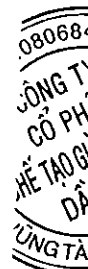


(Incorporated in the Socialist Republic of Vietnam)

**For the year ended 31 December 2015**

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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 Shipyards Joint Stock Company (the "Company") presents this report together with the Company's financial statements for the year ended 31 December 2015.

**THE BOARDS OF MANAGEMENT AND DIRECTORS**

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

**Board of Management**

Mr. Phan Tu Giang	Chairman (appointed on 2 March 2015)
Mr. Dang The Huong	Chairman (resigned on 2 March 2015)
Mr. Hoang Huy Ha	Member
Mr. Vu Minh Phu	Member
Mr. Nguyen Van Quang	Member
Mr. Le Hung	Member (appointed on 2 March 2015)

**Board of Directors**

Mr. Le Hung	General Director (appointed on 2 March 2015)
Mr. Phan Tu Giang	General Director (resigned on 2 March 2015)
Mr. Le Hung	Deputy General Director (resigned on 2 March 2015)
Mr. Tran Quoc Thanh	Deputy General Director
Mr. Tran Luu Tam	Deputy General Director (resigned on 1 July 2015)
Mr. Nguyen Nam Anh	Deputy General Director (appointed on 12 May 2015)
Mr. Dao Do Khiem	Deputy General Director (appointed on 6 August 2015)

**BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY**

The Board of Directors of the Company is responsible for preparing the 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 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 financial statements;
- prepare the 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 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 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 financial statements.

For and on behalf of the Board of Directors, 

  
Le Hung  
General Director  
18 February 2016

No: 239 /VNIA-HC-BC

A JOURNEY TO EXCELLENCE

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of PetroVietnam Marine Shipyard Joint Stock Company (the "Company"), prepared on 18 February 2016, as set out from page 3 to page 26, which comprise the balance sheet as at 31 December 2015, and the statement of income, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### *Auditors' Responsibility*

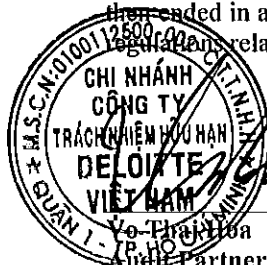
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of, in all material respects, the financial position of the Company as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Audit Practising Registration Certificate  
No. 0138-2013-001-1

For and on behalf of  
DELOITTE VIETNAM COMPANY LIMITED  
18 February 2016  
Ho Chi Minh City, S.R. Vietnam



Van Dinh Khue  
Auditor  
Audit Practising Registration Certificate  
No. 1178-2013-001-1

**PETROVIETNAM MARINE SHIPYARD JOINT STOCK COMPANY**

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

**Financial Statements**  
For the year ended 31 December 2015

**BALANCE SHEET**  
*As at 31 December 2015*

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

ASSETS	Codes	Notes	31/12/2015	31/12/2014
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>1,548,528,293,634</b>	<b>1,728,208,585,237</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>479,440,036,807</b>	<b>1,013,571,500,908</b>
1. Cash	111		479,440,036,807	721,151,500,908
2. Cash equivalents	112		-	292,420,000,000
<b>II. Short-term receivables</b>	<b>130</b>		<b>251,336,885,551</b>	<b>523,723,091,967</b>
1. Short-term trade receivables	131	6	9,334,433,214	46,347,231,689
2. Short-term advances to suppliers	132	7	193,901,843,094	396,659,688,842
3. Other short-term receivables	136	8	48,087,654,653	80,703,216,846
4. Deficits in assets awaiting solution	139		12,954,590	12,954,590
<b>III. Inventories</b>	<b>140</b>	<b>9</b>	<b>811,658,576,347</b>	<b>188,153,143,116</b>
1. Inventories	141		811,658,576,347	188,153,143,116
<b>IV. Other short-term assets</b>	<b>150</b>		<b>6,092,794,929</b>	<b>2,760,849,246</b>
1. Short-term prepayments	151	10	2,020,111,029	2,613,051,540
2. Value added tax deductibles	152	11	2,454,686,460	-
3. Taxes and other receivables from the State budget	153	11	1,617,997,440	147,797,706
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>682,223,177,998</b>	<b>825,445,756,432</b>
<b>I. Fixed assets</b>	<b>220</b>		<b>545,354,829,477</b>	<b>681,067,142,108</b>
1. Tangible fixed assets	221	12	542,725,655,534	675,500,162,632
- Cost	222		1,279,066,327,200	1,270,600,105,749
- Accumulated depreciation	223		(736,340,671,666)	(595,099,943,117)
2. Intangible assets	227	13	2,629,173,943	5,566,979,476
- Cost	228		41,132,298,145	41,132,298,145
- Accumulated amortisation	229		(38,503,124,202)	(35,565,318,669)
<b>II. Long-term assets in progress</b>	<b>240</b>		<b>-</b>	<b>4,089,971,250</b>
1. Long-term construction in progress	242		-	4,089,971,250
<b>III. Other long-term assets</b>	<b>260</b>		<b>136,868,348,521</b>	<b>140,288,643,074</b>
1. Long-term prepayments	261	10	133,594,948,521	134,951,849,527
2. Deferred tax assets	262	14	3,273,400,000	5,336,793,547
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>2,230,751,471,632</b>	<b>2,553,654,341,669</b>

