

**PETROVIETNAM MARINE SHIPYARD  
JOINT STOCK COMPANY**

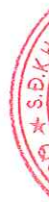
(Incorporated in the Socialist Republic of Vietnam)

**REVIEWED FINANCIAL STATEMENTS**

**For the 6-month period ended 30 June 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 6-month period ended 30 June 2012.

### THE BOARDS OF MANAGEMENT AND DIRECTORS

The members of the Boards of Management and Directors of the Company who held office during the period and 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 period. 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  
7 August 2012



## REVIEW REPORT

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

We have reviewed the accompanying balance sheet of Petrovietnam Marine Shipyard Joint Stock Company ("the Company") as at 30 June 2012, the related statements of income and cash flows for the six-month period ended 30 June 2012 and the notes thereto (collectively referred to as "the financial statements"), as set out from page 3 to page 20. 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. These financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

Review report for six-month period ended 30 June 2011 and the financial statements of the Company for the year ended 31 December 2011 were reviewed and audited by another auditor whose review report thereon 26 September 2011 and auditors' report thereon 7 March 2012 expressed an unqualified opinion on those statements.

We conducted our review in accordance with Vietnamese Standard on Auditing No.910 – Engagements to review financial statements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of, in all material respects, the financial position of the Company as at 30 June 2012 and the results of its operations and its cash flows for six-month period ended 30 June 2012, 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**  
7 August 2012  
Ho Chi Minh City, S.R. Vietnam

Van V

**Van Dinh Khue**  
**Auditor**  
CPA Certificate No. 1178/KTV

**BALANCE SHEET**

As at 30 June 2012

FORM B 01-DN

Unit: VND

ASSETS	Codes	Notes	30/6/2012	31/12/2011
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>678,052,622,486</b>	<b>974,457,539,782</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>200,848,778,983</b>	<b>292,876,907,512</b>
1. Cash	111		150,848,778,983	152,876,907,512
2. Cash equivalents	112		50,000,000,000	140,000,000,000
<b>II. Short-term receivables</b>	<b>130</b>		<b>430,331,480,445</b>	<b>534,796,444,048</b>
1. Trade accounts receivable	131		185,087,334,196	239,413,745,989
2. Advances to suppliers	132		16,097,455,337	19,910,672,774
3. Receivables from construction contracts under percentage of completion method	134	5	222,739,244,590	273,433,931,383
4. Other receivables	135		6,407,446,322	2,038,093,902
<b>III. Inventories</b>	<b>140</b>	<b>6</b>	<b>44,686,935,572</b>	<b>141,556,290,871</b>
1. Inventories	141		44,686,935,572	141,556,290,871
<b>IV. Other short-term assets</b>	<b>150</b>		<b>2,185,427,486</b>	<b>5,227,897,351</b>
1. Short-term prepayments	151		198,221,855	504,904,378
2. Value added tax deductibles	152		-	1,020,668,158
3. Taxes and other receivables from the State budget	154		732,223,151	3,581,885,763
4. Other short-term assets	158		1,254,982,480	120,439,052
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>1,175,986,281,176</b>	<b>1,237,259,145,648</b>
<b>I. Fixed assets</b>	<b>220</b>		<b>1,030,351,355,648</b>	<b>1,088,716,250,492</b>
1. Tangible fixed assets	221	7	932,029,144,645	991,815,226,399
- Cost	222		1,172,527,251,858	1,166,497,295,178
- Accumulated depreciation	223		(240,498,107,213)	(174,682,068,779)
2. Intangible fixed assets	227	8	23,026,881,176	21,467,046,335
- Cost	228		35,269,773,145	28,880,566,575
- Accumulated amortisation	229		(12,242,891,969)	(7,413,520,240)
3. Construction in progress	230	9	75,295,329,827	75,433,977,758
<b>II. Other long-term assets</b>	<b>260</b>		<b>145,634,925,528</b>	<b>148,542,895,156</b>
1. Long-term prepayments	261	10	145,634,925,528	148,542,895,156
<b>TOTAL ASSETS</b>	<b>270</b>		<b>1,854,038,903,662</b>	<b>2,211,716,685,430</b>



