



**PETROVIETNAM MARINE SHIPYARD
JOINT STOCK COMPANY**

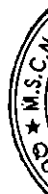
(Incorporated in Socialist Republic of Vietnam)

**REVIEWED INTERIM
FINANCIAL STATEMENTS**

For the 6-month period ended 30 June 2018

TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE(S)</u>
STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS	1
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS	2
INTERIM BALANCE SHEET	3 - 4
INTERIM INCOME STATEMENT	5
INTERIM CASH FLOW STATEMENT	6
NOTES TO THE INTERIM FINANCIAL STATEMENTS	7 - 22



STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS

The Board of Executive Officers of PetroVietnam Marine Shipyard Joint Stock Company (the "Company") presents this report together with the Company's Interim financial statements for the 6-month period ended 30 June 2018.

THE BOARDS OF DIRECTORS AND EXECUTIVE OFFICERS

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

Board of Directors

Mr. Nguyen Quang Hieu	Chairman
Mr. Nguyen Van Bao	Member
Mr. Le Hung	Member
Mr. Vu Minh Phu	Member
Mr. Nguyen Van Quang	Member
Mr. Dong Quang Trieu	Member
Ms. Le Huong Glang	Member (appointed on 12 April 2018)
Ms. Le Thi Kim Khuyen	Member (resigned on 12 April 2018)

Board of Executive Officers

Mr. Nguyen Quang Hieu	Chief Executive Officer
Mr. Tran Quoc Thanh	Deputy Chief Executive Officer
Mr. Nguyen Nam Anh	Deputy Chief Executive Officer
Mr. Dao Do Khlem	Deputy Chief Executive Officer

BOARD OF EXECUTIVE OFFICERS' STATEMENT OF RESPONSIBILITY

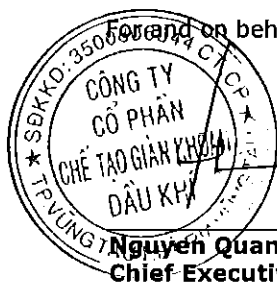
The Board of Executive Officers of the Company is responsible for preparing the interim financial statements, which give a true and fair view of the financial position of the Company as at 30 June 2018, and its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting. In preparing these interim financial statements, the Board of Executive Officers 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 Executive Officers 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 interim financial reporting. The Board of Executive Officers 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 Executive Officers confirms that the Company has complied with the above requirements in preparing these interim financial statements.

For and on behalf of the Board of Executive Officers,



Nguyen Quang Hieu
Chief Executive Officer
6 August 2018

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

**To: The Shareholders
The Boards of Directors and Executive Officers
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 6 August 2018, as set out from page 3 to page 22, which comprise the interim balance sheet as at 30 June 2018, the interim income statement and interim cash flow statement for the 6-month period then ended, and a summary of significant accounting policies and other explanatory information.

Board of Executive Officers' Responsibility for the Interim Financial Statements

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

Auditors' Responsibility

Our responsibility is to express a conclusion on the accompanying interim 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 present fairly, in all material respects, the financial position of the Company as at 30 June 2018, and of its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting.

Emphasis of Matter

We would like to draw attention to Note 2 of Notes to the interim financial statements. As at 30 June 2018, the Company reported significant accumulated losses of VND 705,144,512,211 (as at 31 December 2017 was VND 673,638,188,233) and as of that date, the Company's total current liabilities exceeded its total current assets by VND 286,899,602,610 (as at 31 December 2017 was VND 227,170,595,870). These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The plans of the Board of Executive Officers related to this matter which has been disclosed at Note 2.

Our review conclusion is not modified in respect of these matters.



