

**PETROVIETNAM MARINE SHIPYARD  
JOINT STOCK COMPANY**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED FINANCIAL STATEMENTS**

**For the year ended 31 December 2012**



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## STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Petrovietnam Marine Shipyard Joint Stock Company ("the Company") presents this report together with the Company's financial statements for the year ended 31 December 2012.

### 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 at the date of this report are as follows:

#### Board of Management

Mr. Dang The Huong	Chairman
Mr. Phan Tu Giang	Member
Mr. Do Thanh Hung	Member (resigned on 8 May 2012)
Mr. Vu Minh Tuan	Member (resigned on 8 May 2012)
Mr. Hoang Huy Ha	Member
Mr. Vu Minh Phu	Member (appointed on 8 May 2012)
Mr. Nguyen Van Quang	Member (appointed on 8 May 2012)

#### Board of Directors

Mr. Phan Tu Giang	General Director
Mr. Le Hung	Deputy General Director
Mr. Tran Quoc Thanh	Deputy General Director

### 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 year. 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.
- 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, Vietnamese Accounting System and prevailing relevant regulations in Vietnam. 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,



Phan Tu Giang  
General Director  
5 March 2013

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## INDEPENDENT AUDITORS' REPORT

To: The shareholders  
The Boards of Management and Directors  
Petrovietnam Marine Shipyard Joint Stock Company

We have audited the accompanying balance sheet of Petrovietnam Marine Shipyard Joint Stock Company ("the Company") as at 31 December 2012, the related statements of income and cash flows for the year then ended, and the notes thereto (collectively referred to as "the financial statements") prepared on 5 March 2013 as set out from page 3 to page 22. 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.

### Respective Responsibilities of the Board of Directors and Auditors

As stated in the Statement of the Board of Directors on page 1, these financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended 31 December 2011 of the Company were audited by another auditor whose auditors' report thereon 7 March 2012 expressed an unqualified opinion on those statements.

### Basis of Opinion

We have 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 misstatements. 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.

### Opinion

In our opinion, the accompanying financial statements give a true and fair view of, in all material respects, the financial position of the Company as at 31 December 2012 and the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant regulations in Vietnam.



Le Dinh Tu  
Audit Partner  
CPA Certificate No. 0048/KTV  
For and on behalf of  
DELOITTE VIETNAM COMPANY LIMITED  
5 March 2013  
Ho Chi Minh City, S.R. Vietnam

A handwritten signature in blue ink, likely belonging to Van Dinh Khue.

Van Dinh Khue  
Auditor  
CPA Certificate No. 1178/KTV



**BALANCE SHEET**  
As at 31 December 2012

FORM B 01-DN  
Unit: VND

ASSETS	Codes	Notes	31/12/2012	31/12/2011
<b>A. CURRENT ASSETS</b> <b>(100=110+130+140+150)</b>	<b>100</b>		<b>570,955,909,451</b>	<b>974,457,539,782</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>236,580,775,891</b>	<b>292,876,907,512</b>
1. Cash	111		206,580,775,891	152,876,907,512
2. Cash equivalents	112		30,000,000,000	140,000,000,000
<b>II. Short-term receivables</b>	<b>130</b>		<b>311,325,903,109</b>	<b>534,796,444,048</b>
1. Trade accounts receivable	131	6	304,985,235,158	239,413,745,989
2. Advances to suppliers	132		215,765,500	19,910,672,774
3. Receivables from construction contracts under percentage of completion method	134	7	-	273,433,931,383
4. Other receivables	135		6,124,902,451	2,038,093,902
<b>III. Inventories</b>	<b>140</b>		<b>22,157,903,423</b>	<b>141,556,290,871</b>
1. Inventories	141	8	22,157,903,423	141,556,290,871
<b>IV. Other short-term assets</b>	<b>150</b>		<b>891,327,028</b>	<b>5,227,897,351</b>
1. Short-term prepayments	151		23,415,702	504,904,378
2. Value added tax deductibles	152		-	1,020,668,158
3. Taxes and other receivables from the State budget	154		-	3,581,885,763
4. Other short-term assets	158		867,911,326	120,439,052
<b>B. NON-CURRENT ASSETS</b> <b>(200=220+260)</b>	<b>200</b>		<b>1,103,367,872,498</b>	<b>1,237,259,145,648</b>
<b>I. Fixed assets</b>	<b>220</b>		<b>964,030,549,881</b>	<b>1,088,716,250,492</b>
1. Tangible fixed assets	221	9	922,739,214,149	991,815,226,399
- Cost	222		1,242,808,909,788	1,166,497,295,178
- Accumulated depreciation	223		(320,069,695,639)	(174,682,068,779)
2. Intangible assets	227	10	17,246,770,623	21,467,046,335
- Cost	228		35,269,773,145	28,880,566,575
- Accumulated depreciation	229		(18,023,002,522)	(7,413,520,240)
3. Construction in progress	230	11	24,044,565,109	75,433,977,758
<b>II. Other long-term assets</b>	<b>260</b>		<b>139,337,322,617</b>	<b>148,542,895,156</b>
1. Long-term prepayments	261	12	138,986,027,813	148,542,895,156
2. Deferred tax assets	262	13	351,294,804	-
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>1,674,323,781,949</b>	<b>2,211,716,685,430</b>