**BALANCE SHEET (Continued)**

As at 30 June 2012

FORM B 01-DN

Unit: VND

RESOURCES	Codes	Notes	30/6/2012	31/12/2011
<b>A. LIABILITIES</b>	<b>300</b>		<b>1,219,985,483,880</b>	<b>1,531,531,976,098</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,219,985,483,880</b>	<b>1,531,531,976,098</b>
1. Short-term loans and liabilities	311	11	824,560,449,097	888,339,829,998
2. Trade accounts payable	312		301,162,037,634	479,835,095,182
3. Advances from customers	313		-	130,199,762,658
4. Taxes and amounts payable to the State budget	314	12	21,565,457,316	2,064,171,165
5. Payables to employees	315		6,706,199,899	12,497,553,653
6. Accrued expenses	316	13	13,647,394,569	11,661,537,031
7. Other current payables	319	14	49,458,853,863	6,103,317,757
8. Bonus and welfare funds	323		2,885,091,502	830,708,654
<b>B. EQUITY</b>	<b>400</b>		<b>634,053,419,782</b>	<b>680,184,709,332</b>
<b>I. Owner's equity</b>	<b>410</b>	<b>15</b>	<b>607,436,198,582</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		9,940,607,119	67,309,081,057
<b>II. Subsidised fund</b>	<b>430</b>		<b>26,617,221,200</b>	<b>17,212,153,948</b>
1. Subsidised fund	432		6,627,841,524	803,852,669
2. Funds for fixed assets acquisition	433		19,989,379,676	16,408,301,279
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>1,854,038,903,662</b>	<b>2,211,716,685,430</b>



Phan Tu Giang  
General Director  
7 August 2012

Nguyen Van Quang  
Chief Accountant

**INCOME STATEMENT**

For the 6-month period ended 30 June 2012


FORM B 02-DN

Unit: VND

ITEMS	Codes	Notes	From 1/1/2012 to 30/6/2012	From 1/1/2011 to 30/6/2011
1. Gross revenue from services rendered	01	17	411,401,074,275	594,219,868,860
2. Net revenue from services rendered	10		411,401,074,275	594,219,868,860
3. Cost of services	11	18	(361,820,200,350)	(550,260,238,220)
4. Gross profit	20		49,580,873,925	43,959,630,640
5. Financial income	21	20	7,250,852,428	33,956,816,440
6. Financial expenses	22	21	(54,598,801,086)	(32,329,095,915)
<i>In which: Interest expense</i>	23		(39,961,299,567)	(11,245,011,222)
7. General and administration expenses	25		(15,175,802,990)	(15,897,201,867)
8. Operating (loss)/profit	30		(12,942,877,723)	29,690,149,298
9. Other income	31		1,492,194,669	607,111,234
10. Other expenses	32		-	(2,442,349,584)
11. Profit/(Loss) from other activities	40		1,492,194,669	(1,835,238,350)
12. (Loss)/Profit before tax	50		(11,450,683,054)	27,854,910,948
13. Current corporate income tax expense	51	22	-	-
14. Net (loss)/profit after corporate income tax	60		(11,450,683,054)	27,854,910,948
15. Basic earnings per share	70	23	(192)	398



