

**PETROVIETNAM DRILLING AND WELL SERVICES CORPORATION**  
(Incorporated in the Socialist Republic of Vietnam)

**CONSOLIDATED FINANCIAL STATEMENTS**  
**QUARTER 01 -2018**

## Petrovietnam Drilling And Well Services Corporation

### General information about the Company

**Business Registration Certificate** No. 4103004335 dated 15 February 2006 and its twelfth amendment dated 20 December 2016 issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City

### Board of Management

Mr. Do Van Khanh	Chairman
Mr. Do Duc Chien	Vice chairman
Mr. Pham Tien Dung	Member
Ms. Ho Ngoc Yen Phuong	Member
Ms. Nguyen Thi Thuy	Member
Mr. Le Van Be	Member
Ms. Pham Thi An Binh	Member

### Board of Directors

Mr. Pham Tien Dung	President
Mr. Tran Van Hoat	Vice President
Mr. Dao Ngoc Anh	Vice President
Mr. Nguyen Xuan Cuong	Vice President
Mr. Trinh Van Vinh	Vice President
Mr. Vu Van Minh	Vice President
Mr. Ho Vu Hai	Vice President
Mr. Do Danh Rang	Vice President

### Registered office

4th Floor, Sailing Tower,  
111A Pasteur Street,  
District 1, Ho Chi Minh City,  
S. R Vietnam.

## CONSOLIDATED BALANCE SHEET

As at 31 March 2018

Unit: USD

ITEM	Code	Note	As at 31/3/2018	As at 1/1/2018
<b>ASSETS</b>				
<b>A - CURRENT ASSETS</b>				
<b>I. Cash and cash equivalents</b>				
1. Cash	111	V.01	55,492,802	64,520,229
2. Cash equivalents	112		17,752,601	15,044,031
<b>II. Short-term financial investments</b>				
1. Held for trading securities	120	V.02	59,409,591	94,781,243
2. Provision for held for trading securities (*)	121		-	-
3. Short-term held to maturity investments	122		-	-
	123		59,409,591	94,781,243
<b>III. Short-term receivables</b>				
1. Short-term receivables from customers	130		81,310,086	68,478,512
2. Short-term advances to suppliers	131	V.03	85,233,151	70,855,372
3. Short-term inter-company receivables	132		10,609,352	6,635,166
4. Receivable from construction contracts under perce	133		-	-
5. Short-term loans receivables	134		-	-
6. Other short-term receivables	135		-	-
7. Provision for doubtful short-term receivables (*)	136	V.04	3,521,655	5,294,581
8. Asset shortage awaiting resolution	137	V.05	(18,054,072)	(14,306,607)
	139		-	-
<b>IV. Inventories</b>				
1. Inventories	140	V.06	31,940,185	33,274,223
2. Provision for inventories (*)	141		37,999,582	39,347,152
	149		(6,059,397)	(6,072,929)
<b>V. Other short-term assets</b>				
1. Short-term prepayments	150		1,970,949	1,161,148
2. Deductible value added tax	151	V.10	889,300	602,205
3. Taxes and other receivables from the State budget	152		928,506	404,737
5. Other short-term assets	153		153,143	154,206
	155		-	-
<b>B - NON-CURRENT ASSETS</b>				
<b>I- Long-term receivables</b>				
1. Long-term receivables from customers	200		676,137,270	685,346,421
2. Long-term advances to suppliers	210		839,770	838,735
3. Capital provided to subordinate units	211	V.03	-	-
4. Long-term inter-company receivables	212		-	-
6. Other long-term receivables	213		-	-
7. Provision for doubtful long-term receivables (*)	214		-	-
	216	V.04	839,770	838,735
	219		-	-

ITEM	Code	Note	As at 31/3/2018	As at 1/1/2018
<b>II. Fixed assets</b>	<b>220</b>		<b>645,315,262</b>	<b>653,927,168</b>
1. Tangible fixed assets	221	V.08	637,774,942	646,273,992
- Cost	222		1,011,508,633	1,012,138,895
- Accumulated depreciation (*)	223		(373,733,691)	(365,864,903)
2. Finance lease fixed assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation (*)	226		-	-
3. Intangible fixed assets	227	V.09	7,540,320	7,653,176
- Cost	228		11,964,634	11,974,224
- Accumulated depreciation (*)	229		(4,424,314)	(4,321,048)
<b>III. Investment property</b>	<b>230</b>		<b>-</b>	<b>-</b>
- Cost	231		-	-
- Accumulated depreciation (*)	232		-	-
<b>IV. Long-term assets in progress</b>	<b>240</b>	<b>V.07</b>	<b>1,647,393</b>	<b>1,652,562</b>
1. Long-term work in progress	241		-	-
2. Construction in progress	242		1,647,393	1,652,562
<b>V. Long-term financial investments</b>	<b>250</b>	<b>V.02</b>	<b>24,450,093</b>	<b>24,647,636</b>
1. Investments in subsidiaries	251		-	-
2. Investments in joint ventures and associates	252		24,450,093	24,647,636
3. Other long-term investments	253		-	-
4. Provision for long-term financial investments (*)	254		-	-
5. Long-term held to maturity investments	255		-	-
<b>VI. Other non-current assets</b>	<b>260</b>		<b>3,884,752</b>	<b>4,280,320</b>
1. Long-term prepayments	261	V.10	69,378	455,270
2. Deferred tax assets	262	V.17	3,815,374	3,825,050
3. Long-term equipments, supplies and spare parts	263		-	-
4. Other long-term assets	268		-	-
5. Goodwill	269		-	-
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>924,013,484</b>	<b>962,605,807</b>
<b>C- LIABILITIES</b>	<b>300</b>		<b>342,198,861</b>	<b>368,167,973</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>154,006,619</b>	<b>172,310,600</b>
1. Short-term payables to suppliers	311	V.12	34,793,734	29,859,086
2. Short-term advance from customers	312		12,087,598	9,661,969
3. Taxes and amounts payable to the State budget	313	V.13	1,863,589	6,871,171
4. Payables to employees	314		2,491,568	6,768,854
5. Short-term accrued expenses	315	V.14	19,147,561	14,704,554
6. Short-term inter-company payables	316		-	-
8. Short-term unearned revenue	318		-	-
9. Other short-term payables	319	V.15	17,044,415	15,958,406
10. Short-term loans and finance leases	320	V.11	40,895,679	59,238,493
11. Provision for current liabilities	321	V.16	20,660,265	23,944,090
12. Bonus and welfare funds	322		5,022,210	5,303,977

ITEM	Code	Note	As at 31/3/2018	As at 1/1/2018
<b>II. Non-current liabilities</b>				
1. Long-term payables to suppliers	331	V.12	-	-
2. Long-term advance from customers	332		-	-
3. Long-term accrued expenses	333	V.14	-	-
4. Capital payables to inter-companies	334		-	-
5. Long-term inter-company payables	335		-	-
6. Long-term unearned revenue	336		-	-
7. Other long-term payables	337	V.15	21,041,188	21,119,855
8. Long-term loans and finance leases	338	V.11	139,315,525	146,903,802
9. Convertible bonds	339		-	-
10. Preference shares	340		-	-
11. Deferred tax liabilities	341	V.17	-	-
12. Provision for non-current liabilities	342	V.16	7,784,760	7,589,278
13. Scientific and technological fund	343		20,050,769	20,244,438
<b>D - OWNER'S EQUITY (400 = 410 + 430)</b>	<b>400</b>		<b>581,814,623</b>	<b>594,437,834</b>
<b>I. Shareholders' equity</b>				
1. Contributions from owners	410	V.18	581,814,623	594,437,834
- Ordinary shares with voting right	411		196,947,181	196,947,181
- Preference shares	411a		196,947,181	196,947,181
2. Share premium	412		126,770,844	126,770,844
3. Options embedded in convertible bonds	413		-	-
4. Other owner's capital	414		-	-
5. Treasury shares (*)	415		(966,501)	(966,501)
6. Differences upon asset revaluation	416		-	-
7. Foreign exchange differences	417	V.19	(17,150,742)	(15,494,069)
8. Investment and development fund	418		78,076,425	77,996,922
9. Enterprise reorganization assistance fund	419		-	-
10. Other equity fund	420		-	-
11. Retained earnings	421		186,005,256	196,725,695
- Accumulated by the end of the previous period	421a		196,725,695	196,070,451
- Retained earnings of current period	421b		(10,720,439)	655,244
12. Capital expenditure fund	422		-	-
13. Non-controlling interest	429		12,132,160	12,457,762
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>924,013,484</b>	<b>962,605,807</b>