Nguyễn Quang Trung
Audit Partner

Audit Practising Registration Certificate
No. 0733-2018-001-1

BRANCH OF DELOITTE VIETNAM COMPANY LIMITED

6 August 2018

Ho Chi Minh City, S.R. Vietnam

INTERIM BALANCE SHEET
As at 30 June 2018

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		394,033,377,250	386,704,509,389
I. Cash and cash equivalents	110	4	77,305,962,174	44,027,098,367
1. Cash	111		25,305,962,174	44,027,098,367
2. Cash equivalents	112		52,000,000,000	-
II. Short-term financial investments	120		12,173,278,232	14,052,309,692
1. Held-to-maturity investments	123	5	12,173,278,232	14,052,309,692
III. Short-term receivables	130		238,574,315,066	262,217,470,195
1. Short-term trade receivables	131	6	178,045,433,752	142,477,351,676
2. Short-term advances to suppliers	132	7	10,903,065,784	3,834,876,576
3. Receivables from construction contracts under percentage of completion method	134	8	33,157,236,000	13,705,372,702
4. Other short-term receivables	136	9	16,468,579,530	102,199,869,241
IV. Inventories	140	10	61,583,055,607	64,197,458,494
1. Inventories	141		77,914,980,793	81,200,381,195
2. Provision for devaluation of inventories	149		(16,331,925,186)	(17,002,922,701)
V. Other short-term assets	150		4,396,766,171	2,210,172,641
1. Short-term prepayments	151	11	1,073,336,159	1,043,341,675
2. Value added tax deductibles	152		-	1,166,830,966
3. Taxes and other receivables from the State budget	153	12	3,323,430,012	-
B. NON-CURRENT ASSETS	200		579,279,762,830	603,961,694,318
I. Long-term receivables	210		50,000,000	-
1. Other long-term receivables	216		50,000,000	-
II. Fixed assets	220		459,923,646,749	482,497,618,862
1. Tangible fixed assets	221	13	450,180,782,084	467,183,879,525
- Cost	222		1,272,002,474,457	1,271,120,297,309
- Accumulated depreciation	223		(821,821,692,373)	(803,936,417,784)
2. Intangible assets	227	14	9,742,864,665	15,313,739,337
- Cost	228		74,470,914,895	74,470,914,895
- Accumulated amortisation	229		(64,728,050,230)	(59,157,175,558)
III. Other long-term assets	260		119,306,116,081	121,464,075,456
1. Long-term prepayments	261	11	119,306,116,081	121,464,075,456
TOTAL ASSETS (270=100+200)	270		973,313,140,080	990,666,203,707

INTERIM BALANCE SHEET (Continued)

As at 30 June 2018

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		1,073,542,666,292	1,046,757,899,197
I. Current liabilities	310		680,932,979,860	613,875,105,259
1. Short-term trade payables	311	15	226,786,537,952	267,177,266,661
2. Short-term advances from customers	312	16	6,248,176,978	6,656,783,777
3. Taxes and amounts payable to the State budget	313	12	9,719,987,525	6,683,219,234
4. Payables to employees	314		4,805,716,892	3,295,641,421
5. Short-term accrued expenses	315	17	144,903,134,066	101,691,258,483
6. Payables relating to construction contracts under percentage of completion method	317	18	17,679,316,360	5,351,161,360
7. Short-term unearned revenue	318		2,450,784,000	-
8. Other current payables	319	19	23,848,942,647	20,527,144,768
9. Short-term loans	320	20	234,000,000,000	195,000,000,000
10. Short-term provisions	321	22	9,958,021,844	6,803,467,959
11. Bonus and welfare funds	322		532,361,596	689,161,596
II. Long-term liabilities	330		392,609,686,432	432,882,793,938
1. Long-term loans	338	21	391,104,449,097	430,104,449,097
2. Long-term provisions	342	22	1,505,237,335	2,778,344,841
D. EQUITY	400		(100,229,526,212)	(56,091,695,490)
I. Owners' equity	410	23	(107,648,920,748)	(76,142,596,770)
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		(705,144,512,211)	(673,638,188,233)
- Losses accumulated to the prior year end	421a		(673,638,188,233)	(581,533,720,862)
- Loss of the current period/year	421b		(31,506,323,978)	(92,104,467,371)
II. Other resources and funds	430	24	7,419,394,536	20,050,901,280
1. Subsidised funds	431		(2,050,985,272)	4,974,210,722
2. Funds for fixed assets acquisition	432		9,470,379,808	15,076,690,558
TOTAL RESOURCES (440=300+400)	440		973,313,140,080	990,666,203,707


Pham Van Dau
Preparer

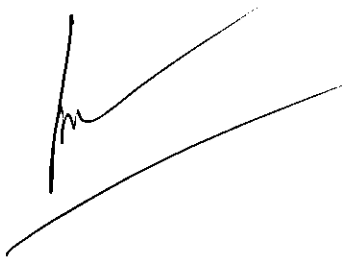

Dinh Hong Nhung
Acting Chief Accountant

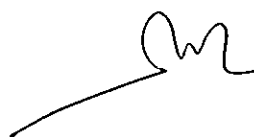

Nguyen Quang Hieu
General Director
6 August 2018


INTERIM INCOME STATEMENT
For the 6-month period ended 30 June 2018

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from services rendered	01		186,440,907,939	238,233,737,762
2. Net revenue from services rendered (10=01)	10	27	186,440,907,939	238,233,737,762
3. Cost of services rendered	11	28	187,295,789,876	237,174,687,962
4. (Loss)/Profit from services rendered (20=10-11)	20		(854,881,937)	1,059,049,800
5. Financial Income	21	30	2,116,091,905	4,990,951,903
6. Financial expenses	22	31	24,833,190,568	30,798,236,008
- In which: Interest expense	23		23,574,319,017	29,023,535,251
7. General and administration expenses	26	32	8,200,590,180	7,488,180,590
8. Operating losses (30=20+(21-22)-26)	30		(31,772,570,780)	(32,236,414,895)
9. Other Income	31		798,449,009	11,093,543,272
10. Other expenses	32		532,202,207	16,266,819,374
11. Profit/(loss) from other activities (40=31-32)	40	33	266,246,802	(5,173,276,102)
12. Losses before tax (50=30+40)	50		(31,506,323,978)	(37,409,690,997)
13. Corporate Income tax expense	51	34	-	-
14. Losses after tax (60=50-51)	60		(31,506,323,978)	(37,409,690,997)
15. Basic losses per share	70	35	(530)	(629)