The notes set out on pages 7 to 26 are an integral part of these financial statements

FORM B 01-DN  
Unit: VND

RESOURCES	Codes	Notes	31/12/2015	31/12/2014
<b>C. LIABILITIES</b>	<b>300</b>		<b>1,760,515,856,260</b>	<b>2,129,411,040,597</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,174,411,407,163</b>	<b>1,418,518,634,250</b>
1. Short-term trade payables	311	15	287,007,785,471	113,841,943,911
2. Short-term advances from customers	312	16	51,749,701,303	211,068,967,725
3. Taxes and amounts payable to the State budget	313	11	6,932,885,183	33,216,442,758
4. Payables to employees	314		13,156,471,863	10,374,113,848
5. Short-term accrued expenses	315	17	31,586,189,874	70,566,600,192
6. Payables relating to construction contracts under percentage of completion method	317	18	197,744,149	418,116,435,521
7. Other current payables	319	19	25,665,405,886	61,294,069,986
8. Short-term loans and obligations under finance leases	320	20	755,727,413,838	497,272,490,713
9. Bonus and welfare funds	322		2,387,809,596	2,767,569,596
<b>II. Long-term liabilities</b>	<b>330</b>		<b>586,104,449,097</b>	<b>710,892,406,347</b>
1. Long-term advances from customers	332	16	-	46,904,215,050
2. Long-term loans and obligations under finance leases	338	21	586,104,449,097	663,988,191,297
<b>D. EQUITY</b>	<b>400</b>		<b>470,235,615,372</b>	<b>424,243,301,072</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>22</b>	<b>460,460,146,238</b>	<b>421,776,250,374</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. Retained earnings	421		(137,035,445,225)	(175,719,341,089)
- Losses accumulated to the prior year end	421a		(175,719,341,089)	(195,917,007,073)
- Retained earnings of the current year	421b		38,683,895,864	20,197,665,984
<b>II. Other resources and funds</b>	<b>430</b>		<b>9,775,469,134</b>	<b>2,467,050,698</b>
1. Subsidised funds	431		9,328,527,263	913,634,286
2. Funds for fixed assets acquisition	432		446,941,871	1,553,416,412
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>2,230,751,471,632</b>	<b>2,553,654,341,669</b>

Le Hung  
General Director  
18 February 2016

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

Le Hung  
General Director  
18 February 2016

**CASH FLOW STATEMENT**  
For the year ended 31 December 2015

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

ITEMS	Codes	2015	2014
<b>I. CASH USED IN OPERATING ACTIVITIES</b>			
1. Profit before tax	01	40,747,289,411	23,138,032,519
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	143,088,292,180	143,857,624,701
Foreign exchange loss arising from translating foreign currency items	04	24,131,866,262	2,376,643,134
Gain from investing activities	05	(2,579,295,077)	(11,193,583,969)
Interest expense	06	65,925,809,380	62,192,729,343
3. Operating profit before movements in working capital	08	271,313,962,156	220,371,445,728
Decrease/(Increase) in receivables	09	268,404,539,637	(352,469,138,672)
Increase in inventories	10	(623,505,433,231)	(180,406,508,756)
(Decrease)/Increase in payables	11	(509,994,128,444)	280,024,409,614
Decrease in prepaid expenses	12	4,245,856,192	5,486,210,537
Interest paid	14	(103,772,532,787)	(24,460,375,322)
Other cash inflows	16	10,000,847,141	913,634,286
Other cash outflows	17	(1,965,714,164)	(34,157,198,301)
Net cash used in operating activities	20	(685,272,603,500)	(84,697,520,886)
<b>II. CASH USED IN INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets	21	(9,651,858,292)	(14,866,396,239)
2. Interest earned	27	2,579,295,077	11,193,583,969
Net cash used in investing activities	30	(7,072,563,215)	(3,672,812,270)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	1,556,011,081,196	360,905,027,704
2. Repayment of borrowings	34	(1,397,312,844,758)	(24,384,852,704)
3. Dividends and profits paid	36	(799,418,800)	(1,372,455,300)
Net cash generated by financing activities	40	157,898,817,638	335,147,719,700
Net (decrease)/increase in cash (50=20+30+40)	50	(534,446,349,077)	246,777,386,544
Cash and cash equivalents at the beginning of the year	60	1,013,571,500,908	766,437,653,703
Effects of changes in foreign exchange rates	61	314,884,976	356,460,661
Cash and cash equivalents at the end of the year (70=50+60+61)	70	479,440,036,807	1,013,571,500,908