Ho Chi Minh City, 24 April 2018

Preparer

Tran Kim Hoang

Chief Accountant

Doan Dac Tung

President & CEO

Pham Tien Dung




## CONSOLIDATED INCOME STATEMENT

QUARTER 01 - 2018

Unit: USD

ITEM	Code	Note	QUARTER 01		YEAR TO DATE	
			2018	2017	2018	2017
1. Gross revenue	01	VI.1	48,712,680	22,185,604	48,712,680	22,185,604
2. Deductions	02		-	-	-	-
3. Net revenue	10		48,712,680	22,185,604	48,712,680	22,185,604
4. Cost of sales	11	VI.2	50,675,825	22,528,649	50,675,825	22,528,649
<b>5. Gross profit/(Loss)</b>	<b>20</b>		<b>(1,963,145)</b>	<b>(343,045)</b>	<b>(1,963,145)</b>	<b>(343,045)</b>
6. Financial income	21	VI.3	1,609,855	1,805,799	1,609,855	1,805,799
7. Financial expenses	22	VI.4	2,823,825	2,666,577	2,823,825	2,666,577
- In which: Interest expense	23		1,928,729	2,054,095	1,928,729	2,054,095
8. Income/(Loss) from interests in joint ventures	24		(179,423)	(135,210)	(179,423)	(135,210)
9. Selling expenses	25		110,138	100,369	110,138	100,369
10. General and administration expenses	26		7,473,451	7,924,822	7,473,451	7,924,822
<b>11. Operating profit/(Loss)</b>	<b>30</b>		<b>(10,940,127)</b>	<b>(9,364,224)</b>	<b>(10,940,127)</b>	<b>(9,364,224)</b>
12. Other income	31		378	3,193	378	3,193
13. Other expenses	32		1,724	4,042	1,724	4,042
14. (Loss)/Profit from other activities	40		(1,346)	(849)	(1,346)	(849)
<b>15. Accounting profit before tax</b>	<b>50</b>		<b>(10,941,473)</b>	<b>(9,365,073)</b>	<b>(10,941,473)</b>	<b>(9,365,073)</b>
16. Current corporate income tax expense	51		199,622	88,297	199,622	88,297
17. Deferred corporate tax expense (income)	52		9,346	(1,776)	9,346	(1,776)
<b>18. Net profit/(Loss) after corporate income tax</b>	<b>60</b>		<b>(11,150,441)</b>	<b>(9,451,594)</b>	<b>(11,150,441)</b>	<b>(9,451,594)</b>
Attributable to:						
<b>19. The Group's shareholders</b>	<b>61</b>		<b>(10,543,138)</b>	<b>(8,859,850)</b>	<b>(10,543,138)</b>	<b>(8,859,850)</b>
20. Non-controlling interest	62		(607,303)	(591,744)	(607,303)	(591,744)
21. Basic earnings per share	70		(0.028)	(0.023)	(0.028)	(0.023)
22. Diluted earnings per share	71		(0.028)	(0.023)	(0.028)	(0.023)

Preparer



Tran Kim Hoang

Chief Accountant



Doan Dac Tung

Ho Chi Minh City, 24 April 2018



President & CEO



Trần Đình Tuấn

## CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

QUARTER 01 - 2018

Unit: USD

ITEM	Code	Note	YEAR TO DATE	
			2018	2017
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<i>1. Profit before tax</i>	01		(10,941,473)	(9,365,073)
<i>2. Adjustments for:</i>			10,124,218	7,335,776
- Depreciation and amortization	02		8,466,774	5,017,753
- Provisions	03		645,590	2,321,748
- Unrealized foreign exchange	04		235,006	(1,203,191)
- Gains from investing activities	05		(1,151,881)	(1,226,893)
- Interest expense	06		1,928,729	2,054,095
- Other adjustments	07		-	372,264
<b>3. Operating profit before movements in working capital</b>	08		(817,255)	(2,029,297)
- Changes in account receivables	09		(18,622,810)	5,960,622
- Changes in inventories	10		1,347,570	(338,392)
- Changes in account payables (excluding interest payables, corporate income tax payables)	11		7,337,075	(13,198,235)
- Changes in prepaid expenses	12		98,797	563,187
- Changes in held for trading securities	13		-	-
- Interest paid	14		(2,402,451)	(2,219,170)
- Corporate income tax paid	15		(4,808,464)	(1,040,537)
- Other cash outflows	16		-	-
- Other cash inflows	17		(399,132)	(684,858)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	20		(18,266,670)	(12,986,680)
<b>II. CASH FLOWS USED IN INVESTING ACTIVITIES</b>				
1. Acquisition of fixed assets and other non-current assets	21		(405,970)	(332,010)
2. Proceeds from disposal of fixed assets and other non-current assets	22		212	241
3. Cash outflow for buying debt instruments of other companies	23		(8,564,641)	(23,657,331)
4. Cash recovered from lending, selling debt instruments of other companies	24		43,866,636	26,469,258
5. Investments in other entities	25		-	-
6. Cash recovered from investments in other entities	26		-	-
7. Interest, dividends and profits received	27		2,885,374	1,340,103
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	30		37,781,611	3,820,261



ITEM	Code	Note	YEAR TO DATE	
			2018	2017
<b>III. CASH FLOWS USED IN FINANCING ACTIVITIES</b>				
1. Proceeds from share issuance and capital contributions from owners	31		-	-
2. Capital withdrawals to owners, treasury shares purchases	32		-	-
3. Proceeds from borrowings	33		-	1,085,928
4. Repayments of borrowings	34		(25,925,750)	(11,436,603)
5. Repayments of principal owed under finance leased	35		-	-
6. Dividend, profits distributed to owners	36		-	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>40</b>		<b>(25,925,750)</b>	<b>(10,350,675)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>50</b>		<b>(6,410,809)</b>	<b>(19,517,094)</b>
Cash and cash equivalents at the beginning of the year	60		79,564,260	122,580,105
Effect of changes in foreign exchange rates	61		91,952	(805,695)
<b>Cash and cash equivalents at the end of the year</b>	<b>70</b>		<b>73,245,403</b>	<b>102,257,316</b>

Hồ Chí Minh City, 24 April 2018

Preparer



Tran Kim Hoang


Chief Accountant



Doan Dac Tung



President & CEO



Phạm Tiến Dũng



Petrovietnam Drilling And Well Services Corporation

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the period ended 31 March 2018.*

### I. GENERAL INFORMATION

#### 1. Ownership structure

##### The Company

Petrovietnam Drilling and Well Services Corporation (the “Company”) is a joint stock company established in Vietnam in accordance with the Business Registration Certificate No. 4103004335 dated 15 February 2006 and its twelfth amendment dated 20 December 2016 issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City. The Company has merged from the equitization of Petrovietnam Drilling and Well Services Company, a wholly-owned subsidiary of Vietnam Oil and Gas Group (hereinafter referred to as “Petrovietnam”).

The Company consists of two divisions and three overseas branches.

##### The Group

The Board of Directors of Petrovietnam Drilling and Well Services Corporation (the “Company”) presents this report together with the converted consolidated financial statements of the parent company and its subsidiaries (collectively referred to as the “Group”).

The Group consists of the Company and its 7 subsidiaries and 6 joint ventures.

- Summary of ownership structure:	
+ The State:	50.40%
+ Other shareholders:	49.60%

#### 2. Operating industry

Drilling contractor and drilling-related services provider in the oil and gas industry.

#### 3. Principal activities:

The Group’s principal activities include:

##### *Its subsidiaries:*

+ PVD Trading and Technical Services Joint Stock Company (“PVD Tech”): Engineering and manufacturing equipment skid; providing Surface/Subsea wellhead and mudline rental services, providing full range of conductor services and trading services for oil and gas industry.

+ PVD Well Services Company Limited (“PVD Well”): Provide well technical services, tool rental, tubular running, manage pressure drilling, solids control...

+ PVD Offshore Services Company Limited (“PVD Offshore”): Drilling manpower supply service, inspection, maintenance and workshop service and oil spill response service...

+ Petroleum Well Logging Company Limited (“PVD Logging”): Provide advanced technology services in drilling operations for the oil and gas industry including mud logging, slick-line & cased hole logging, well testing and provision of geological specialists...

+ PVD Deepwater Drilling Company Limited (“PVD Deepwater”): PVD Deepwater was authorised by the Group and its partners in the Business Corporation Contract (“BCC”) including Petrovietnam, Military Joint-Stock Commercial Bank (“MBBank”) and Ocean Joint Stock Commercial Bank (“OceanBank”), to manage and operate the business cooperation project in financing to build the Tender Assist Drilling Rig (“PV Drilling V” or “TAD”).

The Group and its partners in BCC including Petrovietnam, MBBank and OceanBank have corporated in financing and operating the TAD for the period of 17 years since 10 September 2009. According to BCC, the Group has been authorised to manage and operate the project as well as accounted for its financial performance as a basic of profit/(loss) sharing to all partners on contribution percentage in BCC. The Group has 62.43% of capital contribution in BCC.

+ PV Drilling Overseas Company Private Limited (“PVD Overseas”): Operating the modern offshore rig PV DRILLING VI.

+ PVD Technical Training and Certification Joint Stock Company (“PVD Training”): Training, certification for petroleum, manpower supply and technology and marine safety equipment...

*Its joint-ventures:*

+ Bf Services-PV Drilling Joint Venture Company Limited (“Bf-PVD”): Provision of coiled tubing service, cementing service, stimulation service, hydraulic fracturing service and fluid filtration services...

+ PV Drilling-Baker Hughes Well Technical Services Joint Venture Company Limited (“PVD-Baker Hughes”): Supplying a wide range of services such as directional drilling and logging while drilling, drill bits, electric logging, liner hanger,...

+ PV Drilling Expo International Company Limited (formerly known as PV Drilling Production Testers International Company Limited, “PVD-Expro”): Provision of exploration well testing, production well clean-up, subsea test tree & subsea lubricator, surface PVT sampling and bottom hole sampling, sand control at surface for exploration and production and early production services.

+ Vietubes Company Limited (“Vietubes”): Threading, processing, repairing, restoring (including: threading, thread inspection, tubular unlogging, magnetic particle test, pressure test, tubular cleaning and coating) casing tubes, drilling collars, drilling pipes, conducting pipes and accessories for oil and gas industry

+ PVD Tech-Oil State Industries Joint Venture Company Limited (“PVD-OSI”): Manufacturing, supplying and threading of API and proprietary connectors.

+ PV Drilling Tubulars Management Company Limited (“PVD Tubulars”): Provision of oil country tubular goods (OCTG) and total tubular management (TTM) services for Oil and Gas Companies.

**4. Normal production and business cycle**

The Group’s normal production and business cycle is carried out for a time period of 12 months.