Pham Van Dau
Preparer


Dinh Hong Nhung
Acting Chief Accountant


Nguyen Quang Hieu
General Director
6 August 2018



INTERIM CASH FLOW STATEMENT
For the 6-month period ended 30 June 2018

Unit: VND

ITEMS	Codes	Current period	Prior period
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Losses before tax	01	(31,506,323,978)	(37,409,690,997)
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	17,849,838,511	19,063,142,429
Provisions	03	1,210,448,864	7,305,912,607
Foreign exchange loss/(gain) arising from translating foreign currency items	04	1,111,342,024	(226,051,846)
Gain from Investing activities	05	(1,740,206,606)	(1,728,622,724)
Interest expense	06	23,574,319,017	29,023,535,251
3. Operating profit before movements in working capital	08	10,499,417,832	16,028,224,720
Changes in receivables	09	21,757,085,565	179,299,250,660
Changes in inventories	10	3,285,400,402	35,211,342,492
Changes in payables	11	123,019,216	12,367,500,913
Changes in prepaid expenses	12	2,127,964,891	8,457,750,796
Interest paid	14	-	(6,537,455,726)
Other cash outflows	17	(7,181,995,994)	(3,902,252,647)
Net cash generated by operating activities	20	30,610,891,912	240,924,361,208
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition of fixed assets	21	(882,177,148)	(13,078,706,010)
2. Cash outflow for lending, buying debt instruments of other entities	23	(420,968,540)	-
3. Cash recovered from lending, selling debt instruments of other entities	24	2,300,000,000	-
4. Interest earned	27	1,740,206,606	1,728,622,724
Net cash generated by/(used in) Investing activities	30	2,737,060,918	(11,350,083,286)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
2. Repayment of borrowings	34	-	(394,723,973,956)
3. Dividend paid	36	(166,285,625)	(167,760,300)
Net cash used in financing activities	40	(166,285,625)	(394,891,734,256)
Net increase/(decrease) in cash (50=20+30+40)	50	33,181,667,205	(165,317,456,334)
Cash and cash equivalents at the beginning of the period	60	44,027,098,367	194,601,120,979
Effects of changes in foreign exchange rates	61	97,196,602	3,212,467
Cash and cash equivalents at the end of the period (70=50+60+61)	70	77,305,962,174	29,286,877,112


Pham Van Dau
Preparer


Dinh Hong Nhung
Acting Chief Accountant



Nguyen Quang Hieu
General Director
6 August 2018

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 Business 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 2018 was 488 (as at 31 December 2017: 358).

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.

Disclosure of information comparability in the interim financial statements

The comparative figures of the interim balance sheet are the figures of the Company's audited financial statements for the year ended 31 December 2017. The comparative figures of the interim income statement and interim cash flow statements are the figures of the reviewed interim financial statements for the 6-month period ended 30 June 2017.

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention

The accompanying 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 financial reporting.

As at 30 June 2018, the Company reported significant accumulated losses of VND 705,144,512,211 (as at 31 December 2017 was VND 673,638,188,233) and as of that date, the Company's total current liabilities exceeded its total current assets by VND 286,899,602,610 (as at 31 December 2017 was VND 227,170,595,870). In view thereof, the Company's ability to continue its business as a going concern is dependent upon its ability to generate sufficient cash flows. The Board of Executive Officers believes that the operation will continue with the collection of receivables balances from completed projects and the conclusion of contracts which have been and will be signed in upcoming years generating sufficient funds to meet its financial obligations. Accordingly, the interim financial statements have been prepared on a going concern basis.

The accompanying 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.

Accounting period

The Company's financial year begins on 1 January and ends on 31 December. The interim accounting period begins on 1 January and ends on 30 June annually.

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 Executive Officers 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 Executive Officers 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 term deposits that the Company has the positive intent or ability to hold to maturity. Post-acquisition interest income from bank deposits is recognised in the interim income statement on accrual basis. Held-to-maturity investments are measured at cost less any impairment. Impairment of held-to-maturity investments is made in accordance with prevailing accounting regulations.

Receivables

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

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

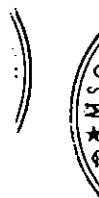
Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises cost of purchases and other directly attributable expenses. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

Tangible fixed assets and depreciation

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

	<u>Years</u>
Buildings structures	5 - 40
Machinery, equipment	5 - 7
Office equipment	3 - 15
Motor vehicles	6 - 20
Equipment formed from Subsidised funds	2 - 3
Others	3

Leases

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 Interim Income statement on a straight-line basis over the term of the relevant lease.

