



**Petro Vietnam Marine Shipyard
Joint Stock Company**
Financial Statements for the year ended
31 December 2010



Petro Vietnam Marine Shipyard Joint Stock Company
Corporate information

Business Registration Certificate No

First Registration No	4903000395	9 July 2007
First amended Registration No	3500806844	24 October 2008

The Business Registration Certificate No 4903000395 and 3500806844 were issued by the Department of Planning and Investment of Ba Ria – Vung Tau Province.

Board of Management	Dang The Huong	Chairman
	Phan Tu Giang	Member
	Do Thanh Hung	Member
	Vu Minh Tuan	Member
	Hoang Huy Ha	Member

Board of Directors	Phan Tu Giang	General Director
	Le Hung	Deputy General Director
	Tran Quoc Thanh	Deputy General Director

Registered Office	8 Hoang Dieu Street Ward 1, Vung Tau City Ba Ria – Vung Tau Province Vietnam
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Auditors	KPMG Limited Vietnam
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INDEPENDENT AUDITORS' REPORT

To the Shareholders
Petro Vietnam Marine Shipyard Joint Stock Company

Scope

We have audited the accompanying balance sheet of Petro Vietnam Marine Shipyard Joint Stock Company ("the Company") as of 31 December 2010 and the related statements of income, changes in equity and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's management on 4 March 2011. These financial statements are the responsibility of the Company's management. 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 plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements give a true and fair view of the financial position of Petro Vietnam Marine Shipyard Joint Stock Company as of 31 December 2010 and the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.

KPMG Limited
Vietnam
Investment Certificate No: 011043000345
Audit Report No: 10-01-608



Nguyen Thanh Nghi
CPA No. 0304/KTV

Ho Chi Minh City, 4 March 2011

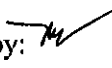
Petro Vietnam Marine Shipyard Joint Stock Company
Balance sheet at 31 December 2010

	Code	Note	31/12/2010 VND'000	31/12/2009 VND'000 (Restated)
ASSETS				
Current assets	100		1,308,444,061	985,641,513
Cash and cash equivalents	110	3	454,656,978	275,158,251
Cash	111		135,458,507	23,337,051
Cash equivalents	112		319,198,471	251,821,200
Accounts receivable	130		331,371,165	595,428,345
Accounts receivable - trade	131		213,493,147	138,705,242
Prepayments to suppliers	132		110,251,291	453,873,591
Other receivables	135		7,626,727	2,849,512
Inventories	140	4	474,944,216	109,119,010
Other current assets	150		47,471,702	5,935,907
Short-term prepayments	151		4,953,205	1,840,186
Deductible value added tax	152		41,753,947	2,953,715
Other current assets	158		764,550	1,142,006
Long-term assets	200		1,234,894,063	567,551,895
Fixed assets	220		1,090,400,567	567,429,561
Tangible fixed assets	221	5	616,767,088	93,858,872
Cost	222		673,358,320	99,866,127
Accumulated depreciation	223		(56,591,232)	(6,007,255)
Intangible fixed assets	227	6	223,063	345,974
Cost	228		608,110	532,110
Accumulated amortisation	229		(385,047)	(186,136)
Construction in progress	230	7	473,410,416	473,224,715
Other long-term assets	260		144,493,496	122,334
Long-term prepayments	261	8	144,493,496	122,334
TOTAL ASSETS	270		2,543,338,124	1,553,193,408

The accompanying notes are an integral part of these financial statements

Petro Vietnam Marine Shipyard Joint Stock Company
Balance sheet at 31 December 2010 (continued)

	Code	Note	31/12/2010 VND'000	31/12/2009 VND'000 (Restated)
RESOURCES				
LIABILITIES	300		1,801,952,309	1,163,773,195
Current liabilities	310		1,207,792,361	855,374,418
Short-term borrowings	311		-	43,605,894
Accounts payable – trade	312		232,230,628	90,588,489
Advances from customers	313	9	906,949,809	701,745,825
Taxes payable to State Treasury	314	10	5,251,254	5,723,235
Payables to employees	315		17,089,520	7,244,477
Accrued expenses	316	11	44,504,888	4,785,554
Other payables	319		1,766,262	1,680,944
Long-term liabilities	330		594,159,948	308,398,777
Long-term borrowings	334	12	594,159,948	308,398,777
EQUITY	400		741,385,815	389,420,213
Equity	410		741,385,815	389,420,213
Share capital	411	13	700,000,000	400,000,000
Non-business expense fund	412	14	3,105,598	-
Retained profits/(accumulated losses)	413		38,280,217	(10,579,787)
TOTAL RESOURCES	440		2,543,338,124	1,553,193,408

Prepared by: 


 Nguyen Van Quang
 Chief Accountant



Approved by: 

Phan Tu Giang
 General Director


04 MAR 2011

The accompanying notes are an integral part of these financial statements

Petro Vietnam Marine Shipyard Joint Stock Company
Statement of income for the year ended 31 December 2010

	Code	Note	2010 VND'000	2009 VND'000 (Restated)
Total revenue	01	15	1,252,357,821	-
Cost of sales	11	16	(1,175,139,612)	-
Gross profit	20		77,218,209	-
Financial income	21	17	47,463,214	32,380,451
Financial expenses	22	18	(48,009,950)	(17,646,920)
General and administration expenses	25		(26,917,587)	(24,510,031)
Net operating profit/(loss)	30		49,753,886	(9,776,500)
Results of other activities	40			
Other income	31		1,957,632	996,417
Other expenses	32		(523,588)	(308,189)
Profit/(loss) before tax	50		51,187,930	(9,088,272)
Income tax expense – current	51	19	(2,327,926)	(405,394)
Net profit /(loss)	60		48,860,004	(9,493,666)

Prepared by: 


 Nguyen Van Quang
 Chief Accountant



Approved by: 

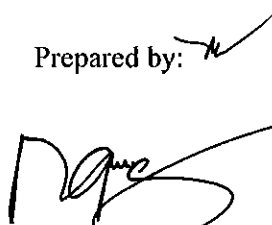

 Phan Tu Giang
 General Director

04 MAR 2011

The accompanying notes are an integral part of these financial statements

Petro Vietnam Marine Shipyard Joint Stock Company
Statement of cash flows for the year ended 31 December 2010

	Share capital VND'000	Foreign exchange differences VND'000	Non-business expense fund VND'000	Retained profits/ (accumulated losses) VND'000	Total VND'000
Balance at 1 January 2009	400,000,000	-	-	(1,086,121)	398,913,879
<i>Foreign exchange differences – as previously reported</i>	-	(10,927,606)	-	-	(10,927,606)
<i>Net profit for the year – as previously reported</i>	-	-	-	1,433,940	1,433,940
<i>Impact of change in accounting policy (Note 23)</i>	-	10,927,606	-	(10,927,606)	-
Net loss for the year – as restated	-	-	-	(9,493,666)	(9,493,666)
Balance at 1 January 2010 – as restated	400,000,000	-	-	(10,579,787)	389,420,213
Shares issued	300,000,000	-	-	-	300,000,000
Net profit for the year	-	-	-	48,860,004	48,860,004
Non-business expense fund received from State budget	-	-	3,105,598	-	3,105,598
Balance at 31 December 2010	700,000,000	-	3,105,598	38,280,217	741,385,815

Prepared by: 

Nguyen Van Quang
Chief Accountant



Approved by: 

Phan Tu Giang
General Director

04 MAR 2011

The accompanying notes are an integral part of these financial statements

Petro Vietnam Marine Shipyard Joint Stock Company
Statement of cash flows for the year ended 31 December 2010 (continued)

	Code	Note	2010 VND'000	2009 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	01		51,187,930	(9,088,272)
Adjustments for				
Depreciation and amortisation	02		54,033,299	4,755,104
Loss from fixed assets written-off	04		-	12,955
Unrealised foreign exchange (gains)/losses			(9,201,900)	10,927,606
Interest expense	06		32,506,081	515,490
Interest income	07		(18,118,126)	(17,234,222)
Operating profit before changes in working capital	08		110,407,284	(10,111,339)
Change in receivables and other current assets	09		221,081,416	(437,320,828)
Change in inventories	10		(365,825,206)	(109,119,010)
Change in payables and other liabilities	11		(138,672,183)	741,879,538
			(173,008,689)	185,328,361
Interest paid	13		(26,613,234)	-
Corporate income tax paid	14		(408,712)	-
Net cash (used in)/generated from operating activities	20		(200,030,635)	185,328,361
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additional to fixed assets and other long terms assets	21		(177,618,244)	(606,740,923)
Interest received	27		12,712,613	17,003,552
Net cash used in investing activities	30		(164,905,631)	(589,737,371)

The accompanying notes are an integral part of these financial statements

Petro Vietnam Marine Shipyard Joint Stock Company
Statement of cash flows for the year ended 31 December 2010 (continued)

	Code	Note	2010 VND'000	2009 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term and long-term borrowings	33		284,935,289	351,489,181
Payments to settle debts	34		(43,605,894)	-
Capital contributions			300,000,000	-
Non-business expense fund received from State budget			3,105,598	-
Net cash generated from financing activities	40		544,434,993	351,489,181
Net cash flows during the year	50		179,498,727	(52,919,829)
Cash and cash equivalents at the beginning of the year	60		275,158,251	328,078,080
Cash and cash equivalents at the end of the year	70	3	454,656,978	275,158,251

NON-CASH INVESTING ACTIVITIES

	2010 VND'000	2009 VND'000
Borrowing cost capitalised in the construction in progress	33,626,000	-
Cost of fixed assets and construction in progress acquired and have not been paid	510,131,223	60,493,910

Prepared by:



Nguyen Van Quang
Chief Accountant



Approved by:



Phan Tu Giang
General Director

04 MAR 2011

The accompanying notes are an integral part of these financial statements

Petro Vietnam Marine Shipyard Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010

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

1. Reporting entity

Petro Vietnam Marine Shipyard Joint Stock Company ("the Company") is a joint stock company incorporated in Vietnam. The principal activities of the Company are to build, maintain and refurbish drilling platforms, oil platforms, ships, floating devices and related equipment; and to trade in related materials and equipment.

As at 31 December 2010 the Company had 733 employees (31 December 2009: 459 employees).

2. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Company in the preparation of these financial statements.

(a) Basis of financial statement preparation

The financial statements, expressed in Vietnam Dong rounded to the nearest thousand ("VND'000"), have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.

The financial statements, except for the statement of cash flows, are prepared on the accrual basis using historical cost concept. The statement of cash flows is prepared using the indirect method.

(b) Fiscal year

The fiscal year of the Company is from 1 January to 31 December.

(c) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the year have been translated into VND at rates approximating those ruling at the transaction dates.

In 2009, the Company adopted Circular No. 201/2009/TT-BTC issued by the Ministry of Finance on 15 October 2009 regarding recognition of foreign exchange differences which allowed deferral of exchange differences arising from period end translation of current monetary assets and liabilities denominated in currencies other than VND.

Petro Vietnam Marine Shipyard Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

Effective 1 January 2010, the Company changed its accounting policy to follow Vietnamese Accounting Standard No. 10 ("VAS 10") – *The Effects of Changes in Foreign Exchange Rates* which requires foreign exchange differences be recorded in the statement of income except when they relate to the construction of tangible fixed assets or the translation of foreign currency monetary items during the Company's pre-operating stage, in which case they are recorded in the Foreign Exchange Difference Account in equity until the Company commences operations and the tangible fixed assets are put into use. Once the Company commences operations and the tangible fixed assets are put into use, the related realised foreign exchange differences are transferred to the statement of income, unrealised foreign exchange gains are transferred to the Unearned Revenue Account and unrealised foreign exchange losses are transferred to the Long-term Prepayment Account. The unrealised gains and losses are then amortised on a straight line basis over five years.

This change in accounting policy has been applied retrospectively. Note 23 disclosed the impact on the financial statements of this retrospective application.

(d) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(e) Accounts receivable

Trade and other receivables are stated at cost less allowance for doubtful debts.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Company apply the perpetual method of accounting for inventory.

(g) Contract work in progress

Contract work-in-progress is stated at cost plus attributable profits earned to date less progress billing and provision for foreseeable losses. Cost represents directly attributable and chargeable costs in accordance with the underlying contract.

Petro Vietnam Marine Shipyard Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

(h) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings	5 – 25 years
▪ machinery and equipment	5 – 7 years
▪ office equipment	3 – 15 years
▪ transportation equipment	2 – 6 years
▪ others	3 years

(i) Intangible fixed assets

Software

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 3 years.

(j) Construction in progress

Construction in progress represents the cost of construction and machinery which has not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

Petro Vietnam Marine Shipyard Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

(k) Long-term prepayments

(i) Tools and spare parts

The cost of tools and spare parts which have useful life of more than one year are recognised in the statement of income on a straight-line basis over two to three years.

(ii) Prepaid land cost

Prepaid land costs comprise prepaid land lease rentals and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the statement of income on a straight-line basis over the term of the lease of 47 years.

(iii) Others

Others comprise prepayments for the items which have economic useful life more than one year. These costs are recognised in the statement of income on a straight-line basis over two to three years.

(l) Trade and other payables

Trade and other payables are stated at their cost.

(m) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(n) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Petro Vietnam Marine Shipyard Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Revenue

(i) Goods sold

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

(ii) Services rendered

Revenue from services rendered is recognised in the statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(iii) Construction contracts

Revenue from construction contracts is recognised in the statement of income in proportion to the stage of completion of the contract when the outcome of a construction contract can be estimated reliably. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(p) Operating lease payments

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

Petro Vietnam Marine Shipyard Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

(q) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of tangible fixed assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the fixed assets concerned.

(r) Off balance sheet items

Amounts which are defined as off balance sheet items under the Vietnamese Accounting System are disclosed in the relevant notes to these financial statements.

3. Cash and cash equivalents

	31/12/2010 VND'000	31/12/2009 VND'000
Cash on hand	3,150,924	389,116
Cash in bank	132,307,583	22,947,935
Cash equivalents	319,198,471	251,821,200
	454,656,978	275,158,251

Cash at 31 December 2010 included amounts denominated in currencies other than VND amounting to approximately VND153,522 million (31 December 2009: VND248,130 million).

4. Inventories

	31/12/2010 VND'000	31/12/2009 VND'000
Raw materials	471,409,415	6,044,847
Tools and supplies	3,534,801	7,444,739
Contract work in progress	-	95,629,424
	474,944,216	109,119,010

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Petro Vietnam Marine Shipyard Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

5. Tangible fixed assets

	Buildings VND'000	Machinery and equipment VND'000	Office equipment VND'000	Transportation equipment VND'000	Others VND'000	Total VND'000
Cost						
Opening balance	-	48,485,519	6,686,050	43,964,402	730,156	99,866,127
Additions	-	14,800,558	1,450,796	-	-	16,251,354
Transfers from construction in progress	238,745,692	3,947,061	3,113,510	311,434,576	-	557,240,839
Closing balance	238,745,692	67,233,138	11,250,356	355,398,978	730,156	673,358,320
Accumulated depreciation						
Opening balance	-	1,617,908	1,812,800	2,511,421	65,126	6,007,255
Charge for the year	21,286,522	7,926,290	2,898,147	18,229,632	243,386	50,583,977
Closing balance	21,286,522	9,544,198	4,710,947	20,741,053	308,512	56,591,232
Net book value						
Opening balance	-	46,867,611	4,873,250	41,452,981	665,030	93,858,872
Closing balance	217,459,170	57,688,940	6,539,409	334,657,925	421,644	616,767,088

At 31 December 2010 the tangible fixed assets with a carrying value of VND55,642 million (31 December 2009: VND46,759 million) were pledged with banks as security for loans granted to the Company.

Petro Vietnam Marine Shipyard Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

6. Intangible fixed assets

	Software VND'000
Cost	
Opening balance	532,110
Additions	76,000
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Closing balance	608,110
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Accumulated amortisation	
Opening balance	186,136
Charge for the year	198,911
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Closing balance	385,047
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Net book value	
Opening balance	345,974
Closing balance	223,063
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7. Construction in progress

	2010 VND'000	2009 VND'000
Opening balance	473,224,715	2,387,406
Additions during the year	557,426,540	512,693,715
Transfers to tangible fixed assets	(557,240,839)	(41,856,406)
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Closing balance	473,410,416	473,224,715
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During the year, borrowing costs capitalised into construction in progress amounted to VND33,626 million (2009: VND4,158 million)

Petro Vietnam Marine Shipyard Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

8. Long-term prepayments

	Tools and spare parts VND'000	Prepaid land costs VND'000	Others VND'000	Total VND'000
Opening balance	46,935	-	75,399	122,334
Additions	-	144,833,188	2,788,385	147,621,573
Amortisation for the year	(26,820)	(3,081,557)	(142,034)	(3,250,411)
Closing balance	20,115	141,751,631	2,721,750	144,493,496

9. Advances from customers

Advances from customers represented advances by Vietnam Oil and Gas Group for shipyard building contracts.

10. Taxes payable to State Treasury

	31/12/2010 VND'000	31/12/2009 VND'000
Import-export duties	42,140	-
Corporate income tax	2,324,608	405,394
Personal income tax	2,375,779	1,664,800
Foreign contractor tax	502,727	3,653,041
Business tax	6,000	-
	5,251,254	5,723,235

11. Accrued expenses

	31/12/2010 VND'000	31/12/2009 VND'000
Interest expense	44,179,552	4,660,705
Others	325,336	124,849
	44,504,888	4,785,554

Petro Vietnam Marine Shipyard Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

12. Long-term borrowings

	31/12/2010 VND'000	31/12/2009 VND'000
Long-term borrowings repayable after twelve months	594,159,948	308,398,777

The long term borrowings which were drawn down in 2009 have a maximum facility of VND750,000 million and bore interest at an annual rates from 5.28% to 6.98% for the loan in USD and from 10.5% to 16.3% for the loan in VND. Interest rates will be adjusted every 3 months, interest will be paid every 6 months. The loan facility is secured by fixed assets with net book value as at 31 December 2010 of VND55,642 million (31 December 2009: VND 46,759 million). The loan is repayable in 18 equal semi-annual instalments beginning in 1 February 2012.

13. Share capital

The Company's authorised and issued share capital are:

	31/12/2010		31/12/2009	
	Number of shares	VND'000	Number of shares	VND'000
Authorised share capital	70,000,000	700,000,000	40,000,000	400,000,000
Issued share capital				
Ordinary shares	70,000,000	700,000,000	40,000,000	400,000,000
Shares currently in circulation				
Ordinary shares	70,000,000	700,000,000	40,000,000	400,000,000

All ordinary shares have par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Petro Vietnam Marine Shipyard Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

Movements in share capital during the year was as follows:

	2010		2009	
	Number of shares	VND'000	Number of shares	VND'000
Balance at the beginning of the year	40,000,000	400,000,000	40,000,000	400,000,000
Shares issued during the year	30,000,000	300,000,000	-	-
Balance at the end of the year	70,000,000	700,000,000	40,000,000	400,000,000

14. Non-business expense fund

The amount represented fund received from State budget for science research project but have not been used.

15. Total revenue

	2010 VND'000	2009 VND'000
Construction contract 90m Drilling Platform	1,214,097,515	-
Other services	38,260,306	-
	1,252,357,821	-

16. Cost of sales

	2010 VND'000	2009 VND'000
Construction contract 90m Drilling Platform	1,162,331,662	-
Other services	12,807,950	-
	1,175,139,612	-

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Petro Vietnam Marine Shipyard Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

17. Financial income

	2010 VND'000	2009 VND'000
Interest income	18,118,126	17,234,222
Realised foreign exchange gains	12,471,824	15,146,229
Unrealised foreign exchange gains	16,873,264	-
	<hr/> 47,463,214	<hr/> 32,380,451

18. Financial expenses

	2010 VND'000	2009 VND'000 (Restated)
Interest expense	32,506,081	515,490
Realised foreign exchange losses	7,832,505	6,203,824
Unrealised foreign exchange losses	7,671,364	10,927,606
	<hr/> 48,009,950	<hr/> 17,646,920

19. Income tax expense

(a) Recognised in the statement of income

	2010 VND'000	2009 VND'000
Current tax expense		
Current year	2,324,608	405,394
Under provision in prior years	3,318	-
	<hr/> 2,327,926	<hr/> 405,394

Petro Vietnam Marine Shipyard Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

(b) Reconciliation of effective tax rate

	2010 VND'000	2009 VND'000 (Restated)
Profit/(loss) before tax	51,187,930	(9,088,272)
Tax at the Company's tax rate	12,796,983	(2,272,068)
Tax effect of non-deductible expenses	178,347	116,192
Tax effect of tax exempt income	(10,650,722)	-
Tax losses utilised	-	(170,631)
Under provision in prior years	3,318	-
	<hr/> 2,327,926	<hr/> (2,326,507)
Deferred tax assets not recognised	-	2,731,901
	<hr/> 2,327,926	<hr/> 405,394

(c) Applicable tax rates

Under the terms of Official Letter No. 6031/CT-TTHT issued by Tax department of Ba Ria - Vung Tau Province, the Company has an obligation to pay the government income tax at three applicable tax rates:

- For the activities to build, maintain and refurbish drilling platforms, oil platforms and ship platforms, the Company has an obligation to pay the government income tax at 20% of taxable profits for ten years from the date of operation and at the prevailing corporate income tax rate thereafter. The Company is also exempt from income tax for two years starting from the first year it generates a taxable profit (2009), and entitled to a 50% reduction in income tax for the three succeeding years.
- For the activities to execute marine construction; manufacture materials, electrical and mechanical equipment used for manufacturing drilling platforms, oil platforms, and ships; manufacture equipment and steel structure for industrial and infrastructure projects; dredge narrow passage and site clearance; and provide construction service to petroleum project, the Company has an obligation to pay the Government income at the prevailing corporate income tax rate. The Company is also exempt from income tax for two years starting from the first year it generates a taxable profit (2009), and entitled to a 50% reduction in income tax for the two succeeding years.
- For other activities the Company has an obligation to pay the Government income tax at the prevailing corporate income tax rate.

Petro Vietnam Marine Shipyard Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

20. Significant transactions with related parties

	2010 VND'000	2009 VND'000
Member of Board of Management and Supervisory Board Compensation	713,387	464,767

21. Commitments

(a) Capital expenditure

As at 31 December 2010 the Company had the following outstanding capital commitments approved but not provided for in the balance sheet:

	31/12/2010 VND'000	31/12/2009 VND'000
Approved and contracted	141,060,134	613,016,068

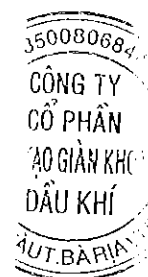
(b) Leases

The future minimum lease payments under non-cancellable operating leases were:

	31/12/2010 VND'000	31/12/2009 VND'000
Within one year	25,243	1,382,389

22. Production and business costs by element

	2010 VND'000	2009 VND'000
Material costs	779,242,774	-
Labour costs and staff costs	142,512,981	13,967,586
Depreciation and amortisation	50,647,663	4,755,104
Outside services	201,447,644	5,013,347
Other expenses	1,288,550	4,183,276



Petro Vietnam Marine Shipyard Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

23. Change in accounting policy

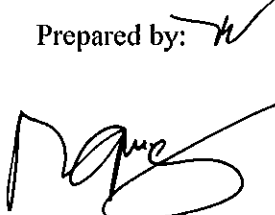

As described in Note 2(c), effective 1 January 2010, the Company changed its accounting policy by applying VAS 10 – *The Effects of Changes in Foreign Exchange Rates*. The Company applied this newly changed accounting policy retrospectively by charging unrealised foreign exchange differences included in equity at 1 January 2010 to the statement of income for the year ended 31 December 2009. Accumulated losses brought forward as of 1 January 2010 and corresponding figures of the statement of income were restated, as follows:


(a) Balance sheet

	31/12/2009 VND'000 (as restated)	31/1/2/2009 VND'000 (as previously reported)
Foreign exchange differences (Accumulated losses)/retained profits	- (10,579,787)	10,927,606 347,819

(b) Statement of income

	2009 VND'000 (as restated)	2009 VND'000 (as previously reported)
Financial expense	17,646,920	6,719,314

Prepared by:  Approved by: 



Nguyen Van Quang
 Chief Accountant

Phan Tu Giang
 General Director

04 MAR 2011