**5. Significant events that occurred in the financial year**

During the period ended 31 March 2018, activities of the Group are affected when Oil and Gas contractors adjusted drilling and exploitation schedule due to crude oil prices dropped sharply since the end of 2014.

6. The Group's structure

- The Company

Name	Address
Head Office	4th Floor, Sailing Tower, 111A Pasteur Street, District 1, Ho Chi Minh City, Vietnam
The Drilling Division	3rd Floor, Sailing Tower, 111A Pasteur Street, District 1, Ho Chi Minh City, Vietnam
PVD Drilling Investment Division	3rd Floor, Sailing Tower, 111A Pasteur Street, District 1, Ho Chi Minh City, Vietnam
PVD Drilling - Branch office in Algeria	Cité Si El, Houas, No. 02, Villa No. 101, Hassi Messaoud, Ouarzla, Algeria
PVD Drilling - Branch office in Myanmar	No 33/36, Garden Street (U Yin Lane), Bahan Township, Yangon, Myanmar
PVD Drilling - Branch office in Thailand	7th Floor, Shinawatra Tower III Building, 1010 Vibhavadi Rangsit Rd., Chatuchak, Bangkok, Thailand
PVD Drilling - Branch office in Malaysia	35J-2-9, KLSC Jalan Wangsa Delima 5, Wangsa Maju, 53300 Kuala Lumpur, Malaysia

- List of subsidiaries

Company's name	Address	The Group's interest	The Group's voting right
PVD Offshore Services Company Limited ("PVD Offshore")	43A, 30/4 Street, Ward 9, Vung Tau City, Ba Ria - Vung Tau Province, Vietnam	100%	100%
PVD Well Services Company Limited ("PVD Well")	Room 13, 12Ath Floor, Vincom Center Building, 47 Ly Tu Trong Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	100%	100%
Petroleum Well Logging Company Limited ("PVD Logging")	10th Floor, Sailing Tower, 111A Pasteur Street, District 1, Ho Chi Minh City, Vietnam	100%	100%
PVD Trading and Technical Services Joint Stock Company ("PVD Tech")	8th Floor, Green Power Building, 35 Ton Duc Thang Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	100%	100%
PVD Deepwater Drilling Company Limited ("PVD Deepwater")	5th Floor, Sailing Tower, 111A Pasteur Street, District 1, Ho Chi Minh City, Vietnam	100%	100%
Công ty TNHH PV Drilling Overseas (PVD Overseas)	No. 9 Temasek Boulevard, #31_00 Suntec Tower 2, Singapore	80%	80%
PVD Technical Training and Certification Joint Stock Company ("PVD Training")	Dong Xuyen Industrial Zone, 30/4 Street, Rach Dua Ward, Vung Tau City, Ba Ria - Vung Tau Province, Vietnam	52%	52%



- List of joint ventures

Company's name	Address	The Group's interest	The Group's voting right
BJ Services-PV Drilling Joint Venture Company Limited ("BJ-PVD")	65A, 30/4 Street, Thang Nhat Ward, Vung Tau City, Ba Ria - Vung Tau Province, Vietnam	49%	50%
PV Drilling-Baker Hughes Well Technical Services Joint Venture Company Limited ("PVD-Baker Hughes")	10th Floor, Sailing Tower, 111A Pasteur Street, District 1, Ho Chi Minh City, Vietnam	51%	50%
PV Drilling Expo International Company Limited ("PVD-Expro")	Phu My 1 Industrial Zone, Tan Thanh District, Ba Ria - Vung Tau Province, Vietnam	51%	50%
PV Drilling Tubulars Management Company Limited ("PVD Tubulars")	Phu My 1 Industrial Zone, Tan Thanh District, Ba Ria - Vung Tau Province, Vietnam	51%	50%
Vietubes Company Limited ("Vietubes")	Dong Xuyen Industrial Zone, Rach Dua Ward, Ba Ria - Vung Tau Province, Vietnam	51%	50%
PVD Tech-Oil State Industries Joint Venture Company Limited ("PVD-OSI")	Phu My 1 Industrial Zone, Tan Thanh District, Ba Ria - Vung Tau Province, Vietnam	51%	50%

**7. Disclosure of information comparability in the financial statements**

The Group's consolidated financial statements are comparable.

**II. ACCOUNTING PERIOD, REPORTING CURRENCY**

1. The Group's financial year begins on 1 January and ends on 31 December.
2. The accompanying consolidated financial statements, expressed in United States Dollar ("USD"), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The expression of financial statement in USD is registered and approved by the Ministry of Finance in Letter No.8036/BTC-CDKT dated 21 June 2010 and changing currency unit from VND to USD since 1 January 2010. The Board of Directors believes that the presentation of the consolidated financial statement of the Group in USD is necessary to reflect the economic nature of the Group's business transactions.

### III. ADOPTED ACCOUNTING STANDARDS AND CONVENTIONS

1. Since 01 January 2015, the Group has adopted Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014.
2. Announcement of compliance to Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to financial reporting: The Board of Directors confirms that The Group has complied with the above requirements in preparing these financial statements.

### IV. SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets depreciation

- Tangible fixed assets are stated at cost less accumulated depreciation. The cost of purchased tangible fixed assets comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use. The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and trial run costs.
- Drilling rigs (machinery and equipment) are depreciated over drilling rigs' operating hours.
- Other tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

Asset class	Years
Buildings and structures	6 - 50
Machinery and equipment (except for drilling rigs)	5 - 10
Office equipment	3 - 5
Motor vehicles	7 - 12
Other assets	3 - 7

V- Notes to the Balance Sheet

Unit: USD

<i>1. Cash and cash equivalents</i>			
- Cash on hand		31/3/2018	1/1/2018
		217,814	205,825
- Cash in bank		55,274,988	64,314,404
<i>Total</i>		<u>55,492,802</u>	<u>64,520,229</u>

<i>2. Financial investments</i>			
a) Short-term held to maturity investments			
		31/3/2018	1/1/2018
	Cost	Carrying value	Cost
			Carrying value
Term-deposit		59,409,591	94,781,243
		<u>59,409,591</u>	<u>94,781,243</u>

b) Long-term investments			
		31/3/2018	1/1/2018
	Cost	Provision	Fair value
			Cost
			Provision
			Fair value
- Investments in subsidiaries	120,580,369	-	120,580,369
PVD Offshore	6,748,980		6,748,980
PVD Well	4,081,469		4,081,469
PVD Logging	4,236,959		4,236,959
PVD Tech	10,324,805		10,324,805
PVD Training	1,096,066		1,096,066
PVD Deepwater	39,692,090		39,692,090
PVD Overseas	54,400,000		54,400,000

- Investments in joint ventures	24,450,093	-	24,450,093	24,647,636	-	24,647,636
BJ-PVD	2,167,701		2,167,701	2,428,308		2,428,308
PVD-Baker Hughes	11,844,560		11,844,560	11,944,799		11,944,799
PVD Tubulars	1,988,203		1,988,203	1,756,204		1,756,204
PVD-Expro	2,436,992		2,436,992	2,493,801		2,493,801
Vietubes	3,903,830		3,903,830	3,898,617		3,898,617
PVD-OSI	2,108,807		2,108,807	2,125,907		2,125,907

<i>3. Receivables from customers</i>			
+ Short-term receivables from customers			
		31/3/2018	1/1/2018
<i>Petrovietnam Domestic Exploration Production Operating Company Limited</i>		19,981,169	20,325,207
<i>Vietsofero</i>		10,362,666	6,817,330
<i>Petrovietnam Exploration Production Corporation</i>		8,409,412	8,170,968
<i>Talisman Vietnam</i>		14,020,804	3,598,995
<i>Receivables from other customers</i>		32,459,100	31,942,872
<i>Total</i>		<u>85,233,151</u>	<u>70,855,372</u>

+ Short-term receivables from related parties			
<i>Joint-ventures</i>			
		2,119,702	2,776,138
BJ-PVD		229,093	250,116
PVD-Baker Hughes		537,583	1,184,936
PVD Tubulars		1,337,257	1,340,385
PVD-Expro		15,769	701
		15	

	31/3/2018		1/1/2018	
	Carrying value	Provision	Carrying value	Provision
<b>a) Short-term</b>				
- Interest income receivables	3,521,655	-	5,294,581	-
- Receivables from employees	2,153,247		3,707,529	
- Deposits	325,713		126,646	
- Other receivables	386,074		450,074	
	656,621		1,010,332	
<b>b) Long-term</b>				
- Deposits	839,770	-	838,735	-
	839,770		838,735	
<b>Total</b>	<b>4,361,425</b>	<b>-</b>	<b>6,133,316</b>	<b>-</b>

#### 5. Doubtful debts

	31/3/2018		1/1/2018	
	Cost	Provision	Cost	Provision
- Total value of receivables, overdue debts over 6 months or no overdue doubtful debts;	28,823,381	(18,054,072)	28,634,590	(14,306,607)
Petrovietnam Domestic Exploration Production Operating Company Limited	19,868,736	(12,129,707)	19,881,603	(9,732,295)
Petrovietnam Exploration Production Corporation	8,108,542	(5,333,003)	8,115,032	(4,146,386)
Other trade receivables	846,103	(591,362)	637,955	(427,926)
<b>Total</b>	<b>28,823,381</b>	<b>(18,054,072)</b>	<b>28,634,590</b>	<b>(14,306,607)</b>

#### 6. Inventory

	31/3/2018		1/1/2018	
	Cost	Provision	Cost	Provision
- Goods in transit	41,450	-	247,628	-
- Raw materials	32,211,910	(6,059,397)	32,455,047	(6,072,929)
- Tools and supplies	809,364	-	718,847	-
- Work in progress	1,207,582	-	1,927,128	-
- Merchandise	2,921,580	-	3,179,017	-
- Goods on consignment	807,696	-	819,485	-
<b>Total</b>	<b>37,999,582</b>	<b>(6,059,397)</b>	<b>39,347,152</b>	<b>(6,072,929)</b>