Nguyen Phuong Huong  
Preparer

Nguyen Van Quang  
Chief Accountant

Le Hung  
General Director  
18 February 2016



**NOTES TO THE FINANCIAL STATEMENTS****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying 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 31 December 2015 was 695 (as at 31 December 2014: 719).

**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 financial statements**

As stated in Note 3, since 1 January 2015, the Company has adopted Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014 ("Circular 200") guiding the accounting regime for enterprises. This Circular is effective for the financial year beginning on or after 1 January 2015. Circular 200 supersedes the regulations for accounting regime promulgated under Decision No. 15/2006/QĐ-BTC dated 20 March 2006 issued by the Ministry of Finance and Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance. Accordingly, certain figures of the balance sheet as at 31 December 2015 and of the cash flow statement for the year then ended are not comparable with the corresponding figures of 2014 due to effects of adoption of Circular 200 on the preparation and presentation of the financial statements.

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR****Accounting convention**

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

The accompanying 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.

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

**FORM B 09-DN**

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

**3. ADOPTION OF NEW ACCOUNTING GUIDANCE**

**New guidance on accounting regime for enterprises**

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC ("Circular 200") guiding the accounting regime for enterprises. This Circular is effective for financial years beginning on or after 1 January 2015. Circular 200 supersedes the regulations for accounting regime promulgated under Decision No. 15/2006/QĐ-BTC dated 20 March 2006 issued by the Ministry of Finance and Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance. The Board of Directors has adopted Circular 200 in the preparation and presentation of the financial statements for the year ended 31 December 2015.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Estimates**

The preparation of 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.

**Financial instruments**

**Initial recognition**

*Financial assets:* At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Company comprise cash and cash equivalents, trade and other receivables and deposits.

*Financial liabilities:* At the date of initial recognition financial liabilities are recognized at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Company comprise trade and other payables, borrowings and accrued expenses.

**Subsequent measurement after initial recognition**

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

**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.

**Receivables**

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

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

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

**FORM B 09-DN**

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

**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:

	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 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.

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

**Payable provisions**

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

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

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

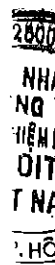
Revenue from construction contracts is recognised in accordance with the Company's accounting policy on construction contracts (see note as below).

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 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 stage 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 recognised to the extent of contract costs incurred that it is probable of recovery.



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

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

**Borrowing costs**

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard "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 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 recognised 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 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 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.

**PETROVIETNAM MARINE SHIPYARD JOINT STOCK COMPANY**

65A2, 30/4 Road, Thang Nhat Ward  
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**5. CASH AND CASH EQUIVALENTS**

	31/12/2015	31/12/2014
	VND	VND
Cash on hand	866,303,485	3,054,338,539
Demand deposits	478,573,733,322	718,097,162,369
Cash equivalents	-	292,420,000,000
	<u>479,440,036,807</u>	<u>1,013,571,500,908</u>

**6. SHORT-TERM TRADE RECEIVABLES**

	31/12/2015	31/12/2014
	VND	VND
Vietsovpetro Joint Venture	-	37,434,060,682
Sao Mai - Ben Dinh Petroleum Investment Joint Stock Company	2,831,016,136	571,150,961
Petroleum Pipeline & Tank Construction Joint Stock Company	1,579,742,000	1,579,742,000
TJS Technical service & Construction Joint Stock Company	1,052,522,520	519,201,370
Dung Quat Shipbuilding Company Limited	2,675,415,087	-
Other receivables	1,195,737,471	6,243,076,676
	<u>9,334,433,214</u>	<u>46,347,231,689</u>

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

	31/12/2015	31/12/2014
	VND	VND
National Oilwell Varco L.P.638	166,045,059,062	309,468,285,000
S-ONE M&O Co., Ltd.	-	7,012,640,000
Italgra S.R.L	-	16,865,640,000
Jackup Structures Alliance, Inc.	-	39,132,004,214
Drill-quip Asia Pacific Pte Ltd	5,928,725,192	-
Other suppliers	21,928,058,840	24,181,119,628
	<u>193,901,843,094</u>	<u>396,659,688,842</u>