Intangible assets and amortisation

Intangible assets represent computer software and vessel designing software formed from subsidised funds that are stated at cost less accumulated amortisation. 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.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes professional fees, and for qualifying assets, borrowing costs and other expenses dealt with in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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 Interim 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.

Provisions

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

Revenue recognition

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in each period by reference to the percentage of completion of the transaction at the balance sheet date. 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 recognised by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion of the contract activity at the balance sheet date is determined by one of the following methods: (a) Percentage of costs of the work volume completed at a certain time on the total estimated costs of the contract; (b) appraisal of the completed work volume; (c) percentage of the completed construction and installation volume on the total construction and installation volume which must be completed under the contract.

For fixed price construction contracts, the contract results shall be reliably estimated when the following four (4) conditions are simultaneously met:

- (a) Total contract revenue can be calculated reliably;
- (b) It is probable that the economic benefits associated with the contract will flow to the entity;
- (c) Both the contract costs to complete the contract and the stage of contract completion at the end of the reporting period can be calculated reliably;
- (d) The contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with the total cost estimates.

In addition, the Company must regularly review and, when necessary, revise the estimates of contract revenue and contract costs as the contract progresses.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable of recovery, then no profit is recognised, even if the outcome of a construction contract may exceed the total contract revenue.

Foreign currencies

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

Borrowing costs

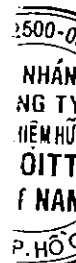
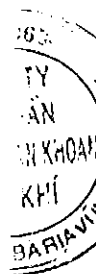
Borrowing costs are recognised in the Income statement in the period when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

Taxation

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

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

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



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

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 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>
	VND	VND
Cash on hand	66,873,226	262,686,029
Demand deposits	25,239,088,948	43,764,412,338
Cash equivalents	52,000,000,000	-
	77,305,962,174	44,027,098,367

Cash equivalents as at 30 June 2018 represent time deposits at commercial banks with the maturity day less than 3 months and interest rates from 5.3% to 5.5% per annum (2017: no cash equivalents).

Term deposit with an amount of VND 6,464,334,772 were deposited at Joint Stock Commercial Bank for Investment and Development of Vietnam – Ba Ria Vung Tau Branch as security for payment guarantees and financial support commitments for projects.

5. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments represent time deposits at commercial banks with a period from 5 months to 12 months and interest rates ranged from 4.6% to 6.3% per annum (as at 31 December 2017: 5% to 6.3% per annum).

The Company has pledged a deposit amounting to VND 4,137,375,000 at Joint Stock Commercial Bank for Investment and Development of Vietnam – Ba Ria Vung Tau Branch to secure for warranty guarantee and payment for projects (as at 31 December 2017: Military Commercial Joint Stock Bank and Joint Stock Commercial Bank for Investment with amount of VND 7,191,862,992 and VND 4,560,446,700, respectively).

6. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Project management board of DKI Construction	127,616,490,000	127,616,490,000
Stensvik Company Limited	24,785,649,435	2,638,046,707
Other receivables	25,643,294,317	12,222,814,969
	178,045,433,752	142,477,351,676

7. SHORT-TERM ADVANCE TO SUPPLIERS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Duc Quyen Shipping Service Company Limited	2,185,600,065	2,362,028,884
Sea Star Valves Limited	1,214,820,249	-
Amecc Mechanical Joint Stock Company	884,060,000	644,130,661
HTC Technical Joint Stock Company	2,282,222,102	328,675,200
Other suppliers	4,336,363,368	500,041,831
	10,903,065,784	3,834,876,576

8. RECEIVABLES FROM CONSTRUCTION CONTRACTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Ca HoI Project	-	6,042,680,940
Construction of Daman	-	3,191,289,710
Nghi Son Shipbuilding Project	-	4,471,402,052
Ca HoI 2 Project	33,157,236,000	-
	33,157,236,000	13,705,372,702

9. OTHER SHORT-TERM RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Receivable from employees	847,492,801	1,024,629,340
Other receivables		
- PetroVietnam Securities Incorporated (*)	14,096,641,120	14,262,926,745
- Custom Department Ba Ria-Vung Tau Province	176,265,348	84,183,857,345
- Other receivables	1,348,180,261	2,728,455,811
	16,468,579,530	102,199,869,241

(*) Short-term receivable from PetroVietnam Securities Incorporated ("PSI") as at 30 June 2018 presents the actual dividend amounts transferred to PSI but PSI has not made the payment to the Company's shareholders.

10. INVENTORIES

	<u>Closing balance</u>		<u>Opening balance</u>	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Goods in transit	-	-	51,985,200	-
Raw materials	63,258,959,317	16,331,925,186	64,623,746,766	17,002,922,701
Tools and supplies	3,437,609,644	-	3,274,398,253	-
Work on progress	11,218,411,832	-	13,250,250,976	-
	77,914,980,793	16,331,925,186	81,200,381,195	17,002,922,701

During the period, the Company has reversed provision for devaluation of slow-moving Inventories an amount of VND 670,997,515 (2017: provide VND 4,338,879,587). This is provision for Inventories that were bought for Tam Dao 05 project and have not used yet. According to the Board of Executive Officers' evaluation, these inventories cannot be able to use for other projects in the future.

11. PREPAYMENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Short-term		
Tools	2,343,750	5,718,750
Others	1,070,992,409	1,037,622,925
	1,073,336,159	1,043,341,675
b. Long-term		
Land rental (*)	118,028,121,970	119,568,900,568
Tools	460,571,096	935,178,083
Others	817,423,015	959,996,805
	119,306,116,081	121,464,075,456

(*) Land rental presents the land lease in PTSC port in Ba Ria - Vung Tau Province with area of 39.8 ha 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 until 31 December 2057.

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

	Opening balance	Increase	Decrease	Closing balance
	VND	during the period	during the period	VND
		VND	VND	
Value added tax	5,361,194,069	19,820,950,847	(15,462,157,391)	9,719,987,525
Import tax	-	861,937,454	(964,463,900)	(102,526,446)
Personal income tax	45,160,077	455,057,580	(1,243,055,630)	(742,837,973)
Foreign contractor withholding tax	1,276,865,088	1,192,214,871	(4,941,145,552)	(2,472,065,593)
Others tax	-	35,000,000	(41,000,000)	(6,000,000)
	6,683,219,234	22,365,160,752	(22,651,822,473)	6,396,557,513

In which:

**Tax receivables from
the State budget**

-

3,323,430,012

**Tax payables to the
State budget**

6,683,219,234

9,719,987,525

PETROVIETNAM MARINE SHIPYARD JOINT STOCK COMPANY
NOTES TO THE INTERIM FINANCIAL STATEMENTS (Continued)

FORM B 09a-DN

13. TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery, equipment	Motor vehicles	Office equipment	Assets formed from subsidised funds	Others	Total
	VND	VND	VND	VND	VND	VND	VND
COST							
Opening balance	737,699,245,400	119,402,675,654	394,782,484,631	10,309,143,182	3,850,699,617	5,076,048,825	1,271,120,297,309
Additions	667,827,123	174,000,000	-	40,350,025	-	-	882,177,148
Closing balance	738,367,072,523	119,576,675,654	394,782,484,631	10,349,493,207	3,850,699,617	5,076,048,825	1,272,002,474,457
ACCUMULATED DEPRECIATION							
Opening balance	476,048,369,743	94,964,940,693	215,407,150,201	9,719,303,955	3,649,768,595	4,146,884,597	803,936,417,784
Charge for the period	7,864,037,521	1,704,996,770	7,911,656,754	136,706,716	65,560,872	202,315,956	17,885,274,589
Closing balance	483,912,407,264	96,669,937,463	223,318,806,955	9,856,010,671	3,715,329,467	4,349,200,553	821,821,692,373
NET BOOK VALUE							
Opening balance	261,650,875,657	24,437,734,961	179,375,334,430	589,839,227	200,931,022	929,164,228	467,183,879,525
Closing balance	254,454,665,259	22,906,738,191	171,463,677,676	493,482,536	135,370,150	726,848,272	450,180,782,084

As presented in Note 21, the Company has pledged the constructions and assets, equipments associated to constructions, assets formed in the future and associated to the project, machineries and equipments have been built, purchased, associated or located at site of Sao Mai Ben Dinh port No. 65A2, 30/4 Street, Thang Nhat Ward, Vung Tau City with the carrying amount as at 30 June 2018 was VND 449,531,505,714 (as at 31 December 2017 was VND 467,183,879,525) to secure the loans.

As at 30 June 2018, the cost of the Company's tangible fixed assets includes an amount of VND 93,442,535,206 (as at 31 December 2017: VND 91,575,907,415) in respect of fully depreciated assets which are still in use.

14. INTANGIBLE ASSETS

	Computer Software VND	Software formed from subsidiary funds VND	Total VND
COST			
Opening balance and Closing balance	18,448,540,685	56,022,374,210	74,470,914,895
ACCUMULATED AMORTISATION			
Opening balance	18,026,793,523	41,130,382,035	59,157,175,558
Charge for the period	30,124,794	5,540,749,878	5,570,874,672
Closing balance	18,056,918,317	46,671,131,913	64,728,050,230
NET BOOK VALUE			
Opening balance	421,747,162	14,891,992,175	15,313,739,337
Closing balance	391,622,368	9,351,242,297	9,742,864,665

As at 30 June 2018, the cost of the Company's Intangible assets Includes an amount of VND 41,132,298,145 (as at 31 December 2017: VND 41,100,298,145) In respect of fully depreciated assets which are still in use.

15. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
a. Payable to related parties (see Note 36)	65,548	65,548	45,540,000	45,540,000
b. Payable to others	226,786,472,404	226,786,472,404	267,131,726,661	267,131,726,661
National Oilwell Varco LP	93,394,336,734	93,394,336,734	103,419,731,039	103,419,731,039
Other suppliers	133,392,135,670	133,392,135,670	163,711,995,622	163,711,995,622
	226,786,537,952	226,786,537,952	267,177,266,661	267,177,266,661

16. ADVANCES FROM CUSTOMERS

	Closing balance VND	Opening balance VND
a. Advance from customers - related parties (see Note 36)	870,213,833	1,201,770,662
b. Advance from customers - third parties	5,377,963,145	5,455,013,115
PetroVietnam Construction Joint Stock Corporation	5,053,478,663	5,053,478,663
Others	324,484,482	401,534,452
	6,248,176,978	6,656,783,777

17. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
Loan Interest expense	91,059,964,646	67,485,645,629
Service cost of Project DKI/19 (P14)	8,422,962,660	15,247,754,754
Expenses for construction (projects XL2)	7,018,078,517	7,018,078,517
Cost of Ca Hol 2 Project	17,327,396,290	-
Accrue cost of other projects	16,060,451,768	6,878,506,032
Others	5,014,280,185	5,061,273,551
	144,903,134,066	101,691,258,483

18. PAYABLES RELATING TO CONSTRUCTION CONTRACTS UNDER PERCENTAGE OF COMPLETION METHOD

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
DKI/19 Project	5,351,161,360	5,351,161,360
Ca Hol 3 Project	12,328,155,000	-
	17,679,316,360	5,351,161,360

19. OTHER SHORT-TERM PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Dividend payable	18,579,033,292	18,463,989,700
Others	5,269,909,355	2,063,155,068
	23,848,942,647	20,527,144,768

20. SHORT-TERM LOANS

Short-term borrowings represent current portion of long-term loans from Petrovietnam Joint Stock Finance Corporation ("PVFC"), now known as Vietnam Public Joint Stock Commercial Bank ("PVcomBank").

21. LONG-TERM LOANS

	<u>Opening balance</u>		<u>During the period</u>		<u>Closing balance</u>	
	Amount	Amount able	Increases	Decreases	Amount	Amount able
	VND	to be paid off	VND	VND	VND	to be paid off
		VND				VND
Long-term loans	430,104,449,097	430,104,449,097	-	(39,000,000,000)	391,104,449,097	391,104,449,097

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"). These loans are secured by the machineries, equipments of the Company according to the Mortgage Contract No. 03/2013/HĐTC-TCĐK-CNVT.TĐ&QLTD dated 27 September 2013. These loans include two credit facilities:

- Agreement No. 11/2011/HĐTDUT/TCĐK-CNVT.TĐ dated 17 May 2011 with the amount of VND 641 billion for payment of investment cost of project "Building and maintaining oil rig platforms". The loan term 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-CNVT.TĐ. This loan was fully disbursed in 2011.

- Agreement No. 07/HĐTDUT/TCĐK-CNVT.TĐ dated 18 March 2011 with the maximum amount of VND 250 billion for payment of investment cost of project "Building and maintaining oil rig platforms". Interest of loan is the same with interest rate from economics 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. The loan term is starting from the date PetroVietnam transfers its entrusted fund to PVFC to the date 6 April 2012.

On 9 May 2013, the Company and PVcomBank entered into two Appendices of two Agreement No. 02/07/HĐTDUT/TCĐK-CNVT.TĐ and Agreement No. 02/11/2011/HĐTDUT/TCĐK-CNVT.TĐ. 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 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% p.a.).

On 29 June 2015, the Company additionally entered into two Appendices of two Agreement No. 02/07/HĐTDUT/TCĐK-CNVT.TĐ and Agreement No. 02/11/2011/HĐTDUT/TCĐK-CNVT.TĐ. Accordingly, the remaining balance will be repaid until 30 June 2024. The outstanding balance as at 30 June 2018 was VND 625,104,449,097 (as at 31 December 2017 was VND 625,104,449,097).

Long-term loans are repayable as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
On demand or within one year	234,000,000,000	195,000,000,000
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	79,104,449,097	118,104,449,097
	625,104,449,097	625,104,449,097
Less: Amount due for settlement within 12 months (presents at Note 20)	(234,000,000,000)	(195,000,000,000)
Amount due for settlement after 12 months	391,104,449,097	430,104,449,097

22. PROVISION

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Short-term		
Warranty provision for Nghi Son Project	256,240,181	-
Warranty provision for Ca Hol Project	770,160,890	-
Warranty provision for DKI/19 Project	2,152,092,841	-
Warranty provision for Tam Dao 05 Rig	6,779,527,932	6,803,467,959
	9,958,021,844	6,803,467,959
a. Long-term		
Warranty provision for Daman Project	1,007,365,835	-
Warranty provision for DKI/19 Project	-	2,152,092,841
Severance allowance	497,871,500	626,252,000
	1,505,237,335	2,778,344,841