#### 7. Long-term assets in progress

	31/3/2018	1/1/2018
+ Construction in progress		
- Purchase	1,647,393	1,652,562
<i>Other construction works</i>	1,647,393	1,652,562
<b>Total</b>	<b>1,647,393</b>	<b>1,652,562</b>

8. Tangible fixed assets

Unit: USD

	Building, structures	Machinery, equipments	Motor vehicle	Office equipments	Others	Total
<b>Cost</b>						
<b>As at 1/1/2018</b>	16,420,388	989,242,657	3,402,278	3,017,471	56,101	1,012,138,895
- Additions	-	148,954	-	2,909	-	151,863
- From construction in progress	-	-	-	-	-	-
- Other increases	-	-	-	-	-	-
- Reclassified (increases)	-	-	-	-	-	-
- To investment property	-	-	-	-	-	-
- Disposals	-	-	-	(7,689)	-	(7,689)
- Other decreases	-	-	-	-	-	-
- Reclassified (decreases)	-	-	-	-	-	-
- Foreign exchange differences	(12,591)	(754,979)	(4,505)	(2,325)	(36)	(774,436)
<b>As at 31/3/2018</b>	16,407,797	988,636,632	3,397,773	3,010,366	56,065	1,011,508,633
<b>Accumulated depreciation</b>						
<b>As at 1/1/2018</b>	6,824,719	353,220,059	3,112,148	2,655,497	52,480	365,864,903
- Charge for the year	200,905	7,918,576	50,345	324,022	360	8,494,208
- Other increases	-	-	-	-	-	-
- Reclassified (increases)	-	-	-	-	-	-
- To investment property	-	-	-	-	-	-
- Disposals	-	-	-	(7,689)	-	(7,689)
- Other decreases	-	-	-	-	-	-
- Reclassified (decreases)	-	-	-	-	-	-
- Foreign exchange differences	(55,157)	(268,161)	(7,892)	(286,504)	(17)	(617,731)
<b>As at 31/3/2018</b>	6,970,467	360,870,474	3,154,601	2,685,326	52,823	373,733,691
<b>Carrying value</b>						
<b>As at 1/1/2018</b>	9,595,669	636,022,598	290,130	361,974	3,621	646,273,992
<b>As at 31/3/2018</b>	9,437,330	627,766,158	243,172	325,040	3,242	637,774,942

\* Carrying value of pledged assets as collateral for loans

317,244,339

\* Cost of assets fully depreciated but are still in use

31,473,876

9. Intangible fixed assets

Unit: USD

	Land use rights	Computer software	Others	Total
<b>Cost</b>				
As at 1/1/2018	8,558,627	3,415,597	-	11,974,224
- Additions	-	-	-	-
- Internally generated	-	-	-	-
- From business combination	-	-	-	-
- Other increases	-	-	-	-
- Reclassified (increases)	-	-	-	-
- Disposals	-	-	-	-
- Other decreases	-	-	-	-
- Reclassified (decreases)	-	-	-	-
- Foreign exchange differences	(9,104)	(486)	-	(9,590)
As at 31/3/2018	8,549,523	3,415,111	-	11,964,634
<b>Accumulated depreciation</b>				
As at 1/1/2018	1,228,080	3,092,968	-	4,321,048
- Charge for the year	40,465	65,101	-	105,566
- Other increases	-	-	-	-
- Reclassified (increases)	-	-	-	-
- Disposals	-	-	-	-
- Other decreases	-	-	-	-
- Reclassified (decreases)	-	-	-	-
- Foreign exchange differences	(842)	(1,458)	-	(2,300)
As at 31/3/2018	1,267,703	3,156,611	-	4,424,314
<b>Carrying value</b>				
As at 1/1/2018	7,330,547	322,629	-	7,653,176
As at 31/3/2018	7,281,820	258,500	-	7,540,320

\* Cost of assets fully amortised but are still in use

2,131,917

	31/3/2018	1/1/2018
<b>10. Prepayments</b>		
a) Short-term	889,300	602,205
- Insurance premiums	654,249	439,431
- Others	235,051	162,774
b) Long-term	69,378	455,270
- Others	69,378	455,270
<b>Total</b>	<b>958,678</b>	<b>1,057,475</b>

	31/3/2018		During the period		1/1/2018	
	Carrying value	Payable amount	Increases	Decreases	Carrying value	Payable amount
<b>11. Loans and finance leases</b>						
a) Short-term						
Current portions of long-term loans	40,895,679	40,895,679	7,588,277	(25,931,091)	59,238,493	59,238,493
b) Long-term						
Second year	40,502,587	40,502,587	-	(7,588,277)	48,090,864	48,090,864
Third to fifth year inclusive	92,442,364	92,442,364	-	-	92,442,364	92,442,364
After five years	6,370,574	6,370,574	-	-	6,370,574	6,370,574
<b>Total</b>	<b>180,211,204</b>	<b>180,211,204</b>	<b>7,588,277</b>	<b>(33,519,368)</b>	<b>206,142,295</b>	<b>206,142,295</b>

	31/3/2018	1/1/2018
<b>12. Payables to suppliers</b>		
+ Short-term		
Oil States Industries (Asia) Pte Ltd	7,902,445	3,158,995
Kim Seng Huat Hardware Pte Ltd.,	5,435,623	2,206,222
Others	21,455,666	24,493,869
<b>Total</b>	<b>34,793,734</b>	<b>29,859,086</b>

	1/1/2018		Additions		Paid		FX difference on conversion	31/3/2018
Value added tax - Domestic	697,506	1,053,917	1,142,114	(2,451)	606,858			
Value added tax - Import	544	834,502	833,918	(5)	1,123			
Import duties	182	513,936	513,761	(2)	355			
Corporate income tax	4,789,323	199,622	4,808,464	(627)	179,854			
Personal income tax	433,938	2,016,691	2,001,482	(856)	448,291			
Other taxes	502,309	703,220	731,680	116	473,965			
- Business license tax	-	1,012	1,012	-	-			
- Withholding tax	502,309	702,208	730,668	116	473,965			
Fees and other payables	293,163	290	293,453	(0)	-			
<b>Total</b>	<b>6,716,965</b>	<b>5,322,178</b>	<b>10,324,872</b>	<b>(3,825)</b>	<b>1,710,446</b>			

*In which:*

- Tax receivables from the State budget	(154,206)	(153,143)
- Tax payables to the State budget	6,871,171	1,863,589

<b>14. Accrued expenses</b>		
+ Short-term		
- Accrued expenses related to cost of good sold	<b>14,254,180</b>	<b>10,668,802</b>
+ <i>Operation of drilling rigs</i>	4,491,531	4,237,363
+ <i>Goods supplied and services rendered</i>	9,762,649	6,431,439
- <b>Other</b>	<b>4,893,381</b>	<b>4,035,752</b>
+ <i>Interest expense</i>	496,675	970,397
+ <i>Other expenses</i>	4,396,706	3,065,355
<b>Total</b>	<b>19,147,561</b>	<b>14,704,554</b>
	<b>31/3/2018</b>	<b>1/1/2018</b>
<b>15. Other payables</b>		
a) Short-term		
- Funding of trade union	59,703	73,498
- Social insurance	66,070	76,579
- Health insurance	15,066	13,102
- Unemployment insurance	13,430	13,899
- Short-term deposits	25,181	25,181
- Distributed profit payables to partners in Business Cooperation Contract (BCC)	13,511,922	13,855,181
- Others	3,353,043	1,900,966
<b>Total</b>	<b>17,044,415</b>	<b>15,958,406</b>
	<b>31/3/2018</b>	<b>1/1/2018</b>
b) Long-term		
- Capital contributed from BCC	21,041,188	21,119,855
<b>Total</b>	<b>21,041,188</b>	<b>21,119,855</b>
	<b>31/3/2018</b>	<b>1/1/2018</b>
<b>16. Provision</b>		
a) Short-term		
- Other provisions	20,660,265	23,944,090
+ <i>Provision for periodic overhaul of fixed assets</i>	19,564,942	22,846,077
+ <i>Other provision</i>	1,095,323	1,098,013
<b>Total</b>	<b>20,660,265</b>	<b>23,944,090</b>
	<b>31/3/2018</b>	<b>1/1/2018</b>
b) Long-term		
- Provisions for product warranty	47,955	48,135
- Other provisions	7,736,805	7,541,143
+ <i>Provision for periodic overhaul of fixed assets</i>	7,736,805	7,541,143
<b>Total</b>	<b>7,784,760</b>	<b>7,589,278</b>

**17. Deferred income tax assets and deferred income tax payables**

**Deferred income tax assets:**

- Corporate income tax rates used for determination of value of deferred income tax assets
- Deferred income tax assets related to deductible temporary differences

**Deferred income tax assets**

	31/3/2018	1/1/2018
	20%	20%
	3,815,374	3,825,050
	<b>3,815,374</b>	<b>3,825,050</b>