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

**8. OTHER SHORT-TERM RECEIVABLES**

	31/12/2015	31/12/2014
	VND	VND
Receivable from employees	1,372,977,812	3,110,838,719
Short-term deposits	-	36,591,902,968
Other receivables		
- PetroVietnam Insurance Company (PVI) - Vung Tau Branch	381,216,946	20,993,569,199
- PetroVietnam Securities Incorporated (*)	15,412,679,160	16,172,060,520
- Custom Department Ba Ria-Vung Tau Province (**)	28,261,130,481	-
- Other receivables	2,659,650,254	3,834,845,440
	<u>48,087,654,653</u>	<u>80,703,216,846</u>

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(\*) Short-term receivable from PetroVietnam Securities Incorporated ("PSI") as at 31 December 2015 presents the actual dividend amounts transferred to PSI but PSI has not made the payment to the Company's shareholders.

(\*\*) Short-term receivable from Custom Department 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.

**9. INVENTORIES**

	31/12/2015	31/12/2014
	VND	VND
Goods in transit	143,616,226,536	13,525,927,987
Raw materials	662,157,063,174	167,267,280,981
Tools and supplies	5,830,332,274	7,359,934,148
Work on progress	54,954,363	-
	<b>811,658,576,347</b>	<b>188,153,143,116</b>

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

	31/12/2015	31/12/2014
	VND	VND
a. Short-term		
Tools	624,507,299	2,255,329,507
Other prepayments	1,395,603,730	357,722,033
	<b>2,020,111,029</b>	<b>2,613,051,540</b>
b. Long-term		
Land rental (*)	125,732,014,960	128,813,572,156
Tools	5,125,198,590	3,943,711,123
Others	2,737,734,971	2,194,566,248
	<b>133,594,948,521</b>	<b>134,951,849,527</b>

(\*) 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 to 31 December 2057.

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

	01/01/2015	Increase/Payable during	Deducted/Paid	31/12/2015
	VND	the year	during the year	VND
a. Receivables				
Value added tax	-	61,191,400,196	(58,736,713,736)	2,454,686,460
Import tax	147,797,706	(52,085,251,324)	53,555,451,058	1,617,997,440
	<b>147,797,706</b>	<b>9,106,148,872</b>	<b>(5,181,262,678)</b>	<b>4,072,683,900</b>
b. Payables				
Value added tax	31,015,055,792	2,661,233,516	(33,121,918,541)	554,370,767
Personal income tax	474,430,936	9,790,768,407	(8,687,082,557)	1,578,116,786
Foreign contractor withholding tax	1,724,956,030	24,438,977,765	(22,755,394,641)	3,408,539,154
Others tax	2,000,000	1,441,358,476	(51,500,000)	1,391,858,476
	<b>33,216,442,758</b>	<b>38,332,338,164</b>	<b>(64,615,895,739)</b>	<b>6,932,885,183</b>

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**12. 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
<b>COST</b>							
As at 01/01/2015	737,423,602,480	114,542,188,634	397,256,138,844	9,265,359,411	3,850,699,617	8,262,116,763	1,270,600,105,749
Additions	132,554,046	5,509,213,919	260,785,000	785,944,550	-	-	6,688,497,515
Transfer from construction in progress	143,088,874	-	-	-	-	1,634,635,062	1,777,723,936
As at 31/12/2015	<u>737,699,245,400</u>	<u>120,051,402,553</u>	<u>397,516,923,844</u>	<u>10,051,303,961</u>	<u>3,850,699,617</u>	<u>9,896,751,825</u>	<u>1,279,066,327,200</u>
<b>ACCUMULATED DEPRECIATION</b>							
As at 01/01/2015	355,301,683,452	68,211,588,552	152,127,827,929	8,048,306,369	3,256,403,363	8,154,133,452	595,099,943,117
Charge for the year	89,059,525,836	16,979,998,220	34,097,720,862	766,639,199	131,121,744	205,722,688	141,240,728,549
As at 31/12/2015	<u>444,361,209,288</u>	<u>85,191,586,772</u>	<u>186,225,548,791</u>	<u>8,814,945,568</u>	<u>3,387,525,107</u>	<u>8,359,856,140</u>	<u>736,340,671,666</u>
<b>NET BOOK VALUE</b>							
As at 31/12/2015	<u>293,338,036,112</u>	<u>34,859,815,781</u>	<u>211,291,375,053</u>	<u>1,236,358,393</u>	<u>463,174,510</u>	<u>1,536,895,685</u>	<u>542,725,655,534</u>
As at 31/12/2014	<u>382,121,919,028</u>	<u>46,330,600,082</u>	<u>245,128,310,915</u>	<u>1,217,053,042</u>	<u>594,296,254</u>	<u>107,983,311</u>	<u>675,500,162,632</u>

As at 31 December 2015, the cost of the Company's tangible fixed assets includes an amount of VND 56,031,854,530 (as at 31 December 2014: VND 21,273,489,965) in respect of fully depreciated assets which are still in use.