23. OWNERS' EQUITY

Movement in owners' equity

	<u>Owners' contributed capital</u>	<u>Other owners' capital</u>	<u>Accumulated losses</u>	<u>Total</u>
	VND	VND	VND	VND
For the 6-month period ended 30 June 2017				
Prior period's opening balance	594,897,870,000	2,597,721,463	(581,533,720,862)	15,961,870,601
Loss during the period	-	-	(37,409,690,997)	(37,409,690,997)
Prior period's closing balance	594,897,870,000	2,597,721,463	(618,943,411,859)	(21,447,820,396)
For the 6-month period ended 30 June 2018				
Current period's opening balance	594,897,870,000	2,597,721,463	(673,638,188,233)	(76,142,596,770)
Loss during the period	-	-	(31,506,323,978)	(31,506,323,978)
Current year's closing balance	594,897,870,000	2,597,721,463	(705,144,512,211)	(107,648,920,748)

Shares

	<u>30/6/2018</u>	<u>31/12/2017</u>
- 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	59,489,787	59,489,787

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:

	30/6/2018 and 31/12/2017		
	%	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
Vietsovpetro 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
	100	59,489,787	594,897,870,000

24. OTHER RESOURCES AND FUNDS

	Subsidiary funds VND
As at the beginning of the period	20,050,901,280
- Subsidiary funds	4,974,210,722
- Funds for fixed assets acquisition	15,076,690,558
Decrease in the period:	(12,631,506,744)
- Subsidiary funds	(7,025,195,994)
<i>In which: forming in fixed assets</i>	-
<i>In which: fund usage</i>	(7,025,195,994)
- Funds for fixed assets acquisition	(5,606,310,750)
<i>In which: depreciation in the period</i>	(5,606,310,750)
As at the end of the period	7,419,394,536
- Subsidiary funds	(2,050,985,272)
- Funds for fixed assets acquisition	9,470,379,808

25. OFF BALANCE SHEET ITEMS

	Closing balance	Opening balance
Foreign currencies		
United States Dollar ("USD")	239,700	738,220
Euro ("EUR")	2,468	2,467

26. BUSINESS AND GEOGRAPHICAL SEGMENT

Principal activities of the Company are to build, maintain and refurbish drilling rig platforms, oil rig 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 2018 and all its revenue, expenses in the Income statement for the 6-month period ended 30 June 2018 are related to its principal activities. In geography, the Company mainly operates within Vietnam.

Accordingly, the Board of Executive Officers has assessed and believes that the Interim financial statements in which did not present information related to business and geographical segment for the 6-month period ended 30 June 2018 is in accordance with stipulations of Accounting Standard No. 28 "Segment reporting" and also in accordance with the business situation of the Company.

27. NET REVENUE FROM SERVICES RENDERED

	Current period VND	Prior period VND
Construction of Tam Dao 05 Drilling Rig	-	7,249,120,867
Construction of DKI/19 Platform Project	-	215,209,284,094
Ca Hol Project	25,081,586,445	-
Construction of Daman	12,043,924,915	-
Service of berthing PVD Rig	4,889,067,752	5,232,971,927
Nghi Son Shipbuilding Project	14,810,921,822	-
Long Phu Thermal Project	9,554,771,296	-
Ca Hol 2 Project	64,287,036,000	-
Ca Hol 3 Project	33,797,595,000	-
Other revenues	21,976,004,709	10,542,360,874
	186,440,907,939	238,233,737,762

28. COST OF SERVICES RENDERED

	Current period VND	Prior period VND
Construction of Tam Dao 05 Drilling Rig	-	11,718,099,754
Construction of DKI/19 Platform Project	-	208,190,553,550
Ca Hol Project	27,090,784,222	-
Construction of Daman	12,017,047,518	-
Service of berthing PVD Rig	2,447,729,158	4,905,304,257
Nghi Son Shipbuilding Project	15,412,059,861	-
Long Phu Thermal Project	10,861,130,535	-
Ca Hol 2 Project	73,785,478,210	-
Ca Hol 3 Project	38,721,852,900	-
Others	6,959,707,472	12,360,730,401
	187,295,789,876	237,174,687,962

29. PRODUCTION COST BY NATURE

	Current period VND	Prior period VND
Raw materials and consumables	60,180,839,652	91,281,137,759
Labour	33,978,126,171	54,283,237,104
Depreciation and amortization	17,849,838,511	19,063,142,429
Out-sourced services	43,416,993,969	58,596,847,762
Other expenses	37,972,918,362	19,293,056,619
	193,398,716,665	242,517,421,673

30. FINANCIAL INCOME

	Current period VND	Prior period VND
Bank Interest	1,740,206,606	1,728,622,724
Foreign exchange gain	375,885,299	3,262,329,179
	2,116,091,905	4,990,951,903

31. FINANCIAL EXPENSES

	Current period VND	Prior period VND
Interest expense	23,574,319,017	29,023,535,251
Foreign exchange loss	1,258,871,551	1,774,700,757
	24,833,190,568	30,798,236,008