The notes set out on pages 7 to 22 are an integral part of these financial statements


**BALANCE SHEET (Continued)**  
As at 31 December 2012


FORM B 01-DN  
Unit: VND


RESOURCES	Codes	Notes	31/12/2012	31/12/2011
<b>A. LIABILITIES (300=310+330)</b>	<b>300</b>		<b>1,021,174,681,727</b>	<b>1,531,531,976,098</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>196,614,232,630</b>	<b>1,531,531,976,098</b>
1. Short-term loans and liabilities	311	14	-	888,339,829,998
2. Trade accounts payable	312		75,020,502,242	479,835,095,182
3. Advances from customers	313		-	130,199,762,658
4. Taxes and amounts payable to the State budget	314	15	8,292,546,390	2,064,171,165
5. Payables to employees	315		16,937,982,999	12,497,553,653
6. Accrued expenses	316	16	77,820,183,756	11,661,537,031
7. Other current payables	319	17	15,905,698,005	6,103,317,757
8. Bonus and welfare funds	323		2,637,319,238	830,708,654
<b>II. Long-term liabilities</b>	<b>330</b>		<b>824,560,449,097</b>	<b>-</b>
1. Long-term loans and liabilities	334	18	824,560,449,097	-
<b>B. OWNER'S EQUITY (400=410+430)</b>	<b>400</b>		<b>653,149,100,222</b>	<b>680,184,709,332</b>
<b>I. Owner's equity</b>	<b>410</b>	<b>19</b>	<b>641,357,496,101</b>	<b>662,972,555,384</b>
1. Share capital	411		594,897,870,000	594,897,870,000
2. Other owner's capital	413		2,597,721,463	765,604,327
3. Retained earnings	420		43,861,904,638	67,309,081,057
<b>II. Subsidised fund</b>	<b>430</b>		<b>11,791,604,121</b>	<b>17,212,153,948</b>
1. Subsidised fund	432		(3,728,020,655)	803,852,669
2. Funds for fixed assets acquisition	433		15,519,624,776	16,408,301,279
<b>TOTAL RESOURCES (440 = 300+ 400)</b>	<b>440</b>		<b>1,674,323,781,949</b>	<b>2,211,716,685,430</b>

**OFF BALANCE SHEET ITEMS**

	31/12/2012	31/12/2011
<b>I. Foreign currencies</b>		
United States Dollars	2,010,522.77	836,555

  
\_\_\_\_\_  
Nguyen Phuong Huong  
Preparer  
5 March 2013

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


  
\_\_\_\_\_  
Phan Tu Giang  
General Director




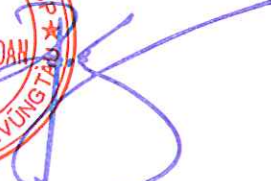
INCOME STATEMENT  
For the year ended 31 December 2012

FORM B 02-DN  
Unit: VND

ITEMS	Codes	Notes	2012	2011
1. Gross revenue	01	21	833,377,741,760	2,157,097,805,148
2. Net revenue (10 = 01)	10		833,377,741,760	2,157,097,805,148
3. Cost of services	11	22	672,375,626,156	2,022,916,842,466
4. Gross profit (20=10-11)	20		161,002,115,604	134,180,962,682
5. Financial income	21	24	10,615,799,139	55,654,542,300
6. Financial expenses	22	25	115,078,631,810	99,770,001,238
<i>In which: Interest expense</i>	23		96,095,127,190	66,502,618,761
7. General and administration expenses	25		34,898,683,087	29,796,327,847
8. Operating profit (30=20+(21-22)-25)	30		21,640,599,846	60,269,175,897
9. Other income	31		7,899,420,919	4,050,811,469
10. Other expenses	32		209,830,365	3,249,416,169
11. Profit from other activities (40=31-32)	40		7,689,590,554	801,395,300
12. Profit before tax (50=30+40)	50		29,330,190,400	61,070,571,197
13. Current corporate tax expense	51	26	7,210,870,739	-
14. Deferred income tax	52	13	(351,294,804)	-
15. Profit after tax (60=50-51-52)	60		22,470,614,465	61,070,571,197
16. Basic earnings per share	70	27	378	1,027

  
Nguyen Phuong Huong  
Preparer  
5 March 2013

  
Nguyen Van Quang  
Chief Accountant

  
Phan Tu Giang  
General Director







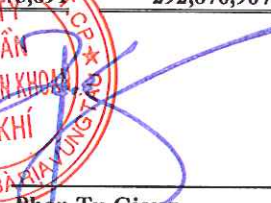
**CASH FLOW STATEMENT**  
For the year ended 31 December 2012

FORM B 03-DN  
Unit: VND

ITEMS	Codes	2012	2011
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	01	29,330,190,400	61,070,571,197
2. Adjustments for:			
Depreciation and amortisation	02	148,070,296,109	130,801,139,087
Unrealized foreign exchange loss/(gain)	04	3,286,282,849	(12,087,488,374)
Gain from investing activities	05	(9,202,543,131)	(20,383,686,130)
Interest expense	06	96,095,127,190	66,502,618,761
3. Operating profit before movements in working capital	08	267,579,353,417	225,903,154,541
Changes in receivables	09	220,189,778,910	(159,454,975,099)
Changes in inventories	10	119,398,387,448	333,387,925,158
Changes in payables	11	(540,686,192,849)	(518,000,920,000)
Changes in prepaid expenses	12	10,038,356,019	-
Interest paid	13	(29,528,124,670)	(114,209,772,000)
Corporate income tax paid	14	(732,223,151)	(2,324,608,084)
Other cash inflows	15	13,833,750,000	14,106,556,000
Other cash outflows	16	(5,601,617,732)	(700,501,000)
Net cash from/(used in) operating activities	20	54,491,467,392	(221,293,140,484)
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition of fixed assets	21	(24,273,272,001)	(120,203,474,000)
2. Interest earned	27	9,202,543,131	20,383,686,130
Net cash used in investing activities	30	(15,070,728,870)	(99,819,787,870)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Capital withdrawals	32	-	(105,102,130,000)
2. Proceeds from borrowings	33	283,419,567,575	936,358,971,361
3. Repayment of borrowings	34	(351,507,083,852)	(642,179,089,000)
4. Dividends paid	36	(27,609,406,216)	(29,744,894,000)
Net cash (used in)/from financing activities	40	(95,696,922,493)	159,332,858,361
Net decrease in cash during the year	50	(56,276,183,971)	(161,780,069,993)
Cash and cash equivalents at the beginning of the year	60	292,876,907,512	454,656,977,505
Effects of changes in foreign exchange rates	61	(19,947,650)	-
Cash and cash equivalents at the end of the year	70	236,580,775,891	292,876,907,512

  
Nguyen Phuong Huong  
Preparer  
5 March 2013

  
Nguyen Van Quang  
Chief Accountant

  
Phan Tu Giang  
General Director





**NOTES TO THE FINANCIAL STATEMENTS**

**FORM B 09-DN**

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

**1. GENERAL INFORMATION**

**Structure of ownership**

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

The number of the Company's employees as at 31 December 2012 was 740 (31 December 2011: 726).

**Principal activities**

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

**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, Vietnamese Accounting System and prevailing relevant regulations in Vietnam.

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 01 January and ends on 31 December.

**3. ADOPTION OF NEW ACCOUNTING GUIDANCE**

On 24 October 2012, the Ministry of Finance issued Circular No. 179/2012/TT-BTC ("Circular 179") providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises. Circular 179 provides detailed guidance on the exchange rates applicable to payment and revaluation of monetary items denominated in foreign currencies. The Board of Directors assess Circular 179 has immaterial effect on the Company's financial statements for the year ended 31 December 2012.

**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, Vietnamese Accounting System and prevailing relevant regulations in Vietnam requires management 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 financial year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

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*

**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.

*Financial liabilities:* At the date of initial recognition financial liabilities are recognized at cost net of 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.

**Re-measurement after initial recognition**

Currently, there are no requirements for the re-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.

**Provision for doubtful debts**

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

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. 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 Company applies perpetual inventory method to record its inventories.

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

	<u>Years</u>
Buildings and structures	5 - 25
Machinery and equipment	5 - 7
Office equipment	3 - 15
Motor vehicles	2 - 6
Assets formed from Subsidised funds	2 - 3
Others	3

**Intangible assets**

Intangible assets represent computer software that is stated at cost less accumulated amortisation. Computer software which is not part of the related hardware, the relevant purchase price will be



**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*

capitalized and recorded as intangible assets. Computer software is amortized using straight-line method over 3 years.

**Construction in progress**

Properties in the course of construction for production, rental or administrative purposes, or for the purposes not yet determined, are carried at cost. Cost includes professional fees, and for qualifying assets, borrowing costs 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.

**Long-term prepayments**

Long-term 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 long-term prepayments comprise value of land constructions and other prepaid expenses which are expected to provide future economic benefit to the Company with a term of one year and more. These expenditures have been capitalised as long-term prepayments, and are allocated to the income statement using the straight-line method from 2 years to 5 years.

**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 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" and Circular No. 179/2012/TT-BTC dated 24 October 2012 by the Ministry of Finance providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balance 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 are recognised in the income statement. Unrealised exchange gains at the balance sheet date are not treated as part of distributable profit to shareholders.

**Borrowing costs**

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.

All other borrowing costs are recognised in the income statement when incurred.

**Provisions**

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

**Taxation**

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

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

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

**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 2012

**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*

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

**5. CASH AND CASH EQUIVALENTS**

	31/12/2012 VND	31/12/2011 VND
Cash on hand	1,877,988,889	3,003,835,085
Cash in bank	204,702,787,002	149,873,072,427
Cash equivalents	30,000,000,000	140,000,000,000
	<u>236,580,775,891</u>	<u>292,876,907,512</u>

Cash equivalents represent time deposits by Vietnam Dong at PetroVietnam Joint Stock Finance Corporation –Vung Tau Branch with a term of 1 month and earn interest rates of 9% per annum.

**6. TRADE ACCOUNTS RECEIVABLE**

	31/12/2012 VND	31/12/2011 VND
Board of Management of Project Drilling platforms (PetroVietnam)	303,119,858,350	231,916,830,492
Other customers	1,865,376,808	7,496,915,497
	<u>304,985,235,158</u>	<u>239,413,745,989</u>

**7. RECEIVABLES FROM CONSTRUCTION CONTRACT**

	31/12/2012 VND	31/12/2011 VND
Accumulated value of construction contract recorded at year end	4,036,779,709,178	3,326,217,072,420
Less: Progress billings	<u>4,036,779,709,178</u>	<u>3,052,783,141,037</u>
	<u>-</u>	<u>273,433,931,383</u>

**8. INVENTORIES**

	31/12/2012 VND	31/12/2011 VND
Raw materials	15,933,020,154	135,828,473,121
Tools and supplies	<u>6,224,883,269</u>	<u>5,727,817,750</u>
	<u>22,157,903,423</u>	<u>141,556,290,871</u>



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

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**9. TANGIBLE FIXED ASSETS**

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Assets formed from Subsidised funds VND	Others VND	Total VND
<b>COST</b>							
As at 01/01/2012	659,214,538,060	112,928,513,131	378,074,419,994	12,616,819,833	2,932,847,397	730,156,763	1,166,497,295,178
Additions	-	373,576,860	-	1,067,995,272	917,852,220	-	2,359,424,352
Transfer from construction in progress	61,245,606,548	570,698,000	-	126,710,710	-	12,009,175,000	73,952,190,258
As at 31/12/2012	720,460,144,608	113,872,787,991	378,074,419,994	13,811,525,815	3,850,699,617	12,739,331,763	1,242,808,909,788
<b>ACCUMULATED DEPRECIATION</b>							
As at 01/01/2012	89,810,140,609	22,434,038,387	53,792,674,121	7,926,843,660	166,474,711	551,897,291	174,682,068,779
Charge for the year	85,096,296,896	16,609,317,270	33,181,547,791	2,403,603,767	1,164,015,109	6,932,846,027	145,387,626,860
As at 31/12/2012	174,906,437,505	39,043,355,657	86,974,221,912	10,330,447,427	1,330,489,820	7,484,743,318	320,069,695,639
<b>NET BOOK VALUE</b>							
As at 31/12/2012	545,553,707,103	74,829,432,334	291,100,198,082	3,481,078,388	2,520,209,797	5,254,588,445	922,739,214,149
As at 31/12/2011	569,404,397,451	90,494,474,744	324,281,745,873	4,689,976,173	2,766,372,686	178,259,472	991,815,226,399

As at 31 December 2012, the cost of the Company's tangible fixed assets includes an amount of VND 7,411,891,129 (as at 31 December 2011: VND 3,725,265,806) in respect of fully depreciated assets which are still in use.





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**10. INTANGIBLE ASSETS**

	Computer software VND	Software formed from Subsidised funds VND	Total VND
<b>COST</b>			
As at 01/01/2012	11,835,096,675	17,045,469,900	28,880,566,575
Additions	268,922,260	6,120,284,310	6,389,206,570
As at 31/12/2012	12,104,018,935	23,165,754,210	35,269,773,145
<b>ACCUMULATED AMORTISATION</b>			
As at 01/01/2012	4,009,978,933	3,403,541,307	7,413,520,240
Charge for the year	3,846,684,358	6,762,797,924	10,609,482,282
As at 31/12/2012	7,856,663,291	10,166,339,231	18,023,002,522
<b>NET BOOK VALUE</b>			
As at 31/12/2012	4,247,355,644	12,999,414,979	17,246,770,623
As at 31/12/2011	7,825,117,742	13,641,928,593	21,467,046,335

As at 31 December 2012, the cost of the Company's intangible assets includes an amount of VND 608,109,650 (as at 31 December 2011: VND 429,759,650) in respect of fully depreciated assets which are still in use.

**11. CONSTRUCTION IN PROGRESS**

	2012 VND	2011 VND
As at 1 January	75,433,977,758	473,410,416,017
Additions	29,212,724,262	106,656,110,401
Transfer to tangible fixed asset	(73,952,190,258)	(485,414,950,387)
Transfer to intangible asset	-	(9,936,692,500)
Transfer to prepaid expense	(6,523,118,455)	(9,280,905,773)
Transfer to other expenses	(126,828,198)	-
As at 31 December	24,044,565,109	75,433,977,758

The balance of construction in progress as at 31 December 2012 was cost of two 35/5 tons cranes at building facilities and oil platform maintain.

**12. LONG-TERM PREPAYMENT**

	31/12/2012 VND	31/12/2011 VND
Land rental	135,588,516,607	138,670,073,803
Others	3,397,511,206	9,872,821,353
	138,986,027,813	148,542,895,156

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The following are the major deferred tax assets recognized by the Company, and the movements thereon, during the current year:

	Unrealized loss VND
As at 01/01/2012	-
Charge to profit for the year	351,294,804
As at 31/12/2012	<u>351,294,804</u>

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

	31/12/2012 VND	31/12/2011 VND
PetroVietnam Joint Stock Finance Corporation	-	794,197,269,998
Ocean Commercial Joint Stock Bank	-	94,142,560,000
	<u>-</u>	<u>888,339,829,998</u>

Short-term loans from PetroVietnam Joint Stock Finance Corporation ("PVFC") were merged as long-term loans under Resolution No. 1021/NQ-DKVN from PetroVietnam Group dated 6 February 2013. The long-term loan was presented in Note 18.

Short-term borrowings represent a short-term credit facility obtained from Ocean Commercial Joint Stock Bank in the form of letter of credit. This facility can be drawn in Vietnam Dong and bears interest at the rate from 11.8% to 12% per annum. This loan is unsecured. In 2012, this loan has been fully repaid.

**15. TAX AND AMOUNTS PAYABLE TO THE STATE BUDGET**

	31/12/2012 VND	31/12/2011 VND
Value added tax	1,147,917,064	-
Personal income tax	613,189,004	2,064,171,165
Corporate income tax	6,478,647,588	-
Others	52,792,734	-
	<u>8,292,546,390</u>	<u>2,064,171,165</u>

**16. ACCRUED EXPENSES**

	31/12/2012 VND	31/12/2011 VND
Interest expenses	66,567,002,520	9,435,145,271
Expenses for construction (projects XL2 and EPC3)	8,105,434,254	-
Others	3,147,746,982	2,226,391,760
	<u>77,820,183,756</u>	<u>11,661,537,031</u>

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	31/12/2012 VND	31/12/2011 VND
Dividends payables	14,033,444,684	4,124,317,930
Union Fees	511,619,544	401,746,327
Social insurance	-	117,791,229
Others	1,360,633,777	1,459,462,271
	<u>15,905,698,005</u>	<u>6,103,317,757</u>

**18. LONG-TERM LOANS AND LIABILITIES**

	31/12/2012 VND	31/12/2011 VND
PetroVietnam Joint Stock Finance Corporation	824,560,449,097	-
	<u>824,560,449,097</u>	<u>-</u>

Long-term loans from PetroVietnam Joint Stock Finance Corporation ("PVFC") include two credit facilities:

Agreement No. 11/2011/HDTDUT/TC DK-CNVT.TD dated 17 May 2011 with the amount of VND 641,000,000,000 for payment of investment cost of project "Building and maintain oil platforms". This loan bears interest rate of 4.9%, 14.1%, 12.1% per annum and is unsecured loan. 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/TC DK-CNVT.TD. This loan was fully disbursed in 2011.

Agreement No. 07/HDTDUT/TC DK-CNVT.TD dated 18 March 2011 with the maximized amount of VND 250,000,000,000 for payment of investment cost of project "Building and maintain oil platforms". Interest of loan is the same with interest rate from economics entities with the term of 12 months of PVFC 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. Loan period is the period starting the date PetroVietnam transfers its entrusted fund to PVFC to 6 April 2012. In 2011, the Company has withdrawn VND 153,197,270,000 and in 2012 the Company has withdrawn VND 30,363,179,097.

According to Resolution No. 1021/NQ-DKVN dated 6 February 2013 issued by PetroVietnam Corporation ("the Corporation"), the Corporation has agreed to extend loan term until the end of 2018 and revised grace period for principle until the end of 2013. Two these loans will be merged into one loan agreement for controlling from 1 January 2013.

This loan is repayable every six months. The first payment is on 30 June 2014 and the last payment is on 31 December 2018.



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19. OWNER'S EQUITY

Movement in owner's equity

	Charter capital VND	Other owners' capital VND	Retained earnings VND	Total VND
Balance as at 01/01/2011	700,000,000,000	-	38,280,216,341	738,280,216,341
Profit during the year	-	-	61,070,571,197	61,070,571,197
Capital withdrawals	(105,102,130,000)	-	-	(105,102,130,000)
Dividends paid	-	-	(29,744,893,500)	(29,744,893,500)
Funds appropriation	-	-	(2,296,812,981)	(2,296,812,981)
Others	-	765,604,327	-	765,604,327
Balance as at 31/12/2011	594,897,870,000	765,604,327	67,309,081,057	662,972,555,384
Profit during the year	-	-	22,470,614,465	22,470,614,465
Dividends paid	-	-	(41,642,850,900)	(41,642,850,900)
Funds appropriation	-	-	(4,274,939,984)	(4,274,939,984)
Others	-	1,832,117,136	-	1,832,117,136
Balance as at 31/12/2012	594,897,870,000	2,597,721,463	43,861,904,638	641,357,496,101

Under Resolution No. 030A/12/NQ-ĐHĐCĐ dated 08 May 2012 issued by annual General Shareholders' Meeting 2012, the Company's shareholders agreed to declare dividends of 7% of its charter capital in 2011 from the Company's retained earnings in 2011. In the current year, Board of Management agreed to declare dividend of 5% of its charter capital for 2012 and will submit to General Shareholders' Meeting. However, the Company has not declared the payment and the final dividend payment would be subjected to the approval by shareholders at General Shareholders' Meeting.

Shares

	31/12/2012	31/12/2011
- Shares authorized to be issued	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 carry 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 31/12/2012 and 31/12/2011 are as follows:

	As at 31/12/2012 and 31/12/2011	
	%	Shares
Petro Vietnam Technical Services Corporation	28,75	17,105,643
Vietnam Shipbuilding Industry Group	7,53	4,479,257
Bank for Investment and Development of Vietnam JSC	4,03	2,400,000
Joint Venture Vietsovpetro	3,63	2,161,300
LILAMA	4,03	2,400,000
LILAMA 18 Joint Stock Company	3,03	1,800,000
Others	49,00	29,143,587
	100	59,489,787

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**20. BUSINESS AND GEOGRAPHICAL SEGMENT**

Principal activities of the Company are to build, maintain and refurbish drilling platforms, oil platforms, ships, floating devices and related equipments. 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 2012 and all its revenue, expenses in the income statement for the year ended 31 December 2012 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 statement in which did not presented information related to business and geographical segment for the year ended 31 December 2012 is in accordance with stipulations of Accounting Standard No.28 "Segment reporting" and also in according with the business situation of the Company curenly.

**21. GROSS REVENUE FROM SERVICES RENDERED**

	2012 VND	2011 VND
Construction contract of Drilling platforms with PetroVietnam	710,562,636,758	2,112,119,565,205
Other maintainence contracts	94,098,645,531	-
Other services	28,716,459,471	44,978,239,943
	<u>833,377,741,760</u>	<u>2,157,097,805,148</u>

**22. COST OF SERVICES**

	2012 VND	2011 VND
Construction contract of Drilling platforms	626,131,632,586	2,014,102,411,000
Other maintainence contracts	41,727,559,161	-
Other services	4,516,434,409	8,814,431,466
	<u>672,375,626,156</u>	<u>2,022,916,842,466</u>

**23. PRODUCTION COST BY NATURE**

	2012 VND	2011 VND
Raw materials and consumables	296,384,557,557	1,388,953,634,315
Labour	136,542,627,184	133,547,494,044
Depreciation and amortization	159,771,099,568	73,233,504,741
Out-sourced services	106,003,856,905	145,835,529,015
Other expenses	8,577,255,760	4,810,467,629
	<u>707,279,396,974</u>	<u>1,746,380,629,744</u>

**24. FINANCIAL INCOME**

	2012 VND	2011 VND
Interest income	9,202,543,131	20,383,686,130
Realized foreign exchange gain	1,413,256,008	21,140,105,319
Unrealized foreign exchange gain	-	14,130,750,851
	<u>10,615,799,139</u>	<u>55,654,542,300</u>



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**25. FINANCIAL EXPENSES**

	2012 VND	2011 VND
Interest expense	96,095,127,190	66,502,618,761
Realized foreign exchange loss	15,697,221,771	31,224,120,000
Unrealized foreign exchange loss	3,286,282,849	2,043,262,477
	<u>115,078,631,810</u>	<u>99,770,001,238</u>

**26. CURRENT TAX EXPENSE**

	2012 VND	2011 VND
Profit before tax	29,330,190,400	61,070,571,197
Add: non-deductible expenses	3,838,527,305	5,595,751,008
<b>Assessable income</b>	<b>33,168,717,705</b>	<b>66,666,322,205</b>
Assessable income with tax rate of 10%	7,208,724,582	-
Assessable income with tax rate of 25%	25,959,993,123	-
Tax exemption	-	66,666,322,205
<b>Current tax expense</b>	<b><u>7,210,870,739</u></b>	<b><u>-</u></b>

According to Official Letter No. 6031/CT-TTHT dated 17 October 2008 issued by Tax Department of Ba Ria-Vung Tau, 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 of 25% 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, and provide construction services for petroleum projects, the Company is obliged to pay corporate income tax of 25% of its assessable income in according with prevailing regulations. The Company is also entitled to corporate income tax exemption for 2 years from the first taxable profit making year (2010), and a reduction of 50% for the following two years.

- For other activities, the Company is obliged to pay corporate income tax of 25% of its assessable income.

**27. BASIC EARNINGS PER SHARE**

	2012 VND	2011 VND
Profit for the purposes of calculating basic earnings per share	22,470,614,465	61,070,571,197
Ordinary shares during the year	59,489,787	59,489,787
<b>Basic earnings per share</b>	<b><u>378</u></b>	<b><u>1,027</u></b>



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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28. 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 16 offset by cash and cash equivalents) and equity attributable to equity shareholders (comprising capital, reserves and retained earnings).

Gearing ratio

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

	31/12/2012	31/12/2011
	VND	VND
Borrowings	824,560,449,097	888,339,829,998
Less: Cash and cash equivalents	236,580,775,891	292,876,907,512
Net debt	587,979,673,206	595,462,922,486
Equity	641,357,496,101	662,972,555,384
Net debt to equity ratio	0.92	0.90

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.

Categories of financial instruments

	Giá trị ghi sổ	
	31/12/2012	31/12/2011
	VND	VND
<b>Financial assets</b>		
Cash and cash equivalents	236,580,775,891	292,876,907,512
Trade and other receivables	311,110,137,609	514,885,771,274
<b>Total</b>	<b>547,690,913,500</b>	<b>807,762,678,786</b>
<b>Financial liabilities</b>		
Trade and other payables	90,414,580,703	485,418,875,383
Borrowings	1,566,664,853,284	924,681,893,465
Accrued expenses	77,820,183,756	11,661,537,031
<b>Total</b>	<b>1,734,899,617,743</b>	<b>1,421,762,305,879</b>

According to Circular 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 ("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. Hence, the Company can not assess fair value of its financial assets and liabilities as at the balance date.

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.

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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 year are as follows:

	Assets		Liabilities	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	VND	VND	VND	VND
United States Dollars (USD)	308,535,006,377	215,809,751,044	54,076,402,307	484,738,125,264
Singapore Dollar (SGD)	-	-	227,692,146	-
British Pound (GPB)	-	-	268,740,099	-

*Interest rate risk management*

The Company has significant interest rate risks arising from interest bearing loans from PetroVietnam Joint Stock Finance Corporation ("PVFC"). 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.

**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 ongoing basis. The Company does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of PetroVietnam – the owner of main drilling platforms project of the Company.

**Liquidity risk management**

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

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets including interest that will be earned on those assets, if any and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. 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.



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31/12/2012	Less than 1 year	From 1-5 year	Total
	VND	VND	VND
Cash and cash equivalents	236,580,775,891	-	236,580,775,891
Trade and other receivables	311,110,137,609	-	311,110,137,609
<b>Total</b>	<b>547,690,913,500</b>	<b>-</b>	<b>547,690,913,500</b>
Trade and other payables	90,414,580,703		90,414,580,703
Borrowings	-	1,566,664,853,284	1,566,664,853,284
Accrued expenses	77,820,183,756		77,820,183,756
<b>Total</b>	<b>168,234,764,459</b>	<b>1,566,664,853,284</b>	<b>1,734,899,617,743</b>
<b>Net liquidity gap</b>	<b>379,456,149,041</b>	<b>(1,566,664,853,284)</b>	<b>(1,187,208,704,243)</b>
31/12/2011	Less than 1 year	From 1-5 year	Total
	VND	VND	VND
Cash and cash equivalents	292,876,907,512	-	292,876,907,512
Trade and other receivables	514,885,771,274	-	514,885,771,274
<b>Total</b>	<b>807,762,678,786</b>	<b>-</b>	<b>807,762,678,786</b>
Trade and other payables	485,418,875,383	-	485,418,875,383
Borrowings	924,681,893,464	-	924,681,893,464
Accrued expenses	11,661,537,031	-	11,661,537,031
<b>Total</b>	<b>1,421,762,305,879</b>	<b>-</b>	<b>1,421,762,305,879</b>
<b>Net liquidity gap</b>	<b>(613,999,627,093)</b>	<b>-</b>	<b>(613,999,627,093)</b>

Owing to the largest amount of financial liabilities is a borrowing from PetroVietnam and is entrusted through PVFC, the Company has assessed the liquidity risk concentration at low level.

29. RELATED PARTY TRANSACTIONS AND BALANCES

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

Remuneration paid to the Company's Boards of Directors and Management

	2012	2011
	VND	VND
Salaries and Bonus	3,512,638,155	2,907,636,123
	<b>3,512,638,155</b>	<b>2,907,636,123</b>





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. COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's figures to enhance their comparability with the current year's presentation and to correct several errors in presentation of the cash flow statement for the year ended 31 December 2011. Details are as follows:

Items	Previously reported amount	Reclassification	Amount after reclassification
Other cash inflows	-	14,106,556,000	14,106,556,000
Net non business expense fund received from state budget	14,106,556,000	(14,106,556,000)	-



Nguyen Phuong Huong  
Preparer  
5 March 2013



Nguyen Van Quang  
Chief Accountant



Phan Tu Giang  
General Director