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**13. INTANGIBLE ASSETS**

	Computer Software VND	Software formed from subsidised funds VND	Total VND
<b>COST</b>			
As at 01/01/2015 and 31/12/2015	<u>17,966,543,935</u>	<u>23,165,754,210</u>	<u>41,132,298,145</u>
<b>ACCUMULATED AMORTISATION</b>			
As at 01/01/2015	13,358,684,617	22,206,634,052	35,565,318,669
Charge for the year	<u>1,978,685,375</u>	<u>959,120,158</u>	<u>2,937,805,533</u>
As at 31/12/2015	<u>15,337,369,992</u>	<u>23,165,754,210</u>	<u>38,503,124,202</u>
<b>NET BOOK VALUE</b>			
As at 31/12/2015	<u>2,629,173,943</u>	<u>-</u>	<u>2,629,173,943</u>
As at 31/12/2014	<u>4,607,859,318</u>	<u>959,120,158</u>	<u>5,566,979,476</u>

As at 31 December 2015, the cost of the Company's intangible assets includes an amount of VND 35,269,773,145 (as at 31 December 2014: VND 28,880,566,575) in respect of fully depreciated assets which are still in use.

**14. DEFERRED TAX ASSETS**

	<u>31/12/2015</u> VND	<u>31/12/2014</u> VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	10%
Deferred tax assets related to deductible temporary differences	3,273,400,000	5,348,719,712
<b>Deferred income tax assets</b>	<u>3,273,400,000</u>	<u>5,348,719,712</u>
Corporate income tax rates used for determination of value of deferred income tax payables	20%	10%
Deferred income tax payables arising from taxable temporary differences	-	(11,926,165)
<b>Deferred income tax liabilities</b>	<u>-</u>	<u>(11,926,165)</u>
Amount offset against deferred tax assets	-	11,926,165
<b>Deferred income tax assets</b>	<u>3,273,400,000</u>	<u>5,336,793,547</u>

As at 31 December 2015, the Company has unused tax losses of VND 99,088,017,169 (as at 31 December 2014 after tax inspection adjustment: VND 145,996,960,430) available for offset against future profit. In which:

As at 31 December 2015, deferred tax assets were recognised from these tax losses of VND 16,367,000,000 with tax rate 20% due to high predictability of future profit stream from the construction of Tam Dao 05 jack-up rig.

The Company has not recognised the deferred tax assets from the remaining tax loss amount of VND 82,721,017,169 due to the uncertainty of the future profit.

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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**15. SHORT-TERM TRADE PAYABLES**

	31/12/2015		31/12/2014	
	Amount	VND Amount able to be paid off	Amount	VND Amount able to be paid off
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	-	-
Semco Maritime Pte Ltd	9,016,000,000	9,016,000,000	-	-
Italgru 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	-	-
Velocity Energy Pte Ltd	-	-	9,067,663,549	9,067,663,549
Global Technology Commercial Corporation	-	-	7,654,299,400	7,654,299,400
Lilama 18 Joint Stock Company	-	-	6,073,864,720	6,073,864,720
Chien Hung Company Limited	-	-	6,336,970,444	6,336,970,444
Sterom 2SA	-	-	9,646,172,241	9,646,172,241
Other suppliers	146,183,967,951	146,183,967,951	75,062,973,557	75,062,973,557
	<b>287,007,785,471</b>	<b>287,007,785,471</b>	<b>113,841,943,911</b>	<b>113,841,943,911</b>

**16. SHORT-TERM/LONG-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 represents the remaining advance amounts from Vietsovpetro which have not been offset. This amount will be net off in year 2016 upon completion of Tam Dao 05 project.