Phan Tu Giang  
General Director  
7 August 2012

  
Nguyen Van Quang  
Chief Accountant




**CASH FLOW STATEMENT**  
For the 6-month period ended 30 June 2012

FORM B 03-DN  
Unit: VND

ITEMS	Codes	From 1/1/2012 to 30/6/2012	From 1/1/2011 to 30/6/2011
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. (Loss)/Profit before tax	01	(11,450,683,054)	27,854,910,948
2. <i>Adjustments for:</i>			
Depreciation and amortisation	02	67,188,352,030	56,301,718,863
Unrealized foreign exchange gain	04	(468,407,764)	-
Gain from investing activities	05	(6,314,878,496)	(13,815,589,321)
Interest expense	06	39,961,299,567	11,245,011,222
3. <i>Operating profit before movements in working capital</i>	08	88,915,682,283	81,586,051,712
Changes in receivables	09	103,525,837,585	(33,599,341,605)
Changes in inventories	10	96,869,355,299	113,354,835,000
Changes in payables	11	(304,769,194,322)	(255,885,740,000)
Changes in prepaid expenses	12	3,214,652,151	-
Interest paid	13	(29,045,346,418)	(79,923,172,000)
Corporate income tax paid	14	-	(2,324,608,084)
Other cash inflows	15	13,833,750,000	13,377,601,000
Other cash outflows	16	(1,873,779,038)	-
<i>Net cash used in operating activities</i>	20	(29,329,042,460)	(163,414,373,977)
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets	21	(5,242,378,789)	(43,230,912,000)
2. Interest earned	27	6,314,878,496	18,061,657,321
<i>Net cash from/(used in) investing activities</i>	30	1,072,499,707	(25,169,254,679)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	30,363,179,099	777,378,650,441
2. Repayment of borrowings	34	(94,142,560,000)	(625,304,761,311)
<i>Net cash (used in)/from financing activities</i>	40	(63,779,380,901)	152,073,889,130
<i>Net decrease in cash during the period</i>	50	(92,035,923,654)	(36,509,739,526)
<i>Cash and cash equivalents at the beginning of the period</i>	60	292,876,907,512	454,656,977,505
<i>Effects of changes in foreign exchange rates</i>	61	7,795,125	-
<i>Cash and cash equivalents at the end of the period</i>	70	<u>200,848,778,983</u>	<u>418,147,237,979</u>



Phan Tu Giang  
General Director  
7 August 2012

  
Nguyen Van Quang  
Chief Accountant



**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 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 30 June 2012 was 754 (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 FISCAL 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.

**Fiscal year**

The Company's financial year begins on 01 January and ends on 31 December. The interim financial statements of the Company were prepared for the 6-month period from 1 January to 30 June each year.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Company in the preparation of these 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 reporting period. Actual results could 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 accruals.

**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 Business funds	2 - 3
Others	3



**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*

**Intangible assets and amortisation**

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

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

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



**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*

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.

**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. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing on the balance sheet 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.

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.

4. CASH AND CASH EQUIVALENTS

	30/6/2012 VND	31/12/2011 VND
Cash on hand	7,246,562,940	3,003,835,085
Cash in bank	143,602,216,043	149,873,072,427
Cash equivalents	50,000,000,000	140,000,000,000
	<u>200,848,778,983</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 bear interest rates from 9% to 11% per annum.

5. RECEIVABLES FROM CONSTRUCTION CONTRACTS

	30/6/2012 VND	31/12/2011 VND
Contract costs incurred plus recognised profits less recognised losses to date	3,688,231,207,041	3,326,217,080,000
Less: Progress billings	<u>3,465,491,962,451</u>	<u>3,052,783,148,617</u>
	<u>222,739,244,590</u>	<u>273,433,931,383</u>

6. INVENTORIES

	30/6/2012 VND	31/12/2011 VND
Raw materials	38,886,549,884	135,828,473,121
Tools and supplies	<u>5,800,385,688</u>	<u>5,727,817,750</u>
	<u>44,686,935,572</u>	<u>141,556,290,871</u>



**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 6-month period ended 30 June 2012

**FORM B 09-DN**

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

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

**7. TANGIBLE FIXED ASSETS**

	Buildings and structures VND	Machinery and equipment VND	Motor Vehicles VND	Office equipment VND	Equipment formed from business 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	-	66,832,900	-	985,991,636	917,852,220	-	1,970,676,756
Transfer from construction in progress	4,059,279,924	-	-	-	-	-	4,059,279,924
As at 30/6/2012	663,273,817,984	112,995,346,031	378,074,419,994	13,602,811,469	3,850,699,617	730,156,763	1,172,527,251,858
<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 period	39,101,106,500	8,164,293,477	16,595,614,722	1,278,111,714	555,219,241	121,692,780	65,816,038,434
As at 30/6/2012	128,911,247,109	30,598,331,864	70,388,288,843	9,204,955,374	721,693,952	673,590,071	240,498,107,213
<b>NET BOOK VALUE</b>							
As at 30/6/2012	534,362,570,875	82,397,014,167	307,686,131,151	4,397,856,095	3,129,005,665	56,566,692	932,029,144,645
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