32. GENERAL AND ADMINISTRATION EXPENSES

	Current period	Prior period
	VND	VND
Salary for employees	2,156,666,217	5,019,232,031
Outsource services	4,208,068,742	-
Others	1,835,855,221	2,468,948,559
	8,200,590,180	7,488,180,590

33. PROFIT/(LOSS) FROM OTHER ACTIVITIES

	Current period	Prior period
	VND	VND
Other income	798,449,009	11,093,543,272
Insurance compensation	-	9,463,752,397
Other expenses	798,449,009	1,629,790,875
Other expenses	532,202,207	16,266,819,374
Compensation provision - BOP cost for Tam Dao 03 Project	-	-
Non-redundable Import tax	226,143,338	-
Other expenses	306,058,869	6,851,574,997
Profit/(loss) from other activities	266,246,802	(5,173,276,102)

34. CURRENT CORPORATE INCOME TAX EXPENSE

The current corporate Income tax expense for the period was computed as follows:

	Current period	Prior period
	VND	VND
Losses before tax	(31,506,323,978)	(37,409,690,997)
Adjustment for assessable Income		
Less: non-assessable Income	97,196,602	-
Add: non-deductible expenses	10,140,218,561	22,246,063,671
Taxable income	(21,268,908,815)	(15,163,627,326)
Current corporate income tax	20%	20%
Current corporate income tax expense	-	-

The Company is obliged to pay corporate Income tax at the rate of 20% of its taxable income. No Income tax has been provided for during the period as the Company has no taxable income.

As at 30 June 2018, the Company has unused tax losses of VND 595,021,134,036 (as at 31 December 2017: VND 573,752,225,221) available for offset against future profit.

The Company had not recognized deferred tax asset for the tax loss during the period due to the uncertainty of having enough taxable profit streams to be used in the future.

The unused tax losses will be carried forward within 5 years from the year it was incurred. The benefits from the Company's tax losses carried forward will be expired as follows:

2018	93,504,739,875
2021	406,365,020,390
2022	73,882,464,956
2023	21,268,908,815
	595,021,134,036

35. BASIC LOSSES PER SHARE

	Current period	Prior period
	VND	VND
Losses for the purposes of calculating basic losses per share	(31,506,323,978)	(37,409,690,997)
Weighted average number of ordinary shares for the purposes of calculating basic losses per share	59,489,787	59,489,787
Basic losses per share	(530)	(629)

36. RELATED PARTY TRANSACTIONS AND BALANCES

Related party **Relationship**

PetroVietnam Technical Services Corporation	Major shareholder
Vietsovpetro Joint Venture	Shareholder
Bank for Investment and Development of Vietnam JSC	Shareholder

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

	Current period	Prior period
	VND	VND
Sales		
PetroVietnam Technical Services Corporation	9,554,771,296	-

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

	Current period	Prior period
	VND	VND
Salary and bonus paid to Board of Management	728,297,810	1,008,299,449
Remuneration paid to Board of directors and Board of Supervisors	94,144,899	-
	822,442,709	1,008,299,449

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

	VND	VND
Short-term advance from customers		
PetroVietnam Technical Services Corporation	870,213,833	1,201,770,662
Short-term trade payables		
Bank for Investment and Development of Vietnam JSC	65,548	-
Vietsovpetro Joint Venture	-	45,540,000
	65,548	45,540,000
Other payable		
Vietsovpetro Joint Venture	1,080,650,000	1,080,650,000

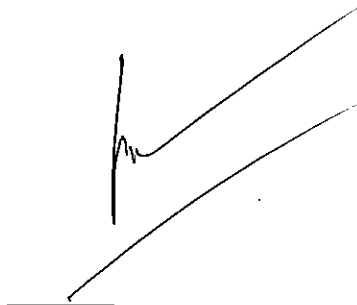
37. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash outflows of interest expense paid during the period exclude an amount of VND 23,574,319,017 (6-month period ended 30 June 2017: VND 22,486,079,525), representing the interest expense incurred during the period but has not been paid yet. Consequently, changes in accounts payable have been adjusted by the same amounts.

Cash outflows for purchases of fixed assets during the period excluded an amount of VND nil (6-month period ended 30 June 2017: VND 481,996,750), representing an amount that was transferred from construction in progress balance of prior year to the addition in fixed assets during current period. Cash outflows for purchases of fixed assets during the period included the amount of VND nil (6-month period ended 30 June 2017: VND 13,078,706,010) was the purchases of fixed assets in prior period that paid in current period.

38. APPROVAL FOR ISSUANCE OF INTERIM FINANCIAL STATEMENTS

Interim financial statements for the 6-month period ended 30 June 2018 was approved for issuance by Board of Directors on 6 August 2018.



Pham Van Dau
Preparer



Dinh Hong Nhung
Acting Chief Accountant

Nguyen Quang Hieu
General Director
6 August 2018