**17. SHORT-TERM ACCRUED EXPENSES**

	31/12/2015	31/12/2014
	VND	VND
Loan interest expense	22,947,431,370	60,794,154,777
Expenses for construction (projects XL2)	7,018,078,517	7,018,078,517
Others	1,620,679,987	2,754,366,898
	<b>31,586,189,874</b>	<b>70,566,600,192</b>

**18. PAYABLES FROM CONSTRUCTION CONTRACTS**

	31/12/2015	31/12/2014
	VND	VND
Contracts in progress as at the balance sheet date:		
Payables relating to construction contracts under percentage of completion method	197,744,149	418,116,435,521
	<b>197,744,149</b>	<b>418,116,435,521</b>
Contract costs incurred plus recognised profits less recognised losses to date	3,094,301,261,522	869,002,502,649
Less: progress billings	3,094,499,005,671	1,287,118,938,170
	<b>(197,744,149)</b>	<b>(418,116,435,521)</b>

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**19. OTHER SHORT-TERM PAYABLES**

	31/12/2015	31/12/2014
	VND	VND
Dividend payable	19,674,255,400	20,473,674,200
Vietnam Oil and Gas Group	-	35,016,871,164
Others	5,991,150,486	5,803,524,622
	<u>25,665,405,886</u>	<u>61,294,069,986</u>

**20. SHORT-TERM BORROWINGS AND LIABILITIES**

	31/12/2014		During the year		31/12/2015	
	Amount	VND Amount able to be paid off	Increases	Decrease	Amount	VND Amount able to be paid off
Short-term loans	336,700,232,913	336,700,232,913	1,556,011,081,196	(1,275,856,844,758)	616,854,469,351	616,854,469,351
Current portion of bond liabilities (see Note 21)	160,572,257,800	160,572,257,800	77,883,742,200	(121,456,000,000)	117,000,000,000	117,000,000,000
Exchange difference	-	-	21,872,944,487	-	21,872,944,487	21,872,944,487
	<u>497,272,490,713</u>	<u>497,272,490,713</u>	<u>1,655,767,767,883</u>	<u>(1,397,312,844,758)</u>	<u>755,727,413,838</u>	<u>755,727,413,838</u>

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%/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 AND LIABILITIES**

	31/12/2014		During the year		31/12/2015	
	Amount	VND Amount able to be paid off	Increases	Decreases	Amount	VND Amount able to be paid off
Long-term loans	663,988,191,297	663,988,191,297	-	(77,883,742,200)	586,104,449,097	586,104,449,097

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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/HDTDUT/TCDK-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/HDTDUT/TCDK-CNV.TD. This loan is unsecured loan and it was fully disbursed in 2011.

- Agreement No. 07/HDTDUT/TCDK-CNV.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 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. 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-CNV.TD and Agreement No. 02/11/2011/HDTDUT/TCDK-CNV.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-CNV.TD and Agreement No. 02/11/2011/HDTDUT/TCDK-CNV.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:

	31/12/2015	31/12/2014
	VND	VND
On demand or within one year	117,000,000,000	160,572,257,800
In the second year	78,000,000,000	78,116,257,800
In the third to fifth year inclusive	234,000,000,000	234,348,773,400
After five years	274,104,449,097	351,523,160,097
	<u>703,104,449,097</u>	<u>824,560,449,097</u>
Less: Amount due for settlement within 12 months (presents at Note 20)	(117,000,000,000)	(160,572,257,800)
Amount due for settlement after 12 months	<u>586,104,449,097</u>	<u>663,988,191,297</u>

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

	Owners' contributed capital VND	Other owners' capital VND	Accumulated losses VND	Total VND
Balance as at 01/01/2014	594,897,870,000	2,597,721,463	(195,917,007,073)	401,578,584,390
Profit during the year	-	-	20,197,665,984	20,197,665,984
Balance as at 31/12/2014	<u>594,897,870,000</u>	<u>2,597,721,463</u>	<u>(175,719,341,089)</u>	<u>421,776,250,374</u>
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>

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**Shares**

	31/12/2015	31/12/2014
- 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:

	31/12/2015 and 31/12/2014		
	<u>%</u>	<u>Shares</u>	<u>Amount(VND)</u>
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	4.03	2,400,000	24,000,000,000
JSC			
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

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 will be executed in 2016.