**18. Owner's equity**

a) Comparison table of owner's equity fluctuations

	Share capital	Share premium	Treasury shares (*)	Foreign exchange differences	Investment and development fund	Retained earning	Non-controlling interest (NCI)	Total
A	1	2	3	4	5	6	7	8
<b>As at 1/1/2017</b>	<b>196,947,181</b>	<b>126,770,844</b>	<b>(966,501)</b>	<b>(15,256,548)</b>	<b>77,397,668</b>	<b>196,070,451</b>	<b>12,666,914</b>	<b>593,630,009</b>
- Capital increased	-	-	-	-	-	-	-	-
- Profit for the year	-	-	-	-	-	1,567,977	-	1,567,977
- Other increased	-	-	-	-	-	-	-	-
- Fund appropriation	-	-	-	-	599,254	(1,365,062)	(22,884)	(788,692)
- Dividend declared	-	-	-	-	-	-	(61,553)	(61,553)
- Non-controlling interest	-	-	-	-	-	127,433	(127,433)	-
- Distributed to BCC	-	-	-	-	-	301,071	-	301,071
- Other decreased	-	-	-	-	-	-	-	-
- Foreign exchange differences	-	-	-	(237,521)	-	23,825	2,718	(210,978)
<b>As at 31/12/2017</b>	<b>196,947,181</b>	<b>126,770,844</b>	<b>(966,501)</b>	<b>(15,494,069)</b>	<b>77,996,922</b>	<b>196,725,695</b>	<b>12,457,762</b>	<b>594,437,834</b>
<b>As at 1/1/2018</b>	<b>196,947,181</b>	<b>126,770,844</b>	<b>(966,501)</b>	<b>(15,494,069)</b>	<b>77,996,922</b>	<b>196,725,695</b>	<b>12,457,762</b>	<b>594,437,834</b>
- Capital increased	-	-	-	-	-	-	-	-
- Profit/(Loss) for the year	-	-	-	-	-	(11,150,441)	-	(11,150,441)
- Other increased	-	-	-	-	-	-	-	-
- Fund appropriation	-	-	-	-	79,503	(180,410)	(2,092)	(102,999)
- Dividend declared	-	-	-	-	-	-	-	-
- Non-controlling interest	-	-	-	-	-	314,096	(314,096)	-
- Distributed to BCC	-	-	-	-	-	293,207	-	293,207
- Other decreased	-	-	-	-	-	-	-	-
- Foreign exchange differences	-	-	-	(1,656,673)	-	3,109	(9,414)	(1,662,978)
<b>As at 31/3/2018</b>	<b>196,947,181</b>	<b>126,770,844</b>	<b>(966,501)</b>	<b>(17,150,742)</b>	<b>78,076,425</b>	<b>186,005,256</b>	<b>12,132,160</b>	<b>581,814,623</b>

b- Details of share capital

- The State
- Others

*Total*

31/3/2018	1/1/2018
99,241,649	99,241,649
97,705,532	97,705,532
<b>196,947,181</b>	<b>196,947,181</b>

c) Capital transactions with owners and distribution of dividends or profits

- Share capital
  - + As at 1/1/2018
  - + Increase in capital
  - + As at 31/3/2018
- Dividends and distributed profits

31/3/2018	1/1/2018
196,947,181	196,947,181
-	-
196,947,181	196,947,181
-	-

d) Number of shares

- Authorized shares
- Issued shares
  - + Ordinary shares
  - + Preference shares
- Treasury shares
  - + Ordinary shares
  - + Preference shares
- Shares in circulation
  - + Ordinary shares
  - + Preference shares

\* Par value per share: 10,000 VND

31/3/2018	1/1/2018
383,266,160	383,266,160
-	-
383,266,160	383,266,160
-	-
-	-
416,000	416,000
-	-
-	-
382,850,160	382,850,160

d) Funds

- Development and investment funds
- Scientific and technological development funds
  - + Available
  - + The carrying amount of assets formed from the fund

31/3/2018	1/1/2018
78,076,425	77,996,922
20,050,769	20,244,438
16,669,679	16,719,488
3,381,090	3,524,950

e) Income and expense directly recorded into equity: None

### 19. Foreign exchange differences

- FX differences on conversion of financial statements of subsidiaries
- Translation of financial statements of foreign operation (Algeria Branch)

*Total*

31/3/2018	1/1/2018
(14,760,594)	(13,331,738)
(2,390,148)	(2,162,331)
<b>(17,150,742)</b>	<b>(15,494,069)</b>

### 20. Off balance-sheet

Foreign currencies

- GBP
- VND
- EUR
- SGD
- DZD
- MMK
- THB

31/3/2018	1/1/2018
3,868	5,782
1,845,489,978,613	2,628,858,516,869
345,822	345,822
36,411	36,411
28,465,177	5,315,352
1,342,675	1,342,675
2,243	-

**IV. Extracted notes to the Consolidated income statement:**

Unit: USD

	QUARTER 01 - 2018	QUARTER 01 - 2017
<b>1. Net revenue</b>		
- Sales of trading	16,863,070	2,254,039
- Sales of drilling services	15,964,124	9,087,243
- Sales of well technical and other services	15,885,486	10,844,322
<b>Total</b>	<b>48,712,680</b>	<b>22,185,604</b>
<b>2. Cost of sales</b>		
- Cost of trading	16,407,192	2,110,077
- Cost of drilling services	20,128,714	10,770,386
- Cost of well technical and other services	14,139,919	9,648,186
<b>Total</b>	<b>50,675,825</b>	<b>22,528,649</b>
<b>3. Financial income</b>		
- Interests of deposits or loans	1,331,092	1,361,862
- Interests of exchange differences	278,763	443,937
<b>Total</b>	<b>1,609,855</b>	<b>1,805,799</b>
<b>4. Financial expenses</b>		
- Interests of loans	1,928,729	2,054,095
- Losses of exchange differences	519,866	612,355
- Other financial expenses	375,230	127
<b>Total</b>	<b>2,823,825</b>	<b>2,666,577</b>
<b>5. Cost by nature</b>		
- Raw materials and consumables	17,088,713	3,855,798
- Labour	19,070,615	12,864,299
- Depreciation and amortization	8,466,774	5,240,683
- Provisions	3,760,514	4,282,474
- Out-sourced services	8,598,053	3,666,885
- Other expenses	1,274,745	643,701
<b>Total</b>	<b>58,259,414</b>	<b>30,553,840</b>

## VII. Other informations

### 1- Financial instruments

Unit: USD

	31/3/2018	1/1/2018
<b>+ Financial asset</b>		
Cash and cash equivalents	73,245,403	79,564,260
Trade and other receivables	71,540,504	62,682,081
Held-to-maturity investments	59,409,591	94,781,243
<b>Total</b>	<b>204,195,498</b>	<b>237,027,584</b>
<b>+ Financial liability</b>		
Loans and borrowings	180,211,204	206,142,295
Trade and other payables	38,171,958	31,785,233
Accrued expenses	19,147,561	14,704,554
<b>Total</b>	<b>237,530,723</b>	<b>252,632,082</b>

The Group has not yet 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 dated 06 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

Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk. The Group has hedging these risks exposures by controlling and managing the cash flows (including foreign currencies cash flows) and closely tracking with market information to have proper hedging instruments.

#### + Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial losses to the Group. The Group has a credit policy in place and the exposure to credit risk is monitored on an on - going basis. The Group assess that there is no significant credit risk exposure to any counterparty because receivables are from huge and trustful customers operating in the oil and gas industry.

#### + Liquidity risk

Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any year is kept to manageable levels relative to the amount of funds that the Group believes can generate within that year. The Group policy is to regularly monitor current and expected liquidity requirements to ensure that the Group 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 tables detail the Group's remaining contractual maturity for its financial assets and financial liabilities.

As at 1/1/2018

	As at 1/1/2018			Total
	Less than 1 year	From 1- 5 years	Over 5 years	
<b>Financial asset</b>				
Cash and cash equivalents	79,564,260	-	-	79,564,260
Trade and other receivables	61,843,346	838,735	-	62,682,081
Held-to-maturity investments	94,781,243	-	-	94,781,243
<b>Total</b>	<b>236,188,849</b>	<b>838,735</b>	<b>-</b>	<b>237,027,584</b>
<b>Financial liability</b>				
Loans and borrowings	59,238,493	140,533,228	6,370,574	206,142,295
Trade and other payables	31,785,233	-	-	31,785,233
Accrued expenses	14,704,554	-	-	14,704,554
<b>Total</b>	<b>105,728,280</b>	<b>140,533,228</b>	<b>6,370,574</b>	<b>252,632,082</b>
<b>Liquidity gap</b>	<b>130,460,569</b>	<b>(139,694,493)</b>	<b>(6,370,574)</b>	<b>(15,604,498)</b>

As at 31/3/2018

	Less than 1 year	From 1- 5 years	Over 5 years	Total
<b>Financial asset</b>				

Cash and cash equivalents	73,245,403	-	-	73,245,403
Trade and other receivables	70,700,734	839,770	-	71,540,504
Held-to-maturity investments	59,409,591	-	-	59,409,591
<b>Total</b>	<b>203,355,728</b>	<b>839,770</b>	<b>-</b>	<b>204,195,498</b>
<b>Financial liability</b>	<b>Less than 1 year</b>	<b>From 1 - 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Loans and borrowings	40,895,679	132,944,951	6,370,574	180,211,204
Trade and other payables	38,171,958	-	-	38,171,958
Accrued expenses	19,147,561	-	-	19,147,561
<b>Total</b>	<b>98,215,198</b>	<b>132,944,951</b>	<b>6,370,574</b>	<b>237,530,723</b>
<b>Liquidity gap</b>	<b>105,140,530</b>	<b>(132,105,181)</b>	<b>(6,370,574)</b>	<b>(33,335,225)</b>

**+ Market risk**

++ Foreign currency risk management: The Group undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. However, the Group manages to balance the cash inflow and outflow of foreign currencies by negotiating business contracts based on the demand for foreign currencies payables to its receivables sources in order to minimize the foreign currency risk.

++ Interest rate risk management: The Group is exposed to interest rate risks arising mainly from interest bearing loans. The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate ratio between fixed and floating rate borrowings.

2. Contingent liabilities, commitment and other information: None

3. Events after the reporting date: None

4. Related parties information

	31/3/2018	1/1/2018
<b>Receivables</b>		
Petrovietnam Company's subsidiaries	6,428,888	2,329,780
Petrovietnam's Joint Ventures/Joint Operating Companies/Petroleum Sharing Contracts	52,671,429	43,184,775
The Company's joint ventures	2,119,702	2,776,138
<b>Payables</b>		
Petrovietnam Company's subsidiaries	577,806	1,482,965
Petrovietnam's Joint Ventures/Joint Operating Companies/Petroleum Sharing Contracts	2,152,405	1,745,399
Payables to Petrovietnam	8,294,771	8,529,463
Petrovietnam capital contributed in BCC	12,227,424	12,273,280
The Company's joint ventures	510,316	2,164,073

## VII. Other informations (continued)

### 5. Segment reporting:

A business segment includes reporting entities that have similar business operation and risks characteristics. A geographical segment includes reporting entities that have same operation location and are subject to local regulations.

- Business segments:

Segment	<u>QUARTER 01 - 2018</u>				<u>QUARTER 01 - 2017</u>			
	Asset	Liability	Revenue	Gross profit	Asset	Liability	Revenue	Gross profit
<i>+Trading</i>	46,720,132	34,692,526	16,863,070	455,878	27,331,164	16,493,712	2,254,039	143,962
<i>+ Drilling services</i>	819,320,323	274,126,395	15,964,124	(4,164,590)	895,436,587	348,013,906	9,087,243	(1,683,143)
<i>+Other services</i>	57,973,028	33,379,940	15,885,486	1,745,567	60,371,828	35,364,558	10,844,322	1,196,136
<b>Total</b>	<b>924,013,484</b>	<b>342,198,861</b>	<b>48,712,680</b>	<b>(1,963,145)</b>	<b>983,139,579</b>	<b>399,872,176</b>	<b>22,185,604</b>	<b>(343,045)</b>

- Geographical segments

The Group operates in different geographical areas and divided the following geographical segments:

**QUARTER 01 - 2018**

**QUARTER 01 - 2017**

<b>Geographical Segment</b>	<b>Asset</b>	<b>Liability</b>	<b>Revenue</b>	<b>Gross profit</b>	<b>Asset</b>	<b>Liability</b>	<b>Revenue</b>	<b>Gross profit</b>
<i>Vietnam</i>	776,411,188	335,575,816	40,891,669	213,993	938,276,006	393,858,568	16,278,027	(1,669,835)
<i>Overseas</i>	147,602,296	6,623,045	7,821,011	(2,177,138)	44,863,573	6,013,608	5,907,577	1,326,790
+ <i>Malaysia</i>	141,714,213	4,321,303	1,607,637	(2,904,611)	-	-	-	-
+ <i>Thailand</i>	-	-	3,783,191	(289,315)	-	-	-	-
+ <i>Algeria</i>	5,790,336	2,221,431	2,430,183	1,016,789	9,508,049	2,971,308	1,475,710	798,001
+ <i>Myanmar</i>	97,746	80,311	-	-	35,355,525	3,042,300	4,431,868	528,789
<b>Total</b>	<b>924,013,484</b>	<b>342,198,861</b>	<b>48,712,680</b>	<b>(1,963,145)</b>	<b>983,139,579</b>	<b>399,872,176</b>	<b>22,185,604</b>	<b>(343,045)</b>

**VII. Other informations (continued)**

6. Comparative information: This period and comparative period financial performance figures had been converted to VND using exchange rate of the period.

This period and comparative period cash-flow statement figures had been converted to VND using average exchange rate of the p For certain cases, for example for significant economic transactions, the exchange rate at the transaction date is used.

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



The consolidated financial statements for the period ended as at 31 March 2018 is approved by the Company's Board of Directors for issuance on 24 April 2018.

**Preparer**

  
Tran Kim Hoang

**Chief Accountant**

  
Doan Dac Tung

  
Hanoi, Hanoi City, 24 April 2018  
**TỔNG GIÁM ĐỐC**  
**TỔNG President & CEO**  
  
Phan Tien Dung

**PETROVIETNAM DRILLING AND WELL SERVICES CORPORATION**  
(Incorporated in the Socialist Republic of Vietnam)

**CONVERTED CONSOLIDATED FINANCIAL STATEMENTS**  
**QUARTER 01 -2018**

## Petrovietnam Drilling And Well Services Corporation

### General information about the Company

**Business Registration Certificate** No. 4103004335 dated 15 February 2006 and its twelfth amendment dated 20 December 2016 issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City

<b>Board of Management</b>	
Mr. Do Van Khanh	Chairman
Mr. Do Duc Chien	Vice chairman
Mr. Pham Tien Dung	Member
Ms. Ho Ngoc Yen Phuong	Member
Ms. Nguyen Thi Thuy	Member
Mr. Le Van Be	Member
Ms. Pham Thi An Binh	Member

<b>Board of Directors</b>	
Mr. Pham Tien Dung	President
Mr. Tran Van Hoat	Vice President
Mr. Dao Ngoc Anh	Vice President
Mr. Nguyen Xuan Cuong	Vice President
Mr. Trinh Van Vinh	Vice President
Mr. Vu Van Minh	Vice President
Mr. Ho Vu Hai	Vice President
Mr. Do Danh Rang	Vice President

**Registered office**  
4th Floor, Sailing Tower,  
111A Pasteur Street,  
District 1, Ho Chi Minh City,  
S.R Vietnam.

## CONSOLIDATED BALANCE SHEET

As at 31 March 2018

Unit: VND

ITEM	Code	Note	As at 31/3/2018	As at 1/1/2018
1	2	3	4	5
<b>ASSETS</b>				
<b>A - CURRENT ASSETS</b>				
<b>I. Cash and cash equivalents</b>				
1. Cash	110	V.01	1,666,332,918,250	1,803,323,952,900
2. Cash equivalents	111		1,262,461,245,500	1,462,350,990,285
	112		403,871,672,750	340,972,962,615
<b>II. Short-term financial investments</b>				
1. Held for trading securities	120	V.02	1,351,568,195,250	2,148,216,872,595
	121		-	-
2. Provision for held for trading securities (*)	122		-	-
3. Short-term held to maturity investments	123		1,351,568,195,250	2,148,216,872,595
<b>III. Short-term receivables</b>				
1. Short-term receivables from customers	130		1,849,804,456,500	1,552,065,474,480
2. Short-term advances to suppliers	131	V.03	1,939,054,185,250	1,605,937,006,380
3. Short-term inter-company receivables	132		241,362,758,000	150,386,037,390
4. Receivable from construction contracts under perc	133		-	-
5. Short-term loans receivables	134		-	-
6. Other short-term receivables	135		-	-
7. Provision for doubtful short-term receivables (*)	136	V.04	80,117,651,250	120,001,678,365
8. Asset shortage awaiting resolution	137	V.05	(410,730,138,000)	(324,259,247,655)
	139		-	-
<b>IV. Inventories</b>				
1. Inventories	140	V.06	726,639,208,750	754,160,264,295
2. Provision for inventories (*)	141		864,490,490,500	891,803,200,080
	149		(137,851,281,750)	(137,642,935,785)
<b>V. Other short-term assets</b>				
1. Short-term prepayments	150		44,839,089,750	26,317,419,420
2. Deductible value added tax	151	V.10	20,231,575,000	13,648,976,325
3. Taxes and other receivables from the State budget	152		21,123,511,500	9,173,364,105
4. Repos of government bonds	153		3,484,003,250	3,495,078,990
5. Other short-term assets	154		-	-
	155		-	-
<b>B - NON-CURRENT ASSETS</b>				
<b>I- Long-term receivables</b>				
1. Long-term receivables from customers	200		15,382,122,892,500	15,533,376,631,965
2. Long-term advances to suppliers	210	V.03	19,104,767,500	19,009,928,775
3. Capital provided to subordinate units	211		-	-
4. Long-term inter-company receivables	212		-	-
5. Long-term loans receivables	213		-	-
6. Other long-term receivables	214		-	-
7. Provision for doubtful long-term receivables (*)	215		-	-
	216	V.04	19,104,767,500	19,009,928,775
	219		-	-

ITEM	Code	Note	As at 31/3/2018	As at 1/1/2018	
	1	2	3	4	5
<b>II. Fixed assets</b>	<b>220</b>		<b>14,680,922,210,500</b>	<b>14,821,259,262,720</b>	
1. Tangible fixed assets	221	V.08	14,509,379,930,500	14,647,800,028,680	
- Cost	222		23,011,821,400,750	22,940,128,055,175	
- Accumulated depreciation (*)	223		(8,502,441,470,250)	(8,292,328,026,495)	
2. Finance lease fixed assets	224		-	-	
- Cost	225		-	-	
- Accumulated depreciation (*)	226		-	-	
3. Intangible fixed assets	227	V.09	171,542,280,000	173,459,234,040	
- Cost	228		272,195,423,500	271,395,786,960	
- Accumulated depreciation (*)	229		(100,653,143,500)	(97,936,552,920)	
<b>III. Investment property</b>	<b>230</b>		<b>-</b>	<b>-</b>	
- Cost	231		-	-	
- Accumulated depreciation (*)	232		-	-	
<b>IV. Long-term assets in progress</b>	<b>240</b>	<b>V.07</b>	<b>37,478,190,750</b>	<b>37,455,317,730</b>	
1. Long-term work in progress	241		-	-	
2. Construction in progress	242		37,478,190,750	37,455,317,730	
<b>V. Long-term financial investments</b>	<b>250</b>	<b>V.02</b>	<b>556,239,615,750</b>	<b>558,638,669,940</b>	
1. Investments in subsidiaries	251		-	-	
2. Investments in joint ventures and associates	252		556,239,615,750	558,638,669,940	
3. Other long-term investments	253		-	-	
4. Provision for long-term financial investments (*)	254		-	-	
5. Long-term held to maturity investments	255		-	-	
<b>VI. Other non-current assets</b>	<b>260</b>		<b>88,378,108,000</b>	<b>97,013,452,800</b>	
1. Long-term prepayments	261	V.10	1,578,349,500	10,318,694,550	
2. Deferred tax assets	262	V.17	86,799,758,500	86,694,758,250	
3. Long-term equipments, supplies and spare parts	263		-	-	
4. Other long-term assets	268		-	-	
5. Goodwill	269		-	-	
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>21,021,306,761,000</b>	<b>21,817,460,615,655</b>	
<b>C- LIABILITIES</b>	<b>300</b>		<b>7,785,024,087,750</b>	<b>8,344,527,108,045</b>	
<b>I. Current liabilities</b>	<b>310</b>		<b>3,503,650,582,250</b>	<b>3,905,419,749,000</b>	
1. Short-term payables to suppliers	311	V.12	791,557,448,500	676,756,184,190	
2. Short-term advance from customers	312		274,992,854,500	218,988,527,385	
3. Taxes and amounts payable to the State budget	313	V.13	42,396,649,750	155,735,090,715	
4. Payables to employees	314		56,683,172,000	153,416,075,910	
5. Short-term accrued expenses	315	V.14	435,607,012,750	333,278,716,410	
6. Short-term inter-company payables	316		-	-	
7. Payables relating to construction contracts under p	317		-	-	
8. Short-term unearned revenue	318		-	-	
9. Other short-term payables	319	V.15	387,760,441,250	361,697,271,990	
10. Short-term loans and finance leases	320	V.11	930,376,697,250	1,342,640,443,845	
11. Provision for current liabilities	321	V.16	470,021,028,750	542,692,799,850	
12. Bonus and welfare funds	322		114,255,277,500	120,214,638,705	
13. Price stabilization fund	323		-	-	
14. Repos of government bonds	324		-	-	

ITEM	Code	Note	As at 31/3/2018	As at 1/1/2018
	1	2	3	4
<b>II. Non-current liabilities</b>	<b>330</b>		<b>4,281,373,505,500</b>	<b>4,439,107,359,045</b>
1. Long-term payables to suppliers	331	V.12	-	-
2. Long-term advance from customers	332		-	-
3. Long-term accrued expenses	333	V.14	-	-
4. Capital payables to inter-companies	334		-	-
5. Long-term inter-company payables	335		-	-
6. Long-term unearned revenue	336		-	-
7. Other long-term payables	337	V.15	478,687,027,000	478,681,513,575
8. Long-term loans and finance leases	338	V.11	3,169,428,193,750	3,329,574,672,330
9. Convertible bonds	339		-	-
10. Preference shares	340		-	-
11. Deferred tax liabilities	341	V.17	-	-
12. Provision for non-current liabilities	342	V.16	177,103,290,000	172,010,985,870
13. Scientific and technological fund	343		456,154,994,750	458,840,187,270
<b>D - OWNERS' EQUITY (400 = 410 + 430)</b>	<b>400</b>		<b>13,236,282,673,250</b>	<b>13,472,933,507,610</b>
<b>I. Shareholders' equity</b>	<b>410</b>	<b>V.18</b>	<b>13,236,282,673,250</b>	<b>13,472,933,507,610</b>
1. Contributions from owners	411		3,832,661,600,000	3,832,661,600,000
- Ordinary shares with voting right	411a		3,832,661,600,000	3,832,661,600,000
- Preference shares	411b		-	-
2. Share premium	412		2,434,086,374,663	2,434,086,374,663
3. Options embedded in convertible bonds	413		-	-
4. Other owner's capital	414		-	-
5. Treasury shares (*)	415		(20,948,559,850)	(20,948,559,850)
6. Differences upon asset revaluation	416		-	-
7. Foreign exchange differences	417	V.19	1,461,137,846,215	1,448,859,224,120
8. Investment and development fund	418		1,570,574,047,845	1,568,769,410,726
9. Enterprise reorganization assistance fund	419		-	-
10. Other equity fund	420		-	-
11. Retained earnings	421		3,701,566,813,297	3,944,910,084,813
- Accumulated by the end of the previous period	421a		3,944,910,084,813	3,930,049,160,031
- Retained earnings of current period	421b		(243,343,271,516)	14,860,924,782
12. Capital expenditure fund	422			
13. Non-controlling interest	429		257,204,551,080	264,595,373,138
<b>II. Funding and other funds</b>	<b>430</b>		<b>-</b>	<b>-</b>
1. Funding	431			
2. Funds that formed fixed assets	432			
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>21,021,306,761,000</b>	<b>21,817,460,615,655</b>

Ho Chi Minh City, 24 April 2018

Preparer



Tran Kim Hoang

Chief Accountant



Doan Duc Tung



President & CEO  
  
 Tran Tien Dung

## CONSOLIDATED INCOME STATEMENT

QUARTER 01 - 2018

Unit: VND

ITEM	Code	Note	QUARTER 01		YEAR TO DATE		
			2018	2017	2018	2017	
1. Gross revenue	1	2	3	4	5	6	7
		01	VI.1	1,105,729,123,320	502,992,013,888	1,105,729,123,320	502,992,013,888
2. Deductions		02		-	-	-	-
3. Net revenue		10	VI.2	1,105,729,123,320	502,992,013,888	1,105,729,123,320	502,992,013,888
4. Cost of sales		11	VI.2	1,150,290,551,675	510,769,530,128	1,150,290,551,675	510,769,530,128
<b>5. Gross profit/(Loss)</b>		<b>20</b>		<b>(44,561,428,355)</b>	<b>(7,777,516,240)</b>	<b>(44,561,428,355)</b>	<b>(7,777,516,240)</b>
6. Financial income		21	VI.3	36,542,098,645	40,941,074,928	36,542,098,645	40,941,074,928
7. Financial expenses		22	VI.4	64,098,003,675	60,456,633,744	64,098,003,675	60,456,633,744
- In which: Interest expense		23		43,780,219,571	46,570,441,840	43,780,219,571	46,570,441,840
8. Income/(Loss) from interests in joint ventures		24		(4,072,722,677)	(3,065,481,120)	(4,072,722,677)	(3,065,481,120)
9. Selling expenses		25		2,500,022,462	2,275,565,968	2,500,022,462	2,275,565,968
10. General and administration expenses		26		169,639,864,249	179,671,564,384	169,639,864,249	179,671,564,384
<b>11. Operating profit/(Loss)</b>		<b>30</b>		<b>(248,329,942,773)</b>	<b>(212,305,686,528)</b>	<b>(248,329,942,773)</b>	<b>(212,305,686,528)</b>
12. Other income		31		8,580,222	72,391,696	8,580,222	72,391,696
13. Other expenses		32		39,133,076	91,640,224	39,133,076	91,640,224
14. (Loss)/Profit from other activities		40		(30,552,854)	(19,248,528)	(30,552,854)	(19,248,528)
<b>15. Accounting profit before tax</b>		<b>50</b>		<b>(248,360,495,627)</b>	<b>(212,324,935,056)</b>	<b>(248,360,495,627)</b>	<b>(212,324,935,056)</b>
16. Current corporate income tax expense		51		4,531,219,778	2,001,869,584	4,531,219,778	2,001,869,584
17. Deferred corporate tax expense/(income)		52		212,144,854	(40,265,472)	212,144,854	(40,265,472)
<b>18. Net profit/(Loss) after corporate income tax</b>		<b>60</b>		<b>(253,103,860,259)</b>	<b>(214,286,539,168)</b>	<b>(253,103,860,259)</b>	<b>(214,286,539,168)</b>
Attributable to:							
19. The Group's shareholders		61		(239,318,689,462)	(200,870,542,194)	(239,318,717,175)	(200,870,542,194)
20. Non-controlling interest		62		(13,785,170,797)	(13,415,996,974)	(13,785,143,084)	(13,415,996,974)
21. Basic earnings per share		70		(631)	(527)	(631)	(527)
22. Diluted earnings per share		71		(631)	(527)	(631)	(527)

Preparer



Tran Kim Hoang

Chief Accountant



Doan Duc Tung



Hội Chí Mỹ Hòa, Quận 7, 24 April 2018  
 President & CEO



Khâm Tiên Dung

## CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

QUARTER 01 - 2018

Unit: VND

ITEM	Code	Note	YEAR TO DATE		
			2018	2017	
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<i>1. Profit before tax</i>	<i>01</i>		(248,360,495,627)	(212,324,935,056)	
<i>2. Adjustments for:</i>			229,809,624,382	168,121,744,752	
- Depreciation and amortization	02		192,187,303,026	115,567,527,296	
- Provisions	03		14,654,247,410	52,638,670,656	
- Unrealized foreign exchange	04		5,334,401,194	(27,278,746,352)	
- Gains from investing activities	05		(26,146,546,819)	(27,816,118,096)	
- Interest expense	06		43,780,219,571	46,570,441,840	
- Other adjustments	07		-	8,439,969,408	
<b>3. Operating profit before movements in working capital</b>	<b>08</b>		<b>(18,550,871,245)</b>	<b>(44,203,190,304)</b>	
- Changes in account receivables	09		(422,719,164,190)	135,139,221,984	
- Changes in inventories	10		30,588,491,430	(7,672,023,424)	
- Changes in account payables (excluding interest payables, corporate income tax payables)	11		166,544,265,425	(299,230,383,920)	
- Changes in prepaid expenses	12		2,242,593,103	12,768,575,664	
- Changes in held for trading securities	13		-	-	
- Interest paid	14		(54,533,235,249)	(50,313,022,240)	
- Corporate income tax paid	15		(109,147,324,336)	(23,591,054,864)	
- Other cash outflows	16		-	-	
- Other cash inflows	17		(9,059,897,268)	(15,527,100,576)	
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>20</b>		<b>(414,635,142,330)</b>	<b>(292,628,977,680)</b>	
<b>II. CASH FLOWS USED IN INVESTING ACTIVITIES</b>					
1. Acquisition of fixed assets and other non-current assets	21		(9,215,113,030)	(7,527,330,720)	
2. Proceeds from disposal of fixed assets and other non-current assets	22		4,812,188	5,463,952	
3. Cash outflow for buying debt instruments of other companies	23		(194,408,793,026)	(536,359,000,000)	
4. Cash recovered from lending, selling debt instruments of other companies	24		991,057,470,371	600,111,017,376	
5. Investments in other entities	25		-	-	
6. Cash recovered from investments in other entities	26		-	-	
7. Interest, dividends and profits received	27		65,495,104,426	30,382,815,216	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>30</b>		<b>852,933,480,929</b>	<b>86,612,965,824</b>	



ITEM	Code	Note	YEAR TO DATE	
			2018	2017
1. Proceeds from share issuance and capital contributions from owners	31		-	-
2. Capital withdrawals to owners, treasury shares purchases	32		-	-
3. Proceeds from borrowings	33		-	24,620,159,616
4. Repayments of borrowings	34		(588,488,599,250)	(259,290,663,216)
5. Repayments of principal owed under finance leased	35		-	-
6. Dividend, profits distributed to owners	36		-	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>40</b>		<b>(588,488,599,250)</b>	<b>(234,670,503,600)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>50</b>		<b>(150,190,260,651)</b>	<b>(440,686,515,456)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>		<b>1,803,323,952,900</b>	<b>2,782,568,383,500</b>
Effect of changes in foreign exchange rates	61		2,087,218,448	(18,266,717,040)
Foreign exchange rates differences on conversion			11,112,007,553	(1,351,504,644)
<b>Cash and cash equivalents at the end of the year</b>	<b>70</b>		<b>1,666,332,918,250</b>	<b>2,322,263,646,360</b>

Preparer



Tran Kim Hoang

Chief Accountant



Doan Duc Tung



**TỔNG** President & CEO

Hà Nội, Minh City, 24 April 2018  
  
 Tran Tien Dung



Petrovietnam Drilling And Well Services Corporation

# NOTES TO THE CONVERTED CONSOLIDATED FINANCIAL STATEMENTS

*For the period ended 31 March 2018.*

## I. GENERAL INFORMATION

### 1. Ownership structure

The Company

Petrovietnam Drilling and Well Services Corporation (the “Company”) is a joint stock company established in Vietnam in accordance with the Business Registration Certificate No. 4103004335 dated 15 February 2006 and its twelfth amendment dated 20 December 2016 issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City. The Company has merged from the equitization of Petrovietnam Drilling and Well Services Company, a wholly-owned subsidiary of Vietnam Oil and Gas Group (hereinafter referred to as “Petrovietnam”).

The Company consists of two divisions and three overseas branches.

The Group

The Board of Directors of Petrovietnam Drilling and Well Services Corporation (the “Company”) presents this report together with the converted consolidated financial statements of the parent company and its subsidiaries (collectively referred to as the “Group”).

The Group consists of the Company and its 7 subsidiaries and 6 joint ventures.

- Summary of ownership structure:

+ The State:	50.40%
+ Other shareholders:	49.60%

### 2. Operating industry

Drilling contractor and drilling-related services provider in the oil and gas industry.

### 3. Principal activities:

The Group’s principal activities include:

*Its subsidiaries:*

+ PVD Trading and Technical Services Joint Stock Company (“PVD Tech”): Engineering and manufacturing equipment skid; providing Surface/Subsea wellhead and mudline rental services; providing full range of conductor services and trading services for oil and gas industry.

+ PVD Well Services Company Limited (“PVD Well”): Provide well technical services, tool rental, tubular running, manage pressure drilling, solids control...

+ PVD Offshore Services Company Limited (“PVD Offshore”): Drilling manpower supply service, inspection, maintenance and workshop service and oil spill response service...

+ Petroleum Well Logging Company Limited (“PVD Logging”): Provide advanced technology services in drilling operations for the oil and gas industry including mud logging, slick-line & cased hole logging, well testing and provision of geological specialists...

+ PVD Deepwater Drilling Company Limited (“PVD Deepwater”): PVD Deepwater was authorised by the Group and its partners in the Business Corporation Contract (“BCC”) including Petrovietnam, Military Joint-Stock Commercial Bank (“MBBank”) and Ocean Joint Stock Commercial Bank (“OceanBank”), to manage and operate the business cooperation project in financing to build the Tender Assist Drilling Rig (“PV Drilling V” or “TAD”).

The Group and its partners in BCC including Petrovietnam, MBBank and OceanBank have corporated in financing and operating the TAD for the period of 17 years since 10 September 2009. According to BCC, the Group has been authorised to manage and operate the project as well as accounted for its financial performance as a basic of profit/(loss) sharing to all partners on contribution percentage in BCC. The Group has 62.43% of capital contribution in BCC.

+ PV Drilling Overseas Company Private Limited (“PVD Overseas”): Operating the modern offshore rig PV DRILLING VI.

+ PVD Technical Training and Certification Joint Stock Company (“PVD Training”): Training, certification for petroleum, manpower supply and technology and marine safety equipment...

*Its joint-ventures:*

+ BI Services-PV Drilling Joint Venture Company Limited (“BJ-PVD”): Provision of coiled tubing service, cementing service, stimulation service, hydraulic fracturing service and fluid filtration services...

+ PV Drilling-Baker Hughes Well Technical Services Joint Venture Company Limited (“PVD-Baker Hughes”): Supplying a wide range of services such as directional drilling and logging while drilling, drill bits, electric logging, liner hanger;...

+ PV Drilling Expo International Company Limited (formerly known as PV Drilling Production Testers International Company Limited, “PVD-Expro”): Provision of exploration well testing, production well clean-up, subsea test tree & subsea lubricator, surface PVT sampling and bottom hole sampling, sand control at surface for exploration and production and early production services.

+ Vietubes Company Limited (“Vietubes”): Threading, processing, repairing, restoring (including: threading, thread inspection, tubular unclogging, magnetic particle test, pressure test, tubular cleaning and coating) casing tubes, drilling collars, drilling pipes, conducting pipes and accessories for oil and gas industry

+ PVD Tech-Oil State Industries Joint Venture Company Limited (“PVD-OSI”): Manufacturing, supplying and threading of API and proprietary connectors.

+ PV Drilling Tubulars Management Company Limited (“PVD Tubulars”): Provision of oil country tubular goods (OCTG) and total tubular management (TTM) services for Oil and Gas Companies.

#### **4. Normal production and business cycle**

The Group’s normal production and business cycle is carried out for a time period of 12 months.

#### **5. Significant events that occurred in the financial year**

During the period ended 31 December 2017, activities of the Group are affected when Oil and Gas contractors adjusted drilling and exploitation schedule due to crude oil prices dropped sharply since the end of 2014.

6. The Group's structure

- The Company

Name	Address
Head Office	4th Floor, Sailing Tower, 111A Pasteur Street, District 1, Ho Chi Minh City, Vietnam
The Drilling Division	3rd Floor, Sailing Tower, 111A Pasteur Street, District 1, Ho Chi Minh City, Vietnam
PVD Drilling Investment Division	3rd Floor, Sailing Tower, 111A Pasteur Street, District 1, Ho Chi Minh City, Vietnam
PVDrilling - Branch office in Algeria	Cité Si El, Houas, No. 02, Villa No. 101, Hassi Messaoud, Ouargla, Algeria
PVDrilling - Branch office in Myanmar	No 33/36, Garden Street (U Yin Lane), Bahan Township, Yangon, Myanmar
PVDrilling - Branch office in Thailand	7th Floor, Shinawatra Tower III Building, 1010 Vihavadi Rangsit Rd., Chatuchak, Bangkok, Thailand
PVDrilling - Branch office in Malaysia	351-2-9, KLSC Jalan Wangsa Delima 5, Wangsa Maju, 53300 Kuala Lumpur, Malaysia

- List of subsidiaries

Company's name	Address	The Group's interest	The Group's voting right
PVD Offshore Services Company Limited ("PVD Offshore")	43A, 30/4 Street, Ward 9, Vung Tau City, Ba Ria - Vung Tau Province, Vietnam	100%	100%
PVD Well Services Company Limited ("PVD Well")	Room 13, 12Ath Floor, Vincom Center Building, 47 Ly Tu Trong Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	100%	100%
Petroleum Well Logging Company Limited ("PVD Logging")	10th Floor, Sailing Tower, 111A Pasteur Street, District 1, Ho Chi Minh City, Vietnam	100%	100%
PVD Trading and Technical Services Joint Stock Company ("PVD Tech")	8th Floor, Green Power Building, 35 Ton Duc Thang Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	100%	100%
PVD Deepwater Drilling Company Limited ("PVD Deepwater")	5th Floor, Sailing Tower, 111A Pasteur Street, District 1, Ho Chi Minh City, Vietnam	100%	100%
Công ty TNHH PV Drilling Overseas (PVD Overseas)	No. 9 Temasek Boulevard, #31_00 Suntec Tower 2, Singapore	80%	80%
PVD Technical Training and Certification Joint Stock Company ("PVD Training")	Dong Xuyen Industrial Zone, 30/4 Street, Rach Dua Ward, Vung Tau City, Ba Ria - Vung Tau Province, Vietