

**PETROVIETNAM MARINE SHIPYARD  
JOINT STOCK COMPANY**

*(Incorporated in the Socialist Republic of Vietnam)*

**REVIEWED INTERIM FINANCIAL STATEMENTS**

**For the 6-month period ended 30 June 2017**



**PETROVIETNAM MARINE SHIPYARD  
JOINT STOCK COMPANY**

*(Incorporated in the Socialist Republic of Vietnam)*

**REVIEWED INTERIM FINANCIAL STATEMENTS  
FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2017**

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**PETROVIETNAM MARINE SHIPYARD JOINT STOCK COMPANY**

65A2, 30/4 Street, Thang Nhat Ward  
Ba Ria - Vung Tau Province, Vietnam

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## **STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS**

The Board of Executive Officers of PetroVietnam Marine Shipyard Joint Stock Company (the "Company") presents this report together with the Company's interim financial statements for the 6-month period ended 30 June 2017.

### **THE BOARDS OF DIRECTORS AND EXECUTIVE OFFICERS**

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

#### **Board of Directors**

Mr. Nguyen Quang Hieu	Chairman (appointed on 24 May 2017)
Mr. Phan Tu Giang	Chairman (resigned on 24 May 2017)
Mr. Nguyen Van Bao	Member (appointed on 24 May 2017)
Mr. Le Hung	Member
Ms. Le Thi Kim Khuyen	Member
Mr. Tran Thien Le	Member
Mr. Vu Minh Phu	Member
Mr. Nguyen Van Quang	Member

#### **Board of Executive Officers**

Mr. Nguyen Quang Hieu	Chief Executive Officer (appointed on 4 May 2017)
Mr. Le Hung	Chief Executive Officer (resigned on 4 May 2017)
Mr. Tran Quoc Thanh	Deputy Chief Executive Officer
Mr. Nguyen Nam Anh	Deputy Chief Executive Officer
Mr. Dao Do Khiem	Deputy Chief Executive Officer

### **BOARD OF EXECUTIVE OFFICERS' STATEMENT OF RESPONSIBILITY**

The Board of Executive Officers of the Company is responsible for preparing the interim financial statements, which give a true and fair view of the financial position of the Company as at 30 June 2017, and its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting. In preparing these interim financial statements, the Board of Executive Officers is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the interim financial statements;
- prepare the interim financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the interim financial statements so as to minimize errors and frauds;

The Board of Executive Officers is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the interim financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting. The Board of Executive Officers is also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Executive Officers confirms that the Company has complied with the above requirements in preparing these interim financial statements.

For and on behalf of the Board of Executive Officers, 



**Nguyen Quang Hieu**  
Chief Executive Officer  
11 August 2017



No: 144 /VN1A-HC-BC

## REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

**To: The Shareholders  
The Boards of Directors and Executive Officers  
PetroVietnam Marine Shipyard Joint Stock Company**

We have reviewed the accompanying interim financial statements of PetroVietnam Marine Shipyard Joint Stock Company (the "Company"), prepared on 11 August 2017, as set out from page 4 to page 25, interim balance sheet as at 30 June 2017, the interim income statement and interim cash flow statement for the 6-month period then ended, and a summary of significant accounting policies and other explanatory information.

### ***Board of Executive Officers' Responsibility for the Interim Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express a conclusion on the accompanying interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 – "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2017, and of its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting.

### ***Emphasis of Matter***

We would like to draw attention to Note 2 of Notes to the interim financial statements. As at 30 June 2017, the Company reported significant accumulated losses of VND 618,943,411,859 and as of that date, the Company's total current liabilities exceeded its total current assets by VND 147,610,152,906. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The plans of the Board of Executive Officers related to this matter which has been disclosed at Note 2.

We would like to draw attention to adjustments mentioned in Note 4 of Notes to the interim financial statements, during 6-month period ended 30 June 2017, the Board of Executive Officers has assessed and retroactively recognized the warranty provision according to the warranty clause of Tam Dao 05 Drilling Rig Contract No. 0885/13/T-N4/KB-PVShipyard dated 19 November 2013 that the Company has completed and handed over to customer on 1 November 2016.

## REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS (Continued)

### Emphasis of Matter (Continued)

We also draw attention to Note 4 of Notes to the interim financial statements, describing the retroactive adjustments of certain figures relating to the Company's financial statements for the year ended 31 December 2016.

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



**Nguyen Quang Trung**  
**Audit Partner**

Audit Practising Registration Certificate  
No. 0733-2013-001-1

**BRANCH OF DELOITTE VIETNAM COMPANY LIMITED**

11 August 2017

Ho Chi Minh City, S.R. Vietnam

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**INTERIM BALANCE SHEET**

As at 30 June 2017

Unit: VND

<b>ASSETS</b>	<b>Codes</b>	<b>Notes</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>794,173,921,711</b>	<b>1,187,250,810,881</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>29,286,877,112</b>	<b>194,601,120,979</b>
1. Cash	111		29,286,877,112	74,601,120,979
2. Cash equivalents	112		-	120,000,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>913,634,631</b>	<b>913,634,631</b>
1. Held-to-maturity investments	123		913,634,631	913,634,631
<b>III. Short-term receivables</b>	<b>130</b>		<b>687,085,048,158</b>	<b>880,430,407,241</b>
1. Short-term trade receivables	131	6	357,899,290,173	769,015,581,021
2. Short-term advances to suppliers	132		6,496,690,162	2,037,874,152
3. Receivables from construction contracts under percentage of completion method	134	7	215,209,284,094	-
4. Other short-term receivables	136	8	107,479,783,729	109,376,952,068
<b>IV. Inventories</b>	<b>140</b>	<b>9</b>	<b>55,847,229,160</b>	<b>96,276,185,322</b>
1. Inventories	141		73,728,885,944	108,940,228,436
2. Provision for devaluation of inventories	149		(17,881,656,784)	(12,664,043,114)
<b>V. Other short-term assets</b>	<b>150</b>		<b>21,041,132,650</b>	<b>15,029,462,708</b>
1. Short-term prepayments	151	10	4,126,974,372	9,837,962,668
2. Value added tax deductibles	152		15,974,281,599	4,446,984,926
3. Taxes and other receivables from the State budget	153	11	939,876,679	744,515,114
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>629,931,471,923</b>	<b>657,347,687,602</b>
<b>I. Fixed assets</b>	<b>220</b>		<b>505,973,552,581</b>	<b>530,161,009,010</b>
1. Tangible fixed assets	221	12	485,079,733,390	503,512,518,140
- Cost	222		1,279,704,887,200	1,279,704,887,200
- Accumulated depreciation	223		(794,625,153,810)	(776,192,369,060)
2. Intangible assets	227	13	20,893,819,191	26,648,490,870
- Cost	228		74,470,914,895	73,988,918,145
- Accumulated amortisation	229		(53,577,095,704)	(47,340,427,275)
<b>II. Long-term assets in progress</b>	<b>240</b>		<b>-</b>	<b>481,996,750</b>
1. Long-term construction in progress	242		-	481,996,750
<b>III. Other long-term assets</b>	<b>260</b>		<b>123,957,919,342</b>	<b>126,704,681,842</b>
1. Long-term prepayments	261	10	123,957,919,342	126,704,681,842
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>1,424,105,393,634</b>	<b>1,844,598,498,483</b>


The accompanying notes are an integral part of these interim financial statements

**INTERIM BALANCE SHEET (Continued)**

As at 30 June 2017

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance (Restated)
<b>C. LIABILITIES</b>	<b>300</b>		<b>1,420,818,949,180</b>	<b>1,795,203,136,890</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>941,784,074,617</b>	<b>1,279,256,561,264</b>
1. Short-term trade payables	311	14	263,347,283,806	278,547,482,381
2. Short-term advances from customers	312	15	124,978,809,815	120,053,478,663
3. Taxes and amounts payable to the State budget	313	11	-	1,237,639,645
4. Payables to employees	314		1,831,556,691	5,868,831,301
5. Short-term accrued expenses	315	16	117,615,093,531	70,643,106,598
6. Short-term unearned revenue	318		3,884,128,335	8,545,082,343
7. Other current payables	319	17	21,315,868,968	24,761,881,134
8. Short-term loans	320	18	407,647,771,875	767,615,397,603
9. Bonus and welfare funds	322		1,163,561,596	1,983,661,596
<b>II. Long-term liabilities</b>	<b>330</b>		<b>479,034,874,563</b>	<b>515,946,575,626</b>
1. Long-term loans	338	19	469,104,449,097	508,104,449,097
2. Long-term provisions	342	20	9,930,425,466	7,842,126,529
<b>D. EQUITY</b>	<b>400</b>		<b>3,286,444,454</b>	<b>49,395,361,593</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>21</b>	<b>(21,447,820,396)</b>	<b>15,961,870,601</b>
1. Owners' contributed capital	411		594,897,870,000	594,897,870,000
- Ordinary shares carrying voting rights	411a		594,897,870,000	594,897,870,000
2. Other owners' capital	414		2,597,721,463	2,597,721,463
3. Accumulated losses	421		(618,943,411,859)	(581,533,720,862)
- Losses accumulated to the prior year end	421a		(581,533,720,862)	(137,035,445,225)
- Losses of the current period	421b		(37,409,690,997)	(444,498,275,637)
<b>II. Other resources and funds</b>	<b>430</b>	<b>22</b>	<b>24,734,264,850</b>	<b>33,433,490,992</b>
1. Subsidised funds	431		4,051,263,542	7,144,178,934
2. Funds for fixed assets acquisition	432		20,683,001,308	26,289,312,058
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>1,424,105,393,634</b>	<b>1,844,598,498,483</b>

  
Dinh Hong Nhung  
Acting Chief Accountant



  
Nguyen Quang Hieu  
General Director  
11 August 2017



## INTERIM INCOME STATEMENT


For the 6-month period ended 30 June 2017

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from services rendered	01		238,233,737,762	1,253,935,121,553
<b>2. Net revenue from services rendered (10=01)</b>	<b>10</b>	<b>25</b>	<b>238,233,737,762</b>	<b>1,253,935,121,553</b>
3. Cost of services rendered	11	26	237,174,687,962	1,151,982,192,356
<b>4. (Loss)/gross profit from services rendered (20=10-11)</b>	<b>20</b>		<b>1,059,049,800</b>	<b>101,952,929,197</b>
5. Financial income	21	28	4,990,951,903	9,608,055,718
6. Financial expenses	22	29	30,798,236,008	31,537,907,647
- In which: Interest expense	23		29,023,535,251	30,894,362,190
7. General and administration expenses	26	30	7,488,180,590	12,965,577,270
<b>8. Operating (loss)/profit (30=20+(21-22)-26)</b>	<b>30</b>		<b>(32,236,414,895)</b>	<b>67,057,499,998</b>
9. Other income	31		11,093,543,272	3,455,502,598
10. Other expenses	32		16,266,819,374	1,184,591,008
<b>11. (Loss)/profit from other activities (40=31-32)</b>	<b>40</b>	<b>31</b>	<b>(5,173,276,102)</b>	<b>2,270,911,590</b>
<b>12. (Loss)/profit before tax (50=30+40)</b>	<b>50</b>		<b>(37,409,690,997)</b>	<b>69,328,411,588</b>
13. Corporate income tax expense	51	32	-	-
14. Deferred corporate tax expense	52		-	3,273,400,000
<b>15. (Loss)/profit after tax (60=50-51-52)</b>	<b>60</b>		<b>(37,409,690,997)</b>	<b>66,055,011,588</b>
16. Basic (loss)/ earnings per share	70	33	(629)	1,110

  
Dinh Hong Nhung  
Acting Chief Accountant



  
Nguyen Quang Hieu  
General Director  
11 August 2017


**INTERIM CASH FLOW STATEMENT**  
For the 6-month period ended 30 June 2017

Unit: VND

ITEMS	Codes	Current period	Prior period
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1. (Loss)/profit before tax</b>	<b>01</b>	<b>(37,409,690,997)</b>	<b>69,328,411,588</b>
<b>2. Adjustments for:</b>			
Depreciation and amortisation of fixed assets	02	19,063,142,429	68,020,465,305
Provisions	03	7,305,912,607	-
Foreign exchange gain arising from translating foreign currency items	04	(226,051,846)	(4,492,464,529)
Gain from investing activities	05	(1,728,622,724)	(3,149,790,091)
Interest expense	06	29,023,535,251	30,894,362,190
<b>3. Operating profit before movements in working capital</b>	<b>08</b>	<b>16,028,224,720</b>	<b>160,600,984,463</b>
Change in receivables	09	179,299,250,660	(1,101,995,091,091)
Change in inventories	10	35,211,342,492	490,538,219,418
Change in payables	11	12,367,500,913	(146,090,959,438)
Change in prepaid expenses	12	8,457,750,796	3,657,857,829
Interest paid	14	(6,537,455,726)	(53,841,793,560)
Other cash outflows	17	(3,902,252,647)	(24,558,087,496)
<b>Net cash generated by/(used in) operating activities</b>	<b>20</b>	<b>240,924,361,208</b>	<b>(671,688,869,875)</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition of fixed assets	21	(13,078,706,010)	-
2. Cash outflow for lending, buying debt instruments of other entities	23	-	(3,456,258,114)
3. Interest earned	27	1,728,622,724	3,149,790,091
<b>Net cash used in investing activities</b>	<b>30</b>	<b>(11,350,083,286)</b>	<b>(306,468,023)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	-	498,792,558,481
2. Repayment of borrowings	34	(394,723,973,956)	(216,432,705,442)
3. Dividend and profit paid	36	(167,760,300)	(602,487,800)
<b>Net cash (used in)/generated by financing activities</b>	<b>40</b>	<b>(394,891,734,256)</b>	<b>281,757,365,239</b>
<b>Net decrease in cash (50=20+30+40)</b>	<b>50</b>	<b>(165,317,456,334)</b>	<b>(390,237,972,659)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>194,601,120,979</b>	<b>479,440,036,807</b>
Effects of changes in foreign exchange rates	61	3,212,467	(56,410,094)
<b>Cash and cash equivalents at the end of the period (70=50+60+61)</b>	<b>70</b>	<b>29,286,877,112</b>	<b>89,145,654,054</b>

