,522,520
Dung Quat Shipbuilding Company Limited	-	2,675,415,087
Saigon Offshore Fabrication and Engineering Limited	5,953,980,780	-
ARKTIKMORNEFTEGAZRAZVEDKA open Joint Stock Company	2,835,821,714	-
Other customers	1,698,396,669	1,195,737,471
	<u>15,041,720,169</u>	<u>9,334,433,214</u>

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

	30/6/2016	31/12/2015
	VND	VND
National Oilwell Varco L.P.638	7,526,569,185	166,045,059,062
Dril-quip Asia Pacific Pte Ltd	-	5,928,725,192
Other suppliers	38,148,134,886	21,928,058,840
	<u>45,674,704,071</u>	<u>193,901,843,094</u>

Short-term advances to suppliers represent advance payments for purchase contract supporting Tam Dao 05 Project of the Company.

**8. RECEIVABLE/PAYABLES FROM CONSTRUCTION CONTRACTS**

	30/6/2016	31/12/2015
	VND	VND
Contracts in progress as at the balance sheet date:		
Receivables from construction contracts under percentage of completion method	1,230,070,579,290	-
Payables relating to construction contracts under percentage of completion method	-	197,744,149
	<u>1,230,070,579,290</u>	<u>197,744,149</u>
Contract costs incurred plus recognized profits less recognized losses to date	4,324,569,584,961	3,094,301,261,522
Less: progress billings	3,094,499,005,671	3,094,499,005,671
	<u>1,230,070,579,290</u>	<u>(197,744,149)</u>

Receivables, payables from construction contracts are relating to the construction of Tam Dao 05 Project signed between the Company and Vietsovetro Joint Venture ("Vietsovetro") according to the Contract No. 885/13/T-N4/KB-PVShipyards for on 29 November 2013.

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**9. OTHER SHORT-TERM RECEIVABLES**

	30/6/2016	31/12/2015
	VND	VND
Receivable from employees	662,281,601	1,372,977,812
Short-term deposits	27,000,000	-
Other receivables		
- PetroVietnam Insurance Company (PVI) - Vung Tau Branch	-	381,216,946
- PetroVietnam Securities Incorporated (*)	14,840,315,750	15,412,679,160
- Custom Department of Ba Ria - Vung Tau Province (**)	28,261,130,481	28,261,130,481
- Other receivables	4,271,461,908	2,659,650,254
	<u>48,062,189,740</u>	<u>48,087,654,653</u>

(\*) Receivable from PetroVietnam Securities Incorporated ("PSI") as at 31 December 2015 and 30 June 2016 presents the actual dividend amounts transferred to PSI but PSI has yet to make the payment to the Company's shareholders.

(\*\*) Receivable from Custom Department of Ba Ria - Vung Tau Province represents import value added tax of equipment relating to Tam Dao 05 Project. The amount will be refunded at the end of project.

**10. INVENTORIES**

	30/6/2016	31/12/2015
	Cost VND	Cost VND
Goods in transit	94,621,235,308	143,616,226,536
Raw materials	213,942,945,387	662,157,063,174
Tools and supplies	7,980,325,037	5,830,332,274
Work in progress	4,575,851,197	54,954,363
	<u>321,120,356,929</u>	<u>811,658,576,347</u>

**11. SHORT-TERM AND LONG-TERM PREPAYMENTS**

	30/6/2016	31/12/2015
	VND	VND
a) Short-term		
Tools	170,526,478	624,507,299
Other prepayments	815,029,184	1,395,603,730
	<u>985,555,662</u>	<u>2,020,111,029</u>
b) Long-term		
Land rental (*)	124,191,236,362	125,732,014,960
Tools	2,523,562,620	5,125,198,590
Others	4,256,847,077	2,737,734,971
	<u>130,971,646,059</u>	<u>133,594,948,521</u>

(\*) Land rental presents the land lease in PTSC port in Ba Ria - Vung Tau Province with area of 39.8 hectares according to the rental contract No. CN0107001/HDKT-PVSB signed with Sao Mai - Ben Dinh Petroleum Investment Joint Stock Company on 6 December 2007 to build the office, factory and warehouse for business purpose. The lease term is from the date of signing the handover minutes to 31 December 2057.

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

	01/01/2016	Increase/Payable during the period	Deducted/Paid during the period	30/6/2016
	VND	VND	VND	VND
<b>a. Receivables</b>				
Value added tax deductibles	2,454,686,460	17,773,900,048	(2,417,888,109)	17,810,698,399
<b>Taxes and other receivables from the State budget</b>				
Value added tax	-	-	92,576,415	92,576,415
Import tax	1,617,997,440	(1,537,257,975)	571,487,422	652,226,887
	4,072,683,900	16,236,642,073	(1,753,824,272)	18,555,501,701
<b>b. Payables</b>				
Value added tax output	554,370,767	2,471,141,738	(3,025,512,505)	-
Personal income tax	1,578,116,786	2,039,225,515	(2,985,154,997)	632,187,304
Foreign contractor withholding tax	3,408,539,154	10,986,262,537	(11,791,462,477)	2,603,339,214
Others	1,391,858,476	45,000,000	(1,433,858,476)	3,000,000
	6,932,885,183	15,541,629,790	(19,235,988,455)	3,238,526,518



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As at 30 June 2016, the cost of the Company's tangible fixed assets includes an amount of VND 163,215,788,275 (as at 31 December 2015: VND 56,031,854,530) in respect of fully depreciated assets which are still in use.

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**14. INCREASE IN INTANGIBLE ASSETS**

	Computer Software VND	Software formed from subsidised funds VND	Total VND
<b>COST</b>			
As at 01/01/2016	17,966,543,935	23,165,754,210	41,132,298,145
Additions	-	23,551,900,000	23,551,900,000
As at 30/6/2016	17,966,543,935	46,717,654,210	64,684,198,145
<b>ACCUMULATED AMORTISATION</b>			
As at 01/01/2016	15,337,369,992	23,165,754,210	38,503,124,202
Charge for the period	977,087,502	1,373,860,832	2,350,948,334
As at 30/6/2016	16,314,457,494	24,539,615,042	40,854,072,536
<b>NET BOOK VALUE</b>			
As at 30/6/2016	1,652,086,441	22,178,039,168	23,830,125,609
As at 31/12/2015	2,629,173,943	-	2,629,173,943

As at 30 June 2016 and 31 December 2015, the cost of the Company's intangible assets includes an amount of VND 35,269,773,145 in respect of fully depreciated assets which are still in use.

**15. DEFERRED TAX ASSETS**

	30/06/2016 VND	31/12/2015 VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Deferred tax assets related to deductible temporary differences	-	3,273,400,000
<b>Deferred income tax assets</b>	-	3,273,400,000
Corporate income tax rates used for determination of value of deferred income tax payables	20%	20%
Deferred income tax payables arising from taxable temporary differences	-	-
<b>Deferred income tax liabilities</b>	-	-
Amount offset against deferred tax assets	-	-
<b>Deferred income tax assets</b>	-	3,273,400,000

As at 30 June 2016, the Company has unused tax losses of VND 28,962,731,271 (as at 31 December 2015: VND 99,088,017,169) available for offset against future profit. In which:

The Company has not recognized the deferred tax assets from the unused tax losses due to uncertainty of the sufficient future taxable income for utilization.

These losses can be carried forward for a maximum period of five years after the year it was incurred. The benefits from the Company's tax losses carried forward expires in 2018.

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**16. SHORT-TERM TRADE PAYABLES**

	30/6/2016		31/12/2015	
	VND		VND	
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
Sao Mai - Ben Dinh Petroleum Investment Joint Stock Company	14,591,601,064	14,591,601,064	1,151,654,463	1,151,654,463
Trust Technology Co., Ltd.	15,167,900,000	15,167,900,000	-	-
Posh Teresa Offshore Pte Ltd.	-	-	29,668,230,145	29,668,230,145
Lenn International Pte Ltd.	-	-	19,692,582,433	19,692,582,433
National Oilwell Varco LP #638	-	-	29,971,510,128	29,971,510,128
Abnormal Load Engineering Ltd.	-	-	14,529,726,000	14,529,726,000
Secco Maritime Pte Ltd.	-	-	9,016,000,000	9,016,000,000
Italgro S.R.L.	-	-	8,925,840,000	8,925,840,000
Hung Kim Joint Stock Company	-	-	8,698,833,000	8,698,833,000
Hai Van Service - Transportation Joint Stock Company	-	-	7,233,655,000	7,233,655,000
Gaylin International Pte Ltd.	-	-	6,942,320,000	6,942,320,000
TJS Technical service & Construction Joint Stock Company	-	-	6,145,120,814	6,145,120,814
Other suppliers	115,061,614,931	115,061,614,931	145,032,313,488	145,032,313,488
	<u>144,821,115,995</u>	<u>144,821,115,995</u>	<u>287,007,785,471</u>	<u>287,007,785,471</u>

**17. SHORT-TERM ADVANCES FROM CUSTOMERS**

In 2013, Vietsovpetro Joint Venture ("Vietsovpetro") made the advance payment with 10% of contract value according to the Contract No. 885/13/T-N4/KB-PVShipyards for the construction of Tam Dao 05 signed between the Company and Vietsovpetro on 29 November 2013. This advance amount will be gradually offset against the next payments in accordance with the specific terms in the contracts. The balance of advances from customers as at 31 December 2015 and 30 June 2016 represents the remaining advance amounts from Vietsovpetro which have not been offset. This amount will be fully net off upon completion of Tam Dao 05 Project in this year.

**18. SHORT-TERM ACCRUED EXPENSES**

	30/6/2016	31/12/2015
	VND	VND
Loan interest expense	-	22,947,431,370
Expenses for construction (Projects XL2)	7,018,078,517	7,018,078,517
Out-sourced labor cost	5,480,486,776	-
Others	2,087,802,668	1,620,679,987
	<u>14,586,367,961</u>	<u>31,586,189,874</u>

**19. OTHER SHORT-TERM PAYABLES**

	30/6/2016	31/12/2015
	VND	VND
Dividend payable	19,071,767,600	19,674,255,400
Others	5,611,853,235	5,991,150,486
	<u>24,683,620,835</u>	<u>25,665,405,886</u>

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**20. SHORT-TERM LOANS**

	31/12/2015		During the period		30/6/2016	
	Amount VND	Amount able to be paid off VND	Increases VND	Decreases VND	Amount VND	Amount able to be paid off VND
Short-term loans	616,854,469,351	616,854,469,351	498,792,558,481	(138,432,705,442)	977,214,322,390	977,214,322,390
Current portion of long-term loans (see Note 21)	117,000,000,000	117,000,000,000	39,000,000,000	(78,000,000,000)	78,000,000,000	78,000,000,000
Exchange difference	21,872,944,487	21,872,944,487	-	(4,139,162,358)	17,733,782,129	17,733,782,129
	<b>755,727,413,838</b>	<b>755,727,413,838</b>	<b>537,792,558,481</b>	<b>(220,571,867,800)</b>	<b>1,072,948,104,519</b>	<b>1,072,948,104,519</b>

Short-term loans represent the following contracts:

- Short-term borrowings in United States Dollar from Vietnam Public Joint Stock Commercial Bank - Ba Ria - Vung Tau Branch, maturity within 6 months from drawing date. This facility is unsecured and bears interest at 2% per annum, interest will be paid monthly. According to contract No. 65/2014 dated 26 September 2014, this facility can be drawn up to a maximum amount of equivalent to VND 750 billion. The facility is used to finance working capital, issue credit guarantee, open and pay letter of credit for the contract of newly-building Tam Dao 05 Project. Credit facility will be expired after 36 months from signing date.

- Short-term borrowings in United States Dollar from Sai Gon - Ha Noi Commercial Joint Stock Bank - Vung Tau Branch, maturity within 9 months from drawing date. This facility is secured by right to receivables arising from Tao Dao 05 Project and bears interest at 2% per annum, interest will be paid monthly. According to contract 003/2015/HĐHM-PN/SHB.130800 in January 2015, this facility can be drawn up to a maximum amount of USD 20 million. The facility is used to finance working capital, issue credit guarantee, open and pay letter of credit for the contract of newly-building Tam Dao 05 Project. Credit facility will be expired after 12 months from signing date.

- Short-term borrowings in United States Dollar from Vietnam Bank for Industry and Trade - Branch No. 4, maturity within 12 months from drawing date. This facility is unsecured and bears interest at 2.3% per annum, interest will be paid monthly. According to contract No. 01/2015-HĐTDHM/NHCT908-PVShipyards in March 2015, this facility can be drawn up to a maximum amount of equivalent to VND 970 billion. The facility is used to finance working capital, issue credit guarantee, open and pay letter of credit for the contract of newly-building Tam Dao 05 Project. Credit facility will be expired after 12 months from signing date.

**21. LONG-TERM LOANS**

	31/12/2015		During the period		30/6/2016	
	Amount VND	Amount able to be paid off VND	Increases VND	Decreases VND	Amount VND	Amount able to be paid off VND
Long-term loans	586,104,449,097	586,104,449,097	-	(39,000,000,000)	547,104,449,097	547,104,449,097

Long-term loans and liabilities which present the long-term loans from PetroVietnam Joint Stock Finance Corporation ("PVFC"), now known as Vietnam Public Joint Stock Commercial Bank ("PVcomBank"), include two credit facilities:

- Agreement No. 11/2011/HĐTDUT/TCĐK-CNV.TD dated 17 May 2011 with the amount of VND 641 billion for payment of investment cost of project "Building and maintaining oil platforms". The term loan is 12 months from 24 May 2011 to 24 May 2012 and is extended to 24 November 2014 according to Appendix No. 01/11/2011/HĐTDUT/TCĐK-CNV.TD. This loan is unsecured loan and it was fully disbursed in 2011.

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- Agreement No. 07/HDTDUT/TCDK-CNVT.TD dated 18 March 2011 with the maximum amount of VND 250 billion for payment of investment cost of project "Building and maintaining oil platforms". Interest of loan is the same with interest rate from economic entities with the term of 12 months of PVcomBank plus 5% per annum for loans disbursed before 6 October 2011 and 14.2% per annum for loans disbursed after 6 October 2011. This loan is unsecured. Term loan is starting from the date PetroVietnam transfers its entrusted fund to PVFC to the date 6 April 2012. The Company has withdrawn VND 153,197,270,000 in 2011 and VND 30,363,179,097 in 2012.

On 9 May 2013, the Company entered into two Appendixes of two Agreement No. 02/07/HDTDUT/TCDK-CNVT.TD and Agreement No. 02/11/2011/HDTDUT/TCDK-CNVT.TD. Thereon, these two loans will be rescheduled and extended to 31 December 2018. These two loans are repayable in instalments starting from 30 June 2014 to 31 December 2018. The loans bear interest at the rate of 100% saving rate in the 12 months of postpaid from Bank for Foreign Trade of Vietnam ("VietcomBank") at the time of adjusted rate plus entrust rate (0.15%/year).

On 29 June 2015, the Company additionally entered into two Appendixes of two Agreement No. 02/07/HDTDUT/TCDK-CNVT.TD and Agreement No. 02/11/2011/HDTDUT/TCDK-CNVT.TD. Accordingly, the first payment as scheduled on 30 June 2014 will be made in year 2015. The remaining balance will be repaid in instalments starting from 30 June 2015 to 30 June 2024.

Long-term loans are repayable as follows:

	30/6/2016	31/12/2015
	VND	VND
On demand or within one year	78,000,000,000	117,000,000,000
In the second year	78,000,000,000	78,000,000,000
In the third to fifth year inclusive	234,000,000,000	234,000,000,000
After five years	235,104,449,097	274,104,449,097
	<u>625,104,449,097</u>	<u>703,104,449,097</u>
Less: Amount due for settlement within 12 months (presents at Note 20)	(78,000,000,000)	(117,000,000,000)
<b>Amount due for settlement after 12 months</b>	<u><b>547,104,449,097</b></u>	<u><b>586,104,449,097</b></u>

**22. OWNERS' EQUITY****Movement in owners' equity**

	Owners' contributed capital	Other owners' capital	Accumulated losses	Total
	VND	VND	VND	VND
Balance as at 01/01/2015	594,897,870,000	2,597,721,463	(175,719,341,089)	421,776,250,374
Profit during the year	-	-	38,683,895,864	38,683,895,864
Balance as at 31/12/2015	<u>594,897,870,000</u>	<u>2,597,721,463</u>	<u>(137,035,445,225)</u>	<u>460,460,146,238</u>
Profit during the period	-	-	66,055,011,588	66,055,011,588
Balance as at 30/06/2016	<u><u>594,897,870,000</u></u>	<u><u>2,597,721,463</u></u>	<u><u>(70,980,433,637)</u></u>	<u><u>526,515,157,826</u></u>

**Shares**

	30/6/2016	31/12/2015
	Share	Share
- Shares authorised to be issued to the public	59,489,787	59,489,787
- Shares issued	59,489,787	59,489,787
- Shares are currently traded	<u>59,489,787</u>	<u>59,489,787</u>

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The Company has one class of ordinary share which carries no right to fixed income with par value of VND 10,000 per share. The shareholders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Company's shareholders meetings. All shares rank equally with regard to the Company's residual assets.

Details of the Company's capital contribution as at balance sheet date are as follows:

30/6/2016 and 31/12/2015			
	Percentage (%)	Shares	Amount (VND)
PetroVietnam Technical Services Corporation	28.75	17,105,643	171,056,430,000
Vietnam Shipbuilding Industry Group	7.53	4,479,257	44,792,570,000
Bank for Investment and Development of Vietnam JSC	4.03	2,400,000	24,000,000,000
Vietsoyepetro Joint Venture	3.63	2,161,300	21,613,000,000
LILAMA	4.03	2,400,000	24,000,000,000
Others	52.03	30,943,587	309,435,870,000
	<u>100</u>	<u>59,489,787</u>	<u>594,897,870,000</u>

According to Resolution No. 021/15/NQ-ĐHĐCĐ issued on 17 March 2015 by The Company's General Shareholders Meeting, the shareholders have approved the plan to issue 61,918,213 shares (equivalent to 51% of charter capital) to strategic shareholder, which is Dung Quat Shipbuilding Company Limited, with par value of VND 10,000/share to increase the charter capital. The plan is expected to be executed in 2016.

**23. OFF BALANCE SHEET ITEMS**

	30/6/2016	31/12/2015
Foreign currencies		
United States Dollar	468,847.95	6,657,372.71
Euro	102.07	102.04

**24. BUSINESS AND GEOGRAPHICAL SEGMENT**

Principal activities of the Company are to build, maintain and refurbish drilling platforms, oil platforms, ships, floating devices and related equipment. During the operation course, the Company's other production and business activities are very small proportion of its total revenue and operating results, accordingly, the financial information that was presented in the balance sheet as at 30 June 2016 and all its revenue, expenses in the income statement for the period from 1 January 2016 to 30 June 2016 are related to its principal activities. In geography, the Company mainly operates within Vietnam.

Accordingly, the Board of Directors has assessed and believes that the financial statements in which did not present information related to business and geographical segment for the period from 1 January 2016 to 30 June 2016 is in accordance with stipulations of Accounting Standard No. 28 "Segment reporting" and also in according with the business situation of the Company.

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**25. NET REVENUE**

	From 01/01/2016 to 30/6/2016	From 01/01/2015 to 30/6/2015
	VND	VND
Construction contracts	1,230,268,323,439	747,551,836,531
Other maintenance contracts	19,317,683,272	29,542,329,529
Other services	4,349,114,842	6,039,211,553
	<u>1,253,935,121,553</u>	<u>783,133,377,613</u>

**26. COST OF SALES**

	From 01/01/2016 to 30/6/2016	From 01/01/2015 to 30/6/2015
	VND	VND
Construction contracts	1,139,174,765,910	692,177,626,417
Other maintenance contracts	11,803,020,714	17,794,985,342
Other services	1,004,405,732	117,483,256
	<u>1,151,982,192,356</u>	<u>710,090,095,015</u>

**27. PRODUCTION COST BY NATURE**

	From 01/01/2016 to 30/6/2016	From 01/01/2015 to 30/6/2015
	VND	VND
Raw materials and consumables	896,415,105,757	418,368,882,386
Labour	84,908,554,356	88,288,304,889
Depreciation and amortization	68,020,465,305	72,015,963,128
Out-sourced services	109,119,295,411	138,912,796,815
Other expenses	6,446,919,405	7,093,293,243
	<u>1,164,910,340,234</u>	<u>724,679,240,461</u>

**28. FINANCIAL INCOME**

	From 01/01/2016 to 30/6/2016	From 01/01/2015 to 30/6/2015
Bank interest	3,149,790,091	2,161,828,630
Foreign exchange gain	6,458,265,627	2,920,080,444
	<u>9,608,055,718</u>	<u>5,081,909,074</u>

**29. FINANCIAL EXPENSES**

	From 01/01/2016 to 30/6/2016	From 01/01/2015 to 30/6/2015
	VND	VND
Interest expense	30,894,362,190	28,201,119,015
Foreign exchange loss	643,545,457	13,767,050,145
	<u>31,537,907,647</u>	<u>41,968,169,160</u>

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**30. GENERAL AND ADMINISTRATION EXPENSES**

	From 01/01/2016 to 30/6/2016 VND	From 01/01/2015 to 30/6/2015 VND
Salary for employees	10,010,987,369	12,085,772,387
Others	2,954,589,901	2,503,373,059
	<u>12,965,577,270</u>	<u>14,589,145,446</u>

**31. PROFIT/(LOSS) FROM OTHER ACTIVITIES**

	From 01/01/2016 to 30/6/2016 VND	From 01/01/2015 to 30/6/2015 VND
Other income	3,455,502,598	577,882,743
Insurance compensation	2,632,015,562	-
Other income	823,487,036	577,882,743
Other expenses	1,184,591,008	1,754,278,050
Profit/(loss) from other activities	<u>2,270,911,590</u>	<u>(1,176,395,307)</u>

**32. CURRENT CORPORATE INCOME TAX EXPENSE**

	From 01/01/2016 to 30/6/2016 VND	From 01/01/2015 to 30/6/2015 VND
Profit before tax	69,328,411,588	20,391,481,759
Adjustments for taxable income		
Less: non-taxable income	(314,884,976)	(136,687,342)
Add back: non-deductible expenses	1,111,759,286	180,460,408
Assessable income	70,125,285,898	20,435,254,825
Less: Tax loss carried forward	(99,088,017,169)	(148,434,861,806)
Taxable income	-	-
Corporate income tax based on taxable profit in the current period	-	-

According to Official Letter No. 6031/CT-TTHT dated 17 October 2008 issued by Tax Department of Ba Ria - Vung Tau Province, the Company is obliged to pay corporate income tax at three applicable tax rates are as follows:

- For the activities to build, maintain, refurbish drilling platforms, oil platforms, ships, the Company is obliged to pay corporate income tax of 20% of its taxable income for 10 years from the date of operation and the normal tax rate applied for the following years. The Company is also entitled to corporate income tax exemption during 2 years from the first taxable profit-making year (2010), and a reduction of 50% for the following three years.

- For the activities to execute marine construction, manufacture materials, electronical and mechanical equipments use for manufacturing drilling platforms, oil platforms and ships, manufacture equipment and steel structures for industrial and infrastructure projects, dredge narrow passage and site clearance, provide construction services for petroleum projects, and other activities, the Company is obliged to pay corporate income tax at normal tax rate of 20% of its taxable income in according with prevailing regulations.

In the period, corporate income tax expense has not been recognized because the Company has not had the taxable income.



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For the period from 1 January 2016 to 30 June 2016**NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)****FORM B 09a-DN***These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements***33. BASIC EARNINGS PER SHARE**

	From 01/01/2016 to 30/6/2016 VND	From 01/01/2015 to 30/6/2015 VND
Profit for the purposes of calculating basic earnings per share	66,055,011,588	19,937,307,401
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	59,489,787	59,489,787
<b>Basic earnings per share</b>	<b>1,110</b>	<b>335</b>

**34. FINANCIAL INSTRUMENTS****Capital risk management**

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (loans disclosed in Note 20 and Note 21 offset by cash and cash equivalents) and equity attributable to equity shareholders (comprising owners' contributed capital, other owner's capital and accumulated losses).

*Gearing ratio*

The gearing ratio of the Company as at the balance sheet date was as follows:

	30/6/2016 VND	31/12/2015 VND
Loans	1,620,052,553,616	1,341,831,862,935
Less: Cash and cash equivalents	89,145,654,054	479,440,036,807
Net debt	1,530,906,899,562	862,391,826,128
Equity	526,515,157,826	460,460,146,238
<b>Net debt to equity ratio</b>	<b>2.91</b>	<b>1.87</b>

**Significant accounting policies**

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 4.

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**Categories of financial instruments**

	<b>Carrying amounts</b>	
	30/6/2016	31/12/2015
	VND	VND
<b>Financial assets</b>		
Cash and cash equivalents	89,145,654,054	479,440,036,807
Trade and other receivables	1,292,485,207,598	27,787,979,574
Deposits	27,000,000	-
<b>Total</b>	<b>1,381,657,861,652</b>	<b>507,228,016,381</b>
<b>Financial liabilities</b>		
Trade and other payables	169,448,700,343	312,673,066,357
Loans	1,620,052,553,616	1,341,831,862,935
Accrued expenses	14,586,367,961	31,586,189,874
<b>Total</b>	<b>1,804,087,621,920</b>	<b>1,686,091,119,166</b>

The Company has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there are no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

**Financial risk management objectives**

The Company has set up risk management system to identify and assess the risks exposed by the Company and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Company's operations.

Financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

**Market risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and prices. The Company does not hedge these risk exposures due to the lack of any market to purchase financial instruments.

**Foreign currency risk management**

The Company undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the period are as follows:

	<b>Assets</b>		<b>Liabilities</b>	
	30/6/2016	31/12/2015	30/6/2016	31/12/2015
	VND	VND	VND	VND
United States Dollar (USD)	13,206,057,626	149,459,780,823	1,061,140,124,855	812,074,087,935
Singapore Dollar (SGD)	-	-	70,397,871	25,745,753
British Pound (GPB)	-	-	354,099,101	-
Euro (EUR)	2,520,929	7,684,916,299	-	5,380,048,481

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The Company is mainly exposed to United States Dollar, Euro, British Pound and Singapore Dollar.

The following table details the Company's sensitivity to a 2% increase/decrease in Vietnam Dong against the relevant foreign currencies. 2% is the sensitivity rate used when reporting foreign currency risk internally to the Board of Directors and represents the Board of Directors assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates. For a 2% increase/decrease in the following foreign currencies against Vietnam Dong, the company's profit before tax in the period would increase/decrease by the following amount:

	From 01/01/2016 to 30/6/2016		From 01/01/2015 to 30/6/2015	
	VND		VND	
	2% increase	2% decrease	2% increase	2% decrease
United States Dollar (USD)	(20,958,681,345)	20,958,681,345	(20,961,692,023)	20,961,692,023
Singapore Dollar (SGD)	(1,407,957)	1,407,957	(518,065)	518,065
British Pound (GBP)	(7,081,982)	7,081,982	-	-
Euro (EUR)	50,419	(50,419)	156,697	-156,697

*Interest rate risk management*

The Company has significant interest rate risks arising from interest bearing loans from commercial banks. The risk is managed by the Company by maintaining an appropriate level of borrowings and analyzing market competition to enjoy favorable interest rates from appropriate lenders.

*Interest rate sensitivity*

The loan's sensitivity to interest rate changes which may arise at an appropriate level is presented in the following table. Assuming all other variables were held constant, if interest rates applicable to floating interest bearing loans had been 100 basis points higher/lower, the Company's profit before tax for the year/period ended would have decreased/ increased by the following amount:

	Increase/(decrease) in basis points	Impact on profit before tax VND
For the period ended 30 June 2016	100 (100)	16,200,525,536 (16,200,525,536)
For the year ended 31 December 2015	100 (100)	13,418,318,629 (13,418,318,629)

*Credit risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Company does not have any significant credit risk exposure to any counterparty.

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**Liquidity risk management**

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and adequate committed funding from its owners to meet its liquidity requirements in the short and longer term.

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

<b>30/6/2016</b>	<b>Less than 1 year</b>	<b>From 1-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Cash and cash equivalents	89,145,654,054	-	-	89,145,654,054
Trade and other receivables	1,292,485,207,598	-	-	1,292,485,207,598
Deposits	27,000,000	-	-	27,000,000
<b>Total</b>	<b>1,381,657,861,652</b>	<b>-</b>	<b>-</b>	<b>1,381,657,861,652</b>
Trade and other payables	169,448,700,343	-	-	169,448,700,343
Borrowings	1,072,948,104,519	312,000,000,000	235,104,449,097	1,620,052,553,616
Accrued expenses	14,586,367,961	-	-	14,586,367,961
<b>Total</b>	<b>1,256,983,172,823</b>	<b>312,000,000,000</b>	<b>235,104,449,097</b>	<b>1,804,087,621,920</b>
<b>Net liquidity gap</b>	<b>124,674,688,829</b>	<b>(312,000,000,000)</b>	<b>(235,104,449,097)</b>	<b>(422,429,760,268)</b>
<b>31/12/2015</b>	<b>Less than 1 year</b>	<b>From 1-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Cash and cash equivalents	479,440,036,807	-	-	479,440,036,807
Trade and other receivables	27,787,979,574	-	-	27,787,979,574
<b>Total</b>	<b>507,228,016,381</b>	<b>-</b>	<b>-</b>	<b>507,228,016,381</b>
Trade and other payables	312,673,066,357	-	-	312,673,066,357
Borrowings	755,727,413,838	312,000,000,000	274,104,449,097	1,341,831,862,935
Accrued expenses	31,586,189,874	-	-	31,586,189,874
<b>Total</b>	<b>1,099,986,670,069</b>	<b>312,000,000,000</b>	<b>274,104,449,097</b>	<b>1,686,091,119,166</b>
<b>Net liquidity gap</b>	<b>(592,758,653,688)</b>	<b>(312,000,000,000)</b>	<b>(274,104,449,097)</b>	<b>(1,178,863,102,785)</b>

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Owing to the largest amount of financial liabilities are loans arising from commercial banks to be repaid basing on cashflows generated from Tam Dao 05 Project in 2016, and borrowings from Vietnam Oil and Gas Group through entrusted party, PVcomBank with the instalment payment schedule to 2024 basing on the Company's operating cashflows in the following years. Therefore, the Company has assessed the liquidity risk concentration as low level.

**35. RELATED PARTY TRANSACTIONS AND BALANCES****Related party****Relationship**

PetroVietnam Technical Services Corporation  
Vietsovpetro Joint Venture

The largest shareholder  
The large shareholder

Beside the related party transactions and balances as stated in other Notes to the financial statements, during the period, the Company has significant related party transactions are as below:

Remuneration paid to the Company's Boards of Management and Directors during the period are as follows:

	From 01/01/2016 to 30/6/2016 VND	From 01/01/2015 to 30/6/2015 VND
Salary and bonus	2,487,271,973	1,791,997,703

\_\_\_\_\_  
Nguyen Phuong Huong  
Preparer

\_\_\_\_\_  
Nguyen Van Quang  
Chief Accountant

\_\_\_\_\_  
General Director  
22 July 2016