The cost of the Company's tangible fixed assets includes an amount of VND 4,451,244,421 (as at 31 December 2011: VND 3,725,265,806) in respect of fully depreciated assets which are still in use.





NOTES TO THE FINANCIAL STATEMENTS (Continued)

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8. INTANGIBLE FIXED ASSETS

	Computer software <u>VND</u>	Software formed from business funds <u>VND</u>	Total <u>VND</u>
<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 30/6/2012	<u>12,104,018,935</u>	<u>23,165,754,210</u>	<u>35,269,773,145</u>
<b>ACCUMULATED AMORTISATION</b>			
As at 01/01/2012	4,009,978,933	3,403,541,307	7,413,520,240
Charge for the period	1,927,532,837	2,901,838,892	4,829,371,729
As at 30/6/2012	<u>5,937,511,770</u>	<u>6,305,380,199</u>	<u>12,242,891,969</u>
<b>NET BOOK VALUE</b>			
As at 30/6/2012	<u>6,166,507,165</u>	<u>16,860,374,011</u>	<u>23,026,881,176</u>
As at 31/12/2011	<u>7,825,117,742</u>	<u>13,641,928,593</u>	<u>21,467,046,335</u>

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

9. CONSTRUCTION IN PROGRESS

	2012 <u>VND</u>	2011 <u>VND</u>
As at 1 January	75,433,977,758	473,410,416,017
Additions in period/year	4,075,177,448	106,656,110,401
Transfer to tangible fixed asset	(4,059,279,924)	(485,414,950,387)
Transfer to intangible asset	-	(9,936,692,500)
Transfer to long-term prepaid expense	(154,545,455)	(9,280,905,773)
As at 30 June/31 December	<u>75,295,329,827</u>	<u>75,433,977,758</u>

10. LONG-TERM PREPAYMENTS

	30/6/2012 <u>VND</u>	31/12/2011 <u>VND</u>
Land rental	137,086,879,629	138,670,073,803
Others	8,548,045,899	9,872,821,353
	<u>145,634,925,528</u>	<u>148,542,895,156</u>

11. SHORT-TERM BORROWINGS AND LIABILITIES

	30/6/2012 <u>VND</u>	31/12/2011 <u>VND</u>
PetroVietnam Joint Stock Finance Corporation	824,560,449,097	794,197,269,998
Ocean Commercial Joint Stock Bank	-	94,142,560,000
	<u>824,560,449,097</u>	<u>888,339,829,998</u>

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

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Short-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% per annum and is unsecured. The term loan is 12 months from 24 May 2011 to 24 May 2012. This loan was fully settled 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 during the first six months in 2012, the Company has withdrawn VND 30,363,179,097.

According to Resolution 744/NQ-DKVN dated 2 February 2012 issued by PetroVietnam, two loans in Agreement No. 11/2011/HDTDUT/TC DK-CNVT.TD have been extended. In details, a loan with amount of VND 160,500,000,000 has been extended for 12 months from 24 November 2011 and a loan with amount of VND 320,500,000,000 has been extended for 3 years from 24 November 2011. Thus, as at 30 June 2012, the remaining loan with the amount of VND 343,560,449,097 of two agreements above has been expired. According to Agreement, the Company might be beared a fine by 150% of applicable rate at the maturity date for unpaid maturity loans. The Company has sent Official Letter No. 0693/12/CTGK-TCKT dated 21 June 2012 to PetroVietnam to merge two these loans into one loan agreement and suggests the extension of loan term is 5 years, from June 2012 to June 2017. However, PetroVietnam still do not have feedback by Official Letter about this extension.

As stated above, a loan with amount of VND 320,500,000,000 has been extended for 3 years from 24 November 2011 under PetroVietnam's Resolution. However, because the Company and PVFC still do not enter into contract and agree repayment schedule, so this loan was recorded at short-term loan item as at 30 June 2012.

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.

**12. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET**

	30/6/2012 VND	31/12/2011 VND
Value added tax	21,338,481,353	-
Personal income tax	226,975,963	2,064,171,165
	<u>21,565,457,316</u>	<u>2,064,171,165</u>

**13. ACCRUED EXPENSES**

	30/6/2012 VND	31/12/2011 VND
Interest expenses	10,915,953,149	9,435,145,271
Others	2,731,441,420	2,226,391,760
	<u>13,647,394,569</u>	<u>11,661,537,031</u>



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**14. OTHER CURRENT PAYABLES**

	30/6/2012	31/12/2011
	<u>VND</u>	<u>VND</u>
Dividends payables	47,479,897,584	4,124,317,930
Union Fees	658,071,466	401,746,327
Social insurance	-	117,791,229
Others	1,320,884,813	1,459,462,271
	<u>49,458,853,863</u>	<u>6,103,317,757</u>

**15. OWNER'S EQUITY**

**Movement in owner's equity**

	Charter capital	Other owners' capital	Retained earnings	Total
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
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
Deductions	(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)
Other additions	-	765,604,327	-	765,604,327
Balance as at 31/12/2011	<u>594,897,870,000</u>	<u>765,604,327</u>	<u>67,309,081,057</u>	<u>662,972,555,384</u>
Loss during the period	-	-	(11,450,683,054)	(11,450,683,054)
Dividends paid	-	-	(41,642,850,900)	(41,642,850,900)
Funds appropriation	-	-	(4,274,939,984)	(4,274,939,984)
Other additions	-	1,832,117,136	-	1,832,117,136
Balance as at 30/6/2012	<u>594,897,870,000</u>	<u>2,597,721,463</u>	<u>9,940,607,119</u>	<u>607,436,198,582</u>

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.

**Shares**

	30/6/2012	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 30 June 2012 are as follows:

	As at 30/6/2012 and 31/12/2011	
	<u>%</u>	<u>Shares</u>
Petro Vietnam Technical Services Corporation	29	17,105,643
Vietnam Shipbuilding Industry Group	8	4,479,257
Bank for Investment and Development of Vietnam JSC	4	2,400,000
Joint Venture Vietsovpetro	4	2,161,300
LILAMA	4	2,400,000
LILAMA 18 Joint Stock Company	3	1,800,000
Others	49	29,143,587
	<u>100</u>	<u>59,489,787</u>



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16. 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 30 June 2012 and all its revenue, expenses in the income statement for the period from 1 January 2012 to 30 June 2012 are related to its principal activities.

17. GROSS REVENUE FROM SERVICES RENDERED

	From 1/1/2012 to 30/6/2012 VND	From 1/1/2011 to 30/6/2011 VND
Construction contract of Drilling platforms	400,937,826,613	575,365,915,269
Other services	10,463,247,662	18,853,953,591
	<u>411,401,074,275</u>	<u>594,219,868,860</u>

18. COST OF SERVICES

	From 1/1/2012 to 30/6/2012 VND	From 1/1/2011 to 30/6/2011 VND
Construction contract of Drilling platforms	361,748,572,396	550,260,238,220
Other services	71,627,954	-
	<u>361,820,200,350</u>	<u>550,260,238,220</u>

19. PRODUCTION COST BY NATURE

	From 1/1/2012 to 30/6/2012 VND	From 1/1/2011 to 30/6/2011 VND
Raw materials and consumables	173,683,897,231	372,925,673,000
Labour	67,343,277,318	91,289,731,000
Depreciation and amortization	72,831,942,482	56,301,719,000
Out-sourced services	66,664,494,325	132,259,060,000
Other expenses	382,663,838	8,862,798,000
	<u>380,906,275,194</u>	<u>661,638,981,000</u>

20. FINANCIAL INCOME

	From 1/1/2012 to 30/6/2012 VND	From 1/1/2011 to 30/6/2011 VND
Interest income	6,314,878,496	13,815,589,321
Unrealized foreign exchange gain	738,824,604	-
Realized foreign exchange gain	197,149,328	20,141,227,119
	<u>7,250,852,428</u>	<u>33,956,816,440</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***21. FINANCIAL EXPENSES**

	From 1/1/2012 to 30/6/2012 VND	From 1/1/2011 to 30/6/2011 VND
Interest expense	39,961,299,567	11,245,011,222
Unrealised foreign exchange loss	270,416,839	-
Realised foreign exchange loss	14,367,084,680	21,084,084,693
	<u>54,598,801,086</u>	<u>32,329,095,915</u>

**22. CURRENT TAX EXPENSE**

	From 1/1/2012 to 30/6/2012 VND	From 1/1/2011 to 30/6/2011 VND
(Loss)/Profit before tax	(11,450,683,054)	27,854,910,948
Add: non-deductible expenses	764,818,671	535,216,648
Less: non-assessable income	(7,795,125)	-
Assessable (loss)/income	(10,693,659,508)	28,390,127,596
Tax losses with tax rate of 10%	(21,891,548,859)	-
Assessable income with tax rate of 25%	11,197,889,352	-
Tax exemption	-	28,390,127,596
Current tax expenses	<u>-</u>	<u>-</u>

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, 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.

As at 30 June 2012, the Company has unused losses with the amount of VND 10,693,659,508. No deferred income tax is recognised due to uncertainty future profit. Tax losses will be expired over five years from the incurred years. No deferred tax is recognised as there are no significant temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the basis of calculation of income tax for these items are insignificant as at 30 June 2012.



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23. BASIC EARNINGS PER SHARE

	From 1/1/2012 to 30/6/2012 VND	From 1/1/2011 to 30/6/2011 VND
(Loss)/Profit for the purposes of calculating basic earnings per share	(11,450,683,054)	27,854,910,948
Ordinary shares during the period	59,489,787	70,000,000
	<u>(192)</u>	<u>398</u>

24. FINANCIAL INSTRUMENTS

Policies and risk management objectives

Risk management is an important part in business operation of the Company. The Board of Directors manages risk management procedure of the Company to ensure the balance between incurring risk and risk management. Risk management system and policies are reviewed regularly to reflect changes in market and in activities of the Company.

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

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, financial liability and equity instrument are disclosed in Note 3.

Categories of financial instruments

	Carrying amounts	
	30/6/2012 VND	31/12/2011 VND
<b>Financial assets</b>		
Cash and cash equivalents	200,848,778,983	292,876,907,512
Trade receivables	185,087,334,196	239,413,745,989
Other receivables	6,407,446,322	2,025,139,312
<b>Total</b>	<u>392,343,559,501</u>	<u>534,315,792,813</u>
<b>Financial liabilities</b>		
Borrowings	824,560,449,097	888,339,829,998
Trade payables	301,162,037,634	479,835,095,182
Other payables	49,458,853,863	6,103,317,757
Accruals	13,647,394,569	11,661,537,031
<b>Total</b>	<u>1,188,828,735,163</u>	<u>1,385,939,779,968</u>

The Company has not assessed fair value of its financial assets and liabilities as at the balance date since there are no comprehensive guidance under 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 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.



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**Financial risk management objectives**

Financial risks include market risk (including foreign currency risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Company does not hedge these risk exposures due to the lack of a market to purchase financial instruments.

**Market risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

*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 reporting period are as follows:

		Liabilities		Assets	
		30/6/2012	31/12/2011	30/6/2012	31/12/2011
		VND	VND	VND	VND
United States Dollars (USD)		255,780,198,086	484,738,125,264	159,623,031,392	215,809,751,044
Euro (EUR)		23,367,248	-	-	-

The sensitivity rates used when reporting foreign currency risk to key management personnel about 10%, which is the change in foreign exchange rates that management deems reasonably possible which will affect outstanding foreign currency denominated monetary asset and liabilities as at 30 June 2012.

The Company is mainly exposed to USD. If exchange rate changes by 10% for USD against the VND, (loss)/profit for 6-month period ended 30 June 2012 and 2011 would be increased/decreased by the same amount of VND 9,615,716,669 and VND 26,892,837,422. Basing on the same analysis of foreign currency changes by EUR, there is no significant effect into the income statement.

*Interest rate risk management*

The Company's policies are to borrow under controllable interest. The Company has significant interest rate risks arising from interest bearing loans from PetroVietnam Joint Stock Finance Corporation ("PVFC").

**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. Liquidity management remains for commitment of undisbursed loans and enough cash source to meet financial obligations when due.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the

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undiscounted contractual maturity of financial assets that include gain from 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 presentation of non-derivative financial assets is required to understand the liquidity risk management of the Company when liquidity is managed on the basis of liabilities and net assets. Interest cash flows for floating rate, undiscounted amount that derives from interest curve at the end of accounting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

30/06/2012	Less than 1 year	From 1-5 year	Total
	<u>VND</u>	<u>VND</u>	<u>VND</u>
<b>Assets</b>			
Cash and cash equivalents	200,848,778,983	-	200,848,778,983
Trade and other receivables	191,494,780,518	-	191,494,780,518
<b>Total</b>	<b>392,343,559,501</b>	<b>-</b>	<b>392,343,559,501</b>
<b>Liabilities</b>			
Trade and other payables	350,620,891,497	-	350,620,891,497
Borrowings	824,560,449,097	-	824,560,449,097
Accruals	13,647,394,569	-	13,647,394,569
<b>Total</b>	<b>1,188,828,735,163</b>	<b>-</b>	<b>1,188,828,735,163</b>
<b>Net liquidity gap</b>	<b>(796,485,175,662)</b>	<b>-</b>	<b>(796,485,175,662)</b>
<b>31/12/2011</b>	<b>Less than 1 year</b>	<b>From 1-5 year</b>	<b>Total</b>
	<u>VND</u>	<u>VND</u>	<u>VND</u>
<b>Assets</b>			
Cash and cash equivalents	292,876,907,512	-	292,876,907,512
Trade and other receivables	241,438,485,301	-	241,438,485,301
<b>Total</b>	<b>534,315,792,813</b>	<b>-</b>	<b>534,315,792,813</b>
<b>Liabilities</b>			
Trade and other payables	485,938,412,939	-	485,938,412,939
Borrowings	888,339,829,998	-	888,339,829,998
Accruals	11,661,537,031	-	11,661,537,031
<b>Total</b>	<b>1,385,939,779,968</b>	<b>-</b>	<b>1,385,939,779,968</b>
<b>Net liquidity gap</b>	<b>(851,623,987,155)</b>	<b>-</b>	<b>(851,623,987,155)</b>

The Board of Directors assessed the liquidity risk concentration at low level because the largest amount of financial liabilities is a borrowings from PetroVietnam, that is a main investor of drilling platforms project and is entrusted through PVFC. The Company also has a supporting commitment from PetroVietnam due to loans that mainly for projects of PetroVietnam.

**25. RELATED PARTY TRANSACTIONS AND BALANCES**

During the period, remuneration paid to the Company's Boards of Directors and Management was as follows:

	From 1/1/2012 to 30/6/2012	From 1/1/2011 to 30/6/2011
	<u>VND</u>	<u>VND</u>
Salaries and Bonus	1,434,116,977	1,512,414,865
	<b>1,434,116,977</b>	<b>1,512,414,865</b>



Phan Tu Giang  
General Director  
7 August 2012

Nguyen Van Quang  
Chief Accountant