  
Dinh Hong Nhung  
Acting Chief Accountant



  
Nguyen Quang Hieu  
General Director  
11 August 2017



**NOTES TO THE INTERIM FINANCIAL STATEMENTS***These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements***1. GENERAL INFORMATION****Structure of ownership**

PetroVietnam Marine Shipyard Joint Stock Company ("the Company") was incorporated in Vietnam under Business Registration Certificate No. 3500806844 dated 9 July 2007 issued by the Department of Planning and Investment of Ba Ria - Vung Tau Province, as amended.

The number of the Company's employees as at 30 June 2017 was 334 (as at 31 December 2016: 522).

**Principal activities**

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

**Normal production and business cycle**

The principal activities of the Company are to build, maintain oil platforms, floating devices, the normal production and business cycle is carried out accordingly to the timing for building and maintaining, upon projects, normally for a time period from 1 to 3 year for building and of 12 months or less for maintaining.

**Disclosure of information comparability in the interim financial statements**

The comparative figures of the interim balance sheet are the figures of the Company's audited financial statements for the year ended 31 December 2016. The comparative figures of the interim income statement and interim cash flow statements are the figures of the reviewed interim financial statements for the 6-month period ended 30 June 2016.

**2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD****Accounting convention**

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

As at 30 June 2017, the Company reported significant accumulated losses of VND 618,943,411,859 (as at 31 December 2016 was VND 581,533,720,862) and as of that date, the Company's total current liabilities exceeded its total current assets by VND 147,610,152,906 (as at 31 December 2016 was VND 92,005,750,383). In view thereof, the Company's ability to continue its business as a going concern is dependent upon its ability to generate sufficient cash flows. The Board of Executive Officers believes that the operation will continue with agreed contracts which are conducted in upcoming years and generating sufficient funds to meet its financial obligations as and when they fall due. Accordingly, the interim financial statements have been prepared on a going concern basis.

The accompanying interim financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

**Accounting period**

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



**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Estimates**

The preparation of interim financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of Executive Officers to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Although these accounting estimates are based on the Board of Executive Officers best knowledge, actual results may differ from those estimates.

**Financial instruments**

***Initial recognition***

*Financial assets:* At the date of initial recognition, financial assets are recognised 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, held-to-maturity investments, trade and other receivables.

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

***Subsequent measurement***

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

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Financial investments**

***Held-to-maturity investments***

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

**Receivables**

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

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

**Inventories**

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

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

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### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working conditions and locations for their intended use. The costs of tangible fixed assets formed from construction investment by contractual mode or self-construction or self-generating process are the settled costs of the invested construction projects in accordance with the prevailing regulations on investment and construction management, directly-related expenses and registration fee (if any). In the event the construction project has been completed and put into use but the settled costs thereof have not been approved, the cost of tangible fixed assets is recognised at the estimated cost based on the actual cost incurred. The estimated cost will be adjusted according to the settled costs approved by competent authorities.

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

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

### **Leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Rentals payable under operating leases are charged to the interim income statement on a straight-line basis over the term of the relevant lease.

### **Intangible assets and amortisation**

Intangible assets represent computer software and vessel designing software formed from subsidised funds that are stated at cost less accumulated amortisation. Computer software and vessel designing software formed from subsidised funds which are not part of the related hardware, the relevant purchase price will be capitalized and recorded as intangible assets. Computer software and vessel designing software formed from subsidised funds are amortized using straight-line method from 3 to 5 years.

### **Construction in progress**

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

### **Prepayments**

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments comprise prepaid land rentals and other types of long-term prepayments.

Prepaid land rentals are charged to the interim income statement using the straight-line method over the lease term of 47 years.

Other types of prepayments comprise costs of land clearance and tools which are expected to provide future economic benefits to the Company for more than 1 year. These expenditures have been capitalised as prepayments, and are allocated to the income statement using the straight-line method in accordance with the current prevailing accounting regulations.

### **Provisions**

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



### Revenue recognition

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in each period by reference to the percentage of completion of the transaction at the balance sheet date. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

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

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

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

### Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion of the contract activity at the balance sheet date is determined by one of the following methods: (a) Percentage of costs of the work volume completed at a certain time on the total estimated costs of the contract; (b) appraisal of the completed work volume; (c) percentage of the completed construction and installation volume on the total construction and installation volume which must be completed under the contract.

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

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

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

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

### Foreign currencies

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



### Borrowing costs

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

### Taxation

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

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

## 4. RESTATEMENT

During the period, the Board of Directors decided to retroactively adjust certain figures of the financial statements for the year ended 31 December 2016. These adjustments are relating to the warranty provision and penalty on late delivery of the construction of Tam Dao 05 Drilling Rig Project according to Contract No. 0885/13/T-N4/KB-PVShipyards dated 19 November 2013 in the year 2016. Accordingly, the effects of these retroactive adjustments on the financial statements for the year ended 31 December 2016 are as follows:

### Balance sheet as at 31 December 2016

		Unit: VND		
Items	Code	Opening balance (Reported)	Adjustment	Opening balance (Restated)
1. Short-term accrued expenses	317	46,946,706,598	23,696,400,000	70,643,106,598
2. Long-term provisions	342	810,126,529	7,032,000,000	7,842,126,529
3. Loss of the current period/ prior year	421b	(413,769,875,637)	(30,728,400,000)	(444,498,275,637)

**5. CASH AND CASH EQUIVALENTS**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	1,496,255,510	764,934,019
Demand deposits	27,790,621,602	73,836,186,960
Cash equivalents	-	120,000,000,000
	<b><u>29,286,877,112</u></b>	<b><u>194,601,120,979</u></b>

Cash equivalents as at 30 June 2017 represent time deposits at commercial banks with the maturity day less than 3 months and interest rates from 4.3% to 5.2% per annum (2016: 4.3% to 5.2% per annum).

**6. SHORT-TERM TRADE RECEIVABLES**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>a. Receivables from related parties</b> (see Note 35)	<b>352,161,110,340</b>	<b>745,226,226,582</b>
<b>b. Receivables from others</b>	<b>5,738,179,833</b>	<b>23,789,354,439</b>
PTSC Mechanical & Construction Co., Ltd.	4,614,345,945	12,046,979,817
Sao Mai - Ben Dinh Petroleum Investment Joint Stock Company	344,127,970	1,455,026,764
TJS Technical service & Construction Joint Stock Company	-	3,604,665,633
Dung Quat Shipbuilding Company Limited	311,795,387	319,019,381
Other receivables	467,910,531	6,363,662,844
	<b><u>357,899,290,173</u></b>	<b><u>769,015,581,021</u></b>

**7. RECEIVABLES FROM CONSTRUCTION CONTRACTS**

Receivables from construction contracts present the receivables from Project Management Board of DKI Platform Project relating to the preparing, upgrading the P14 Construction in the exclusive economic zone and continental shelf of Vietnam, based on the corresponding portion of the Company's work completed at the reporting preparation.

**8. OTHER SHORT-TERM RECEIVABLES**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Receivable from employees	1,286,480,979	84,438,808
Short-term deposits	27,000,000	27,000,000
Other receivables		
- PetroVietnam Securities Incorporated (*)	14,447,047,290	14,606,419,575
- PVI Southern Co., Ltd	5,793,363,366	-
- Custom Department Ba Ria-Vung Tau Province (**)	84,183,857,345	89,948,853,752
- PetroVietnam Insurance Company (PVI) - Vung Tau Branch	-	2,156,727,272
- Other receivables	1,742,034,749	2,553,512,661
	<b><u>107,479,783,729</u></b>	<b><u>109,376,952,068</u></b>

(\*) Short-term receivable from PetroVietnam Securities Incorporated ("PSI") as at 30 June 2017 presents the actual dividend amounts transferred to PSI but PSI has not made the payment to the Company's shareholders.

(\*\*) Short-term receivable from Custom Department Ba Ria - Vung Tau Province represents import tax, import value added tax of equipment declared for refund relating to Tam Dao 05 project.



**9. INVENTORIES**

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	-	-	20,939,526,472	-
Raw materials	68,393,375,257	17,881,656,784	73,664,066,245	12,664,043,114
Tools and supplies	3,210,380,941	-	4,763,524,275	-
Work on progress	2,125,129,746	-	9,573,111,444	-
	<b>73,728,885,944</b>	<b>17,881,656,784</b>	<b>108,940,228,436</b>	<b>12,664,043,114</b>

During the period, the Company has made provision an amount of VND 5,217,613,670 (2016: VND 12,664,043,114) for devaluation of slow-moving inventories. This is provision for inventories that were bought for Tam Dao 05 project and have not used yet. According to the Board of Executive Officers' evaluation, these inventories cannot be able to use for other projects in the future.

**10. PREPAYMENTS**

	Closing balance VND	Opening balance VND
a. Short-term		
Tools	4,247,575	42,004,952
Expenses related to projects	3,550,558,450	8,762,640,293
Other prepayments	572,168,347	1,033,317,423
	<b>4,126,974,372</b>	<b>9,837,962,668</b>
b. Long-term		
Land rental (*)	121,109,679,166	122,650,457,764
Tools	1,409,159,885	1,880,022,655
Others	1,439,080,291	2,174,201,423
	<b>123,957,919,342</b>	<b>126,704,681,842</b>

(\*) Land rental presents the land lease in PTSC port in Ba Ria - Vung Tau Province with area of 39.8 ha according to the rental contract No. CN0107001/HDKT -PVSb signed with Sao Mai - Ben Dinh Petroleum Investment Joint Stock Company on 6 December 2007 to build the office, factory and warehouse for business purpose. The lease term is from the date of signing the handover minutes until 31 December 2057.

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

	Opening balance VND	Increase during the period VND	Deducted during the period VND	Closing balance VND
a. Receivables				
Import tax	138,222,014	-	2,797,255	141,019,269
Value added tax	606,293,100	4,178,678,194	(4,178,678,194)	606,293,100
	<b>744,515,114</b>	<b>4,178,678,194</b>	<b>(4,175,880,939)</b>	<b>747,312,369</b>
b. Payables				
Personal income tax	296,622,334	877,679,164	(1,366,865,808)	(192,564,310)
Foreign contractor withholding tax	941,017,311	1,283,535,058	(2,224,552,369)	-
	<b>1,237,639,645</b>	<b>2,161,214,222</b>	<b>(3,591,418,177)</b>	<b>(192,564,310)</b>
In which:				
Tax receivables from the State budget	744,515,114			939,876,679
Tax payables to the State budget	1,237,639,645			-



**12. TANGIBLE FIXED ASSETS**

	Buildings, structures VND	Machinery, equipment VND	Motor vehicles VND	Office equipment VND	Assets formed from subsidised funds VND	Others VND	Total VND
<b>COST</b>							
Opening and closing balance	737,699,245,400	120,122,402,553	397,516,923,844	10,371,363,961	3,850,699,617	10,144,251,825	1,279,704,887,200
<b>ACCUMULATED DEPRECIATION</b>							
Opening balance	460,249,386,447	91,963,543,456	202,318,275,906	9,372,943,337	3,518,646,851	8,769,573,063	776,192,369,060
Charge for the period	7,949,955,671	2,047,201,071	7,911,656,754	235,261,094	65,560,872	223,149,288	18,432,784,750
Closing balance	<u>468,199,342,118</u>	<u>94,010,744,527</u>	<u>210,229,932,660</u>	<u>9,608,204,431</u>	<u>3,584,207,723</u>	<u>8,992,722,351</u>	<u>794,625,153,810</u>
<b>NET BOOK VALUE</b>							
Opening balance	<u>277,449,858,953</u>	<u>28,158,859,097</u>	<u>195,198,647,938</u>	<u>998,420,624</u>	<u>332,052,766</u>	<u>1,374,678,762</u>	<u>503,512,518,140</u>
Closing balance	<u>269,499,903,282</u>	<u>26,111,658,026</u>	<u>187,286,991,184</u>	<u>763,159,530</u>	<u>266,491,894</u>	<u>1,151,529,474</u>	<u>485,079,733,390</u>

As presented in Note 19, the Company has pledged the constructions and assets, equipments associated to constructions, assets formed in the future and associated to the project, machineries and equipments have been built, purchased, associated or located at site of Sao Mai Ben Dinh port No. 65A2, 30/4 Street, Thang Nhat Ward, Vung Tau City with the carrying amount as at 30 June 2017 was VND 485,079,733,390 (as at 31 December 2016 was VND 503,512,518,140) to secure the loans.