**23. OFF BALANCE SHEET ITEMS**

	31/12/2015	31/12/2014
Foreign currencies		
United States Dollar	6,657,372.71	11,747,504.69
Euro	102.04	1,084.56

**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 31 December 2015 and all its revenue, expenses in the income statement for the year ended 31 December 2015 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 year ended 31 December 2015 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 SERVICES RENDERED**

	2015	2014
	VND	VND
Construction contracts	2,225,298,758,873	973,304,785,279
Other maintenance contracts	40,769,381,328	65,952,245,974
Other services	23,508,603,711	9,850,092,518
	<u>2,289,576,743,912</u>	<u>1,049,107,123,771</u>
Deduction - Sales rebates	-	(1,654,801,189)
	<u><u>2,289,576,743,912</u></u>	<u><u>1,047,452,322,582</u></u>

**26. COST OF SERVICES RENDERED**

	2015	2014
	VND	VND
Construction contracts	2,060,483,430,864	886,962,606,436
Other maintenance contracts	27,211,268,623	43,255,153,376
Other services	8,300,185,958	647,713,091
	<u>2,095,994,885,445</u>	<u>930,865,472,903</u>

**27. PRODUCTION COST BY NATURE**

	2015	2014
	VND	VND
Raw materials and consumables	1,364,014,533,641	369,117,582,926
Labour	180,188,211,512	176,415,084,913
Depreciation and amortization	143,004,905,468	143,857,624,701
Out-sourced services	416,754,658,504	257,174,445,332
Other expenses	22,705,514,866	30,641,714,385
	<u>2,126,667,823,991</u>	<u>977,206,452,257</u>

**28. FINANCIAL INCOME**

	2015	2014
	VND	VND
Bank interest	2,579,295,077	11,193,583,969
Foreign exchange gain	8,368,313,005	4,769,199,829
	<u>10,947,608,082</u>	<u>15,962,783,798</u>

**29. FINANCIAL EXPENSES**

	2015	2014
	VND	VND
Interest expense	65,925,809,380	62,192,729,343
Foreign exchange loss	61,324,956,142	5,567,181,783
	<u>127,250,765,522</u>	<u>67,759,911,126</u>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***30. GENERAL AND ADMINISTRATION EXPENSES**

	2015	2014
	VND	VND
Salary for employees	24,583,544,655	23,628,927,855
Others	6,089,393,891	6,108,676,804
	<u>30,672,938,546</u>	<u>29,737,604,659</u>

**31. LOSS FROM OTHER ACTIVITIES**

	2015	2014
	VND	VND
Other income	1,787,069,857	4,364,705,320
Depreciation and amortization	634,091,949	7,698,962,004
Other expenses	7,011,450,978	8,579,828,489
Other expenses	7,645,542,927	16,278,790,493
Loss from other activities	<u>(5,858,473,070)</u>	<u>(11,914,085,173)</u>

**32. CURRENT CORPORATE INCOME TAX EXPENSE**

	2015	2014
	VND	VND
<b>Current corporate income tax expenses</b>		
- Corporate income tax based on taxable profit in the current year	-	-
<b>Deferred corporate income tax expenses</b>		
- Taxable temporary differences	2,063,393,547	2,940,366,535
	<u>2,063,393,547</u>	<u>2,940,366,535</u>

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 assessable 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 22% of its assessable income in according with prevailing regulations.

In the year, the corporate income tax expense has not been recognised because the Company has not had the taxable income.

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**33. BASIC EARNINGS PER SHARE**

	2015	2014
	VND	VND
Profit for the purposes of calculating basic earnings per share	38,683,895,864	20,197,665,984
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	59,489,787	59,489,787
Basic earnings per share	<u>650</u>	<u>340</u>

**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 maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings disclosed in Note 20 and Note 21 offset by cash and cash equivalents) and equity attributable to equity shareholders (comprising charter 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:

	31/12/2015	31/12/2014
	VND	VND
Borrowings	1,341,831,862,935	1,161,260,682,010
Less: Cash and cash equivalents	479,440,036,807	1,013,571,500,908
Net debt	862,391,826,128	147,689,181,102
Equity	460,460,146,238	421,776,250,374
Net debt to equity ratio	<u>1.87</u>	<u>0.35</u>

**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>	
	31/12/2015	31/12/2014
	VND	VND
<b>Financial assets</b>		
Cash and cash equivalents	479,440,036,807	1,013,571,500,908
Trade and other receivables	27,787,979,574	87,347,706,848
Deposits	-	36,591,902,968
<b>Total</b>	<b>507,228,016,381</b>	<b>1,137,511,110,724</b>
<b>Financial liabilities</b>		
Trade and other payables	312,673,066,357	174,673,911,655
Borrowings	1,341,831,862,935	1,161,260,682,010
Accrued expenses	31,586,189,874	70,566,600,192
<b>Total</b>	<b>1,686,091,119,166</b>	<b>1,406,501,193,857</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>	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	VND	VND	VND	VND
United States Dollar	149,459,780,823	616,937,592,568	812,074,087,935	-
Singapore Dollar (SGD)	-	-	25,745,753	-
British Pound (GPB)	-	-	5,380,048,481	-
Euro (EUR)	7,684,916,299	20,550,249,936	-	-

**Foreign currency sensitivity**

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

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The following table details the Company's sensitivity to a 5% (2014: 2%) increase/decrease in Vietnam Dong against the relevant foreign currencies. 5% (2014: 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 5% (2014: 2%) change in foreign currency rates. For a 5% (2014: 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:

	2015		2014	
	VND		VND	
	5% increase	5% decrease	2% increase	2% decrease
United States Dollar (USD)	(33,130,715,356)	33,130,715,356	12,338,751,851	(12,338,751,851)
Singapore Dollar (SGD)	(1,287,288)	1,287,288	-	-
British Pound (GBP)	(269,002,424)	269,002,424	-	-
Euro (EUR)	384,245,815	(384,245,815)	411,004,999	(411,004,999)

**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 ended 31 December 2015 would have decreased/ increased by the following amount:

	Increase/(decrease) in basis points	Impact on profit before tax VND
For the year ended 31 December 2015	100 (100)	13,418,318,629 (13,418,318,629)
For the year ended 31 December 2014	100 (100)	11,612,606,820 (11,612,606,820)

**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.

**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.

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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>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>
<b>31/12/2014</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	1,013,571,500,908	-	-	1,013,571,500,908
Trade and other receivables	87,347,706,848	-	-	87,347,706,848
Deposits	36,591,902,968	-	-	36,591,902,968
<b>Total</b>	<b>1,137,511,110,724</b>	<b>-</b>	<b>-</b>	<b>1,137,511,110,724</b>
Trade and other payables	174,673,911,655	-	-	174,673,911,655
Borrowings	497,272,490,713	312,465,031,200	351,523,160,097	1,161,260,682,010
Accrued expenses	70,566,600,192	-	-	70,566,600,192
<b>Total</b>	<b>742,513,002,560</b>	<b>312,465,031,200</b>	<b>351,523,160,097</b>	<b>1,406,501,193,857</b>
<b>Net liquidity gap</b>	<b>394,998,108,164</b>	<b>(312,465,031,200)</b>	<b>(351,523,160,097)</b>	<b>(268,990,083,133)</b>

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 Petro Vietnam Corporation 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 at low level.

**35. RELATED PARTY TRANSACTIONS AND BALANCES**

<b>Related party</b>	<b>Relationship</b>
PetroVietnam Technical Services Corporation	The largest shareholder
Vietsovpetro Joint Venture	The large shareholder

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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:

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

	2015	2014
	VND	VND
<b>Sales</b>		
Vietsovpetro Joint Venture	2,225,298,758,873	977,079,665,279

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

	2015	2014
	VND	VND
<b>Salary and bonus</b>	4,401,748,154	5,004,557,056
	<u>4,401,748,154</u>	<u>5,004,557,056</u>

**36. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

**Supplemental non-cash disclosures**

Cash outflows of winterest expense paid during the year exclude an amount of VND 22,947,431,370 (2014: VND 60,794,154,777), representing the interest expense incurred during the year but has not been paid yet. Consequently, changes in accounts payable have been adjusted by the same amounts.

**37. COMPARATIVE FIGURES**


Certain reclassifications have been made to the prior year's figures to enhance their comparability with the current year's presentation. Details are as follows:

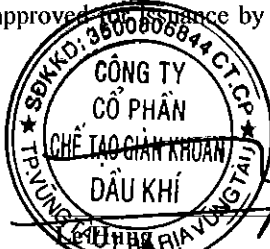
According to Decision No. 15/2006/QĐ-BTC			According to Circular No. 200/2014/TT-BTC			Change
Items	Codes	31/12/2014	Items	Codes	31/12/2014	
<b>I. Asset</b>			<b>I. Asset</b>			
1. Other short-term receivables	135	41,000,475,159	1. Other short-term receivables	136	80,703,216,846	Reclassification
2. Do not have comparative item			2. Deficits in assets awaiting solution	139	12,954,590	Reclassification & Change description
3. Other short-term assets	158	39,715,696,277	3. Other short-term assets	155	-	Reclassification
<b>II. Resources</b>			<b>II. Resources</b>			
1. Advances from customers	313	257,973,182,775	1. Short-term advances from customers	312	211,068,967,725	Reclassification
2. Do not have comparative item			2. Long-term advances from customers	332	46,904,215,050	Reclassification & Change description

**38. APPROVAL FOR ISSUANCE OF FINANCIAL STATEMENTS**

Financial statements for the year ended 31 December 2015 was approved for issuance by Board of Management on 18 February 2016.

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

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

  
\_\_\_\_\_  
General Director  
18 February 2016