As at 30 June 2017, the cost of the Company's tangible fixed assets includes an amount of VND 97,157,095,975 (as at 31 December 2016: VND 66,942,409,556) in respect of fully depreciated assets which are still in use.

**13. INTANGIBLE ASSETS**

	Computer Software VND	Software formed from subsidised funds VND	Total VND
<b>COST</b>			
Opening balance	17,966,543,935	56,022,374,210	73,988,918,145
Transfer from construction in progress	481,996,750	-	481,996,750
Closing balance	<u>18,448,540,685</u>	<u>56,022,374,210</u>	<u>74,470,914,895</u>
<b>ACCUMULATED AMORTISATION</b>			
Opening balance	17,291,544,996	30,048,882,279	47,340,427,275
Charge for the period	695,918,551	5,540,749,878	6,236,668,429
Closing balance	<u>17,987,463,547</u>	<u>35,589,632,157</u>	<u>53,577,095,704</u>
<b>NET BOOK VALUE</b>			
Opening balance	<u>674,998,939</u>	<u>25,973,491,931</u>	<u>26,648,490,870</u>
Closing balance	<u>461,077,138</u>	<u>20,432,742,053</u>	<u>20,893,819,191</u>

As at 30 June 2017, the cost of the Company's intangible assets includes an amount of VND 40,995,298,145 (as at 31 December 2016: VND 35,269,773,145) in respect of fully depreciated assets which are still in use.

**14. SHORT-TERM TRADE PAYABLES**

	Closing balance		Opening balance	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
<b>a. Payables to related parties</b> (see Note 35)	<b>1,232,244,017</b>	<b>1,232,244,017</b>	<b>1,204,147,017</b>	<b>1,204,147,017</b>
<b>b. Payables to others</b>	<b>262,115,039,789</b>	<b>262,115,039,789</b>	<b>277,343,335,364</b>	<b>277,343,335,364</b>
Lenn International Pte Ltd	1,041,915,805	1,041,915,805	2,068,610,013	2,068,610,013
National Oilwell Varco LP #638	103,328,952,254	103,328,952,254	103,193,478,535	103,193,478,535
Oakwell Engineering (Vietnam) Co., Ltd.	10,904,715,270	10,904,715,270	16,115,610,413	16,115,610,413
IPC Sai Gon Steel Co., Ltd.	12,287,880,070	12,287,880,070	-	-
Petro Vietnam Coating Joint Stock Company	11,812,366,173	11,812,366,173	-	-
TJS Technical service & Construction Joint Stock Company	27,077,766	27,077,766	7,097,548,365	7,097,548,365
Other suppliers	122,712,132,451	122,712,132,451	148,868,088,038	148,868,088,038
	<u>263,347,283,806</u>	<u>263,347,283,806</u>	<u>278,547,482,381</u>	<u>278,547,482,381</u>

**15. ADVANCES FROM CUSTOMERS**

	Closing balance VND	Opening balance VND
Petro Vietnam Construction Joint Stock Corporation	5,053,478,663	5,053,478,663
Project Management Unit of DKI Project	115,000,000,000	115,000,000,000
Steinsvik Co., Ltd	4,560,446,700	-
Others	364,884,452	-
	<u>124,978,809,815</u>	<u>120,053,478,663</u>

**16. SHORT-TERM ACCRUED EXPENSES**

	Closing balance VND	Opening balance (Restated) VND
Loan interest expense	43,980,097,595	21,494,018,070
Service cost of Project DKI/19 (P14)	31,219,929,922	-
Compensation of Tam Dao 05 Project	23,696,400,000	23,696,400,000
Expenses for construction (projects XL2)	7,018,078,517	7,018,078,517
Provision for BOP cost - Tam Dao 03 Project	-	11,357,500,000
Others	11,700,587,497	7,077,110,011
	<u>117,615,093,531</u>	<u>70,643,106,598</u>



**17. OTHER SHORT-TERM PAYABLES**

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Dividend payable	18,657,800,800	18,825,561,100
Others	2,658,068,168	5,936,320,034
	<b>21,315,868,968</b>	<b>24,761,881,134</b>

**18. SHORT-TERM LOANS**

	<u>Opening balance</u>		<u>During the period</u>		<u>Closing balance</u>	
	<u>Amount</u>	<u>Amount able</u>	<u>Increases</u>	<u>Decrease</u>	<u>Amount</u>	<u>Amount able</u>
	<u>VND</u>	<u>to be paid off</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>to be paid off</u>
		<u>VND</u>				<u>VND</u>
Short-term loans	615,129,892,100	615,129,892,100	-	(394,723,973,956)	220,405,918,144	220,405,918,144
bond liabilities (see Note 19)	117,000,000,000	117,000,000,000	39,000,000,000	-	156,000,000,000	156,000,000,000
Exchange difference	35,485,505,503	35,485,505,503	-	(4,243,651,772)	31,241,853,731	31,241,853,731
	<b>767,615,397,603</b>	<b>767,615,397,603</b>	<b>39,000,000,000</b>	<b>(398,967,625,728)</b>	<b>407,647,771,875</b>	<b>407,647,771,875</b>

Short-term loans represent the short-term borrowings in United States Dollar from Vietnam Bank for Industry and Trade - Branch No. 4, maturing within 12 months from drawing date. These loans are secured by the asset right of the Company incurred from the construction contract of Tam Dao 05 Drilling Rig No. 0885/13/T-N4/KB-PVShipyards dated 19 November 2013 signed with Vietsovetropet Joint Venture and bears interest at 2.3%/per annum for the USD loans and 2.3%/per annum in 9 months, and LIBOR 6-month interest plus margin 2.8%/per annum for remaining 3 months of loan disbursed in VND and reference to USD, interest will be paid monthly. These loans are in contract No. 01/2015- HDTDHM/NHCT908-PVShipyards signed in March 2015 and appendix which can be drawn up to a maximum amount of equivalent to VND 970 billion. This credit facility will be expired after 12 months from signing date.

**19. LONG-TERM LOANS**

	<u>Opening balance</u>		<u>During the period</u>		<u>Closing balance</u>	
	<u>Amount</u>	<u>Amount able</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amount</u>	<u>Amount able</u>
	<u>VND</u>	<u>to be paid off</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>to be paid off</u>
		<u>VND</u>				<u>VND</u>
Long-term loans	508,104,449,097	508,104,449,097	-	(39,000,000,000)	469,104,449,097	469,104,449,097

Long-term loans and liabilities which present the long-term loans from PetroVietnam Joint Stock Finance Corporation ("PVFC"), now known as Vietnam Public Joint Stock Commercial Bank ("PVcomBank"). These loans are secured by the machineries, equipments of the Company according to the Mortgage Contract No. 03/2013/HDTTC-TCDK-CNV.TD&QLTD dated 27 September 2013. These loans include two credit facilities:

- Agreement No. 11/2011/HDTDUT/TCDK-CNV.TD dated 17 May 2011 with the amount of VND 641 billion for payment of investment cost of project "Building and maintaining oil rig platforms". The loan term is 12 months from 24 May 2011 to 24 May 2012 and is extended to 24 November 2014 according to Appendix No. 01/11/2011/HDTDUT/TCDK-CNV.TD. This loan was fully disbursed in 2011.

- Agreement No. 07/HDTDUT/TCDK-CNV.TD dated 18 March 2011 with the maximum amount of VND 250 billion for payment of investment cost of project "Building and maintaining oil rig platforms". Interest of loan is the same with interest rate from economics entities with the term of 12 months of PVcomBank plus 5% per annum for loans disbursed before 6 October 2011 and 14.2% per annum for loans disbursed after 6 October 2011. The loan term is starting from the date PetroVietnam transfers its entrusted fund to PVFC to the date 6 April 2012.

On 9 May 2013, the Company entered into two Appendixes of two Agreement No. 02/07/HDTDUT/TCDK-CNV.TD and Agreement No. 02/11/2011/HDTDUT/TCDK-CNV.TD. Thereon, these two loans will be rescheduled and extended to 31 December 2018. These two loans are repayable in instalments starting from 30 June 2014 to 31 December 2018. The loans bear interest at the rate of saving rate in the 12 months of postpaid from Bank for Foreign Trade of Vietnam ("VietcomBank") at the time of adjusted rate plus entrust rate (0.15% p.a.).



On 29 June 2015, the Company additionally entered into two Appendixes of two Agreement No. 02/07/HDTDUT/TCDK-CNVT.TD and Agreement No. 02/11/2011/HDTDUT/TCDK-CNVT.TD. Accordingly, the remaining balance will be repaid until 30 June 2024. The outstanding balance as at 30 June 2017 was 625,104,449,097 (as at 31 December 2016 was 625,104,449,097).

Long-term loans are repayable as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
On demand or within one year	156,000,000,000	117,000,000,000
In the second year	39,000,000,000	78,000,000,000
In the third to fifth year inclusive	234,000,000,000	234,000,000,000
After five years	196,104,449,097	196,104,449,097
	<b>625,104,449,097</b>	<b>625,104,449,097</b>
Less: Amount due for settlement within 12 months (presents at Note 18)	(156,000,000,000)	(117,000,000,000)
<b>Amount due for settlement after 12 months</b>	<b>469,104,449,097</b>	<b>508,104,449,097</b>

## 20. LONG-TERM PROVISION

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	(Restated) VND
Warranty provision for Tam Dao 05 Rig	7,032,000,000	7,032,000,000
Warranty provision for DKI/19 Project	2,152,092,841	-
Severance Allowance	746,332,625	810,126,529
	<b>9,930,425,466</b>	<b>7,842,126,529</b>

In 2016, the Company completed the construction of Tam Dao 05 Drilling Rig and handed over to its customer on 1 November 2016. According to the warranty clause of Tam Dao 05 Drilling Rig Contract No. 0885/13/T-N4/KB-PVShipyards dated 19 November 2013, the Company has responsibility for rig warranty within 24 months from the date of handed over of the rig. Basically, the warranty work comprises two main parts as follows:

- The first part is for equipments, the warranty responsibility will be done by the equipment suppliers as "back to back" contractors, so the Company will not bear warranty costs if equipments are damaged.

- The second is construction work done by the Company. According to the Company's experience on operation of Tam Dao 03 Drilling Rig in the past, the probability of mechanical failure of construction work is assessed at low level. The Board of Executive Officers assessed and recognized the warranty provision at the rate of 0.5% of construction work.

In June 2017, the Company completed and handed over to its customer the Construction DKI/19 project. According to the warranty clause of Contract No. 29/2017/DK - VSP/PVC - MS/PV Shipyards dated 27 April 2017, the Company has responsibility for warranty within 24 months from the date of acceptance, except for the equipments only 12 months in accordance with goods delivery condition. The Board of Executive Officers assessed and recognized the warranty provision at the rate of 1% of project value.

## 21. OWNERS' EQUITY

### Movement in owners' equity

	<u>Owners' contributed capital</u>	<u>Other owners' capital</u>	<u>Accumulated losses</u>	<u>Total</u>
	VND	VND	VND	VND
<b>For the 6-month period ended 30 June 2016</b>				
Prior period's opening balance	594,897,870,000	2,597,721,463	(137,035,445,225)	460,460,146,238
Profit during the period	-	-	66,055,011,588.00	66,055,011,588.00
<b>Prior period's closing balance</b>	<b>594,897,870,000</b>	<b>2,597,721,463</b>	<b>(70,980,433,637)</b>	<b>526,515,157,826</b>
<b>For the 6-month period ended 30 June 2017</b>				
Current period's opening balance (Restated)	594,897,870,000	2,597,721,463	(581,533,720,862)	15,961,870,601
Loss during the period	-	-	(37,409,690,997)	(37,409,690,997)
<b>Current period's closing balance</b>	<b>594,897,870,000</b>	<b>2,597,721,463</b>	<b>(618,943,411,859)</b>	<b>(21,447,820,396)</b>

**Shares**

	<u>30/6/2017</u>	<u>31/12/2016</u>
- Shares authorised to be issued to the public	59,489,787	59,489,787
- Shares issued	59,489,787	59,489,787
- Shares are currently traded	<u>59,489,787</u>	<u>59,489,787</u>

The Company has one class of ordinary share which carries no right to fixed income with par value of VND 10,000 per share. The shareholders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Company's shareholders meetings. All shares rank equally with regard to the Company's residual assets.

Details of the Company's capital contribution as at balance sheet date are as follows:

		<u>30/6/2017 and 31/12/2016</u>	
	<u>%</u>	<u>Shares</u>	<u>Amount(VND)</u>
PetroVietnam Technical Services Corporation	28.75	17,105,643	171,056,430,000
Vietnam Shipbuilding Industry Group	7.53	4,479,257	44,792,570,000
Bank for Investment and Development of Vietnam JSC	4.03	2,400,000	24,000,000,000
Vietsovpetro Joint Venture	3.63	2,161,300	21,613,000,000
LILAMA	4.03	2,400,000	24,000,000,000
Others	52.03	30,943,587	309,435,870,000
	<u>100</u>	<u>59,489,787</u>	<u>594,897,870,000</u>

**22. OTHER RESOURCES AND FUNDS**

	Subsidised funds VND
<b>As at the beginning of the period</b>	<b>33,433,490,992</b>
- Subsidised funds	7,144,178,934
- Funds for fixed assets acquisition	26,289,312,058
<b>Decrease in the period:</b>	<b>(8,699,226,142)</b>
- Subsidised funds	(3,092,915,392)
<i>in which: fund usage</i>	(3,092,915,392)
- Funds for fixed assets acquisition	(5,606,310,750)
<i>in which: depreciation in the period</i>	(5,606,310,750)
<b>As at the end of the period</b>	<b>24,734,264,850</b>
- Subsidised funds	4,051,263,542
- Funds for fixed assets acquisition	20,683,001,308

**23. OFF BALANCE SHEET ITEMS**

	<u>Closing balance</u>	<u>Opening balance</u>
Foreign currencies		
United States Dollar	57,109	2,424,599
Euro	2,467	2,467

**24. BUSINESS AND GEOGRAPHICAL SEGMENT**

Principal activities of the Company are to build, maintain and refurbish drilling rig platforms, oil rig platforms, ships, floating devices and related equipment. During the operation course, the Company's other production and business activities are very small proportion of its total revenue and operating results, accordingly, the financial information that was presented in the balance sheet as at 30 June 2017 and all its revenue, expenses in the income statement for the 6-month period ended 30 June 2017 are related to its principal activities. In geography, the Company mainly operates within Vietnam.

Accordingly, the Board of Executive Officers has assessed and believes that the interim financial statements in which did not present information related to business and geographical segment for the 6-month period ended 30 June 2017 is in accordance with stipulations of Accounting Standard No. 28 "Segment reporting" and also in according with the business situation of the Company.



**25. NET REVENUE FROM SERVICES RENDERED**

	Current period	Prior period
	VND	VND
Construction of Tam Dao 05 Drilling Rig	7,249,120,867	1,230,268,323,439
Construction of DKI/19 Platform Project	215,209,284,094	-
Service of berthing PVD Rig	5,232,971,927	-
Other revenues	10,542,360,874	23,666,798,114
	<b>238,233,737,762</b>	<b>1,253,935,121,553</b>

**26. COST OF SERVICES RENDERED**

	Current period	Prior period
	VND	VND
Construction of Tam Dao 05 Drilling Rig	11,718,099,754	1,139,174,765,910
Construction of DKI/19 Platform Project	208,190,553,550	-
Service of berthing PVD Rig	4,905,304,257	-
Other services	12,360,730,401	12,807,426,446
	<b>237,174,687,962</b>	<b>1,151,982,192,356</b>

**27. PRODUCTION COST BY NATURE**

	Current period	Prior period
	VND	VND
Raw materials and consumables	91,281,137,759	896,415,105,757
Labour	54,283,237,104	84,908,554,356
Depreciation and amortization	19,063,142,429	68,020,465,305
Out-sourced services	58,596,847,762	109,119,295,411
Other expenses	19,293,056,619	6,446,919,405
	<b>242,517,421,673</b>	<b>1,164,910,340,234</b>

**28. FINANCIAL INCOME**

	Current period	Prior period
	VND	VND
Bank interest	1,728,622,724	3,149,790,091
Foreign exchange gain	3,262,329,179	6,458,265,627
	<b>4,990,951,903</b>	<b>9,608,055,718</b>

**29. FINANCIAL EXPENSES**

	Current period	Prior period
	VND	VND
Interest expense	29,023,535,251	30,894,362,190
Foreign exchange loss	1,774,700,757	643,545,457
	<b>30,798,236,008</b>	<b>31,537,907,647</b>

**30. GENERAL AND ADMINISTRATION EXPENSES**

	Current period	Prior period
	VND	VND
Salary for employees	5,019,232,031	10,010,987,369
Others	2,468,948,559	2,954,589,901
	<b>7,488,180,590</b>	<b>12,965,577,270</b>

**31. (LOSS)/PROFIT FROM OTHER ACTIVITIES**

	Current period VND	Prior period VND
<b>Other income</b>	<b>11,093,543,272</b>	<b>3,455,502,598</b>
Insurance compensation	9,463,752,397	2,632,015,562
Other incomes	1,629,790,875	823,487,036
<b>Other expenses</b>	<b>16,266,819,374</b>	<b>1,184,591,008</b>
Compensation provision - BOP cost for Tam Dao 03 Project	9,415,244,377	-
Other expenses	6,851,574,997	1,184,591,008
<b>(Loss)/Profit from other activities</b>	<b>(5,173,276,102)</b>	<b>2,270,911,590</b>

**32. CURRENT CORPORATE INCOME TAX EXPENSE**

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

	Current period VND	Prior period VND
<b>Accounting (Loss)/profit before tax</b>	<b>(37,409,690,997)</b>	<b>69,328,411,588</b>
Adjustment for assessable income		
<i>Less: non-assessable income</i>	-	(314,884,976)
<i>Add: non-deductible expenses</i>	22,246,063,671	1,111,759,286
<i>Loss carried forward</i>	-	(70,125,285,898)
<b>Taxable income</b>	<b>(15,163,627,326)</b>	<b>-</b>
Tax rate	20%	20%
<b>Current corporate income tax expense</b>	<b>-</b>	<b>-</b>

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

As at 30 June 2017, the Company has unused tax losses of VND 514,441,467,316 (as at 31 December 2016: VND 499,277,839,990) available for offset against future profit.

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

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

2018	93,504,739,875
2021	405,773,100,115
2022	15,163,627,326
	<b>514,441,467,316</b>

**33. BASIC (LOSS)/EARNINGS PER SHARE**

	Current period VND	Prior period VND
(Loss)/profit for the purposes of calculating basic earnings per share	(37,409,690,997)	66,055,011,588
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	59,489,787	59,489,787
<b>Basic (loss)/earnings per share</b>	<b>(629)</b>	<b>1,110</b>



### 34. FINANCIAL INSTRUMENTS

#### Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings disclosed in Note 18 and Note 19 offset by cash and cash equivalents) and equity attributable to equity shareholders (comprising owners's contributed capital, other owner's capital and accumulated losses).

#### 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 3.

#### Categories of financial instruments

	Carrying amounts	
	Closing balance	Opening balance (Restated)
	VND	VND
<b>Financial assets</b>		
Cash and cash equivalents	29,286,877,112	194,601,120,979
Held-to-maturity investments	913,634,631	913,634,631
Trade and other receivables	595,118,019,672	788,359,240,529
<b>Total</b>	<b>625,318,531,415</b>	<b>983,873,996,139</b>
<b>Financial liabilities</b>		
Trade and other payables	283,749,117,444	302,837,208,734
Borrowings	876,752,220,972	1,275,719,846,700
Accrued expenses	117,615,093,531	70,643,106,598
<b>Total</b>	<b>1,278,116,431,947</b>	<b>1,649,200,162,032</b>

The Company has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there are no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

#### Financial risk management objectives

The Company has set up risk management system to identify and assess the risks exposed by the Company and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Company's operations.

Financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

#### Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and prices. The Company does not hedge these risk exposures due to the lack of any market to purchase financial instruments.

#### Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the period are as follows:

	<b>Assets</b>		<b>Liabilities</b>	
	Closing balance	Opening balance	Closing balance	Opening balance
	VND	VND	VND	VND
United States Dollar	67,078,624,442	320,055,937,043	146,675,793,150	813,447,923,827
Singapore Dollar (SGD)	-	-	-	15,493,438
British Pound (GBP)	-	-	-	1,935,763,867
Euro (EUR)	60,863,924	58,565,268	646,568,154	-

*Foreign currency sensitivity*

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

The following table details the Company's sensitivity to a 2% (2016: 2%) increase/decrease in Vietnam Dong against the relevant foreign currencies. 2% (2016: 2%) is the sensitivity rate used when reporting foreign currency risk internally to the Board of Executive Officers and represents the Board of Executive Officers assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% (2016: 2%) change in foreign currency rates. For a 2% (2016: 2%) increase/decrease in the following foreign currencies against Vietnam Dong, the company's loss before tax in the period would increased/decreased by the following amount:

	<b>Current period</b>		<b>Prior period</b>	
	VND		VND	
	2% increase	2% decrease	2% increase	2% decrease
United States Dollar (USD)	(1,591,943,374)	1,591,943,374	(9,867,839,736)	9,867,839,736

*Interest rate risk management*

The Company has significant interest rate risks arising from interest bearing loans from commercial banks. The risk is managed by the Company by maintaining an appropriate level of borrowings and analyzing market competition to enjoy favorable interest rates from appropriate lenders.

*Interest rate sensitivity*

The loan's sensitivity to interest rate changes which may arise at an appropriate level is presented in the following table. Assuming all other variables were held constant, if interest rates applicable to floating interest bearing loans had been 100 basis points higher/lower, the Company's loss before tax for the period ended 30 June 2017 would have increased/decreased by the following amount:

	Increase/(decrease) in basis points	Impact on loss before tax
		VND
Current period	100	8,767,522,210
	(100)	(8,767,522,210)
Prior period	100	12,757,198,467
	(100)	(12,757,198,467)

**Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Company does not have any significant credit risk exposure to any counterparty.



***Liquidity risk management***

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

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

<b>Closing balance</b>	<b>Less than 1 year</b>	<b>From 1-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
	VND	VND	VND	VND
Cash and cash equivalents	29,286,877,112	-	-	29,286,877,112
Held-to-maturity investments	913,634,631	-	-	913,634,631
Trade and other receivables	595,118,019,672	-	-	595,118,019,672
<b>Total</b>	<b>625,318,531,415</b>	<b>-</b>	<b>-</b>	<b>625,318,531,415</b>
Trade and other payables	283,749,117,444	-	-	283,749,117,444
Borrowings	407,647,771,875	273,000,000,000	196,104,449,097	876,752,220,972
Accrued expenses	117,615,093,531	-	-	117,615,093,531
<b>Total</b>	<b>809,011,982,850</b>	<b>273,000,000,000</b>	<b>196,104,449,097</b>	<b>1,278,116,431,947</b>
<b>Net liquidity gap</b>	<b>(183,693,451,435)</b>	<b>(273,000,000,000)</b>	<b>(196,104,449,097)</b>	<b>(652,797,900,532)</b>
<b>Opening balance (Restated)</b>	<b>Less than 1 year</b>	<b>From 1-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
	VND	VND	VND	VND
Cash and cash equivalents	194,601,120,979	-	-	194,601,120,979
Held-to-maturity investments	913,634,631	-	-	913,634,631
Trade and other receivables	788,359,240,529	-	-	788,359,240,529
<b>Total</b>	<b>983,873,996,139</b>	<b>-</b>	<b>-</b>	<b>983,873,996,139</b>
Trade and other payables	302,837,208,734	-	-	302,837,208,734
Borrowings	767,615,397,603	312,000,000,000	196,104,449,097	1,275,719,846,700
Accrued expenses	70,643,106,598	-	-	70,643,106,598
<b>Total</b>	<b>1,141,095,712,935</b>	<b>312,000,000,000</b>	<b>196,104,449,097</b>	<b>1,649,200,162,032</b>
<b>Net liquidity gap</b>	<b>(157,221,716,796)</b>	<b>(312,000,000,000)</b>	<b>(196,104,449,097)</b>	<b>(665,326,165,893)</b>

The largest amount of financial liabilities are loans arising from commercial banks to be repaid basing on cashflows generated from Tam Dao 05 project and P14 project during the year, and borrowings from Petro Vietnam through entrusted party, PVcomBank, with the payment schedule to 2024 basing on the Company's operating cashflows in the following years. Therefore, the Company has assessed the liquidity risk at high level.

35. RELATED PARTY TRANSACTIONS AND BALANCES

**Related party**

PetroVietnam Technical Services Corporation  
Vietsovpetro Joint Venture

**Relationship**

Major shareholder  
Shareholder

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

	Current period	Prior period
	VND	VND

**Sales**

Vietsovpetro Joint Venture	-	1,237,657,824,328
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Remuneration paid to the Company's Boards of Management and Directors during the period are as follows:

	Current period	Prior period
	VND	VND

Salary and bonus	1,008,299,449	2,487,271,973
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*Significant related party balances as at the balance sheet date were as follows:*

	Closing balance	Opening balance
	VND	VND

**Short-term trade receivables**

Vietsovpetro Joint Venture	352,161,110,340	745,226,226,582
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**Short-term trade payables**

Vietsovpetro Joint Venture	1,232,244,017	1,204,147,017
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36. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash outflows of interest expense paid during the period exclude an amount of VND 22,486,079,525 (6-month period ended 30 June 2016: VND nil), representing the interest expense incurred during the period but has not been paid yet. Consequently, changes in accounts payable have been adjusted by the same amounts.

Cash outflows for purchases of fixed assets during the period excluded an amount of VND 481,996,750 (6-month period ended 30 June 2016: VND nil), representing a amount that was transferred from construction in progress balance of prior year to the addition in fixed assets during current period. However, cash outflows for purchases of fixed assets during the period included the amount of VND 13,078,706,010 was the purchases of fixed assets in prior period that paid in current period.

37. APPROVAL FOR ISSUANCE OF INTERIM FINANCIAL STATEMENTS

Interim financial statements for the period ended 30 June 2017 was approved for issuance by Board of Directors on 11 August 2017.

  
Dinh Hong Nhung  
Acting Chief Accountant



  
Nguyen Quang Hieu  
General Director  
11 August 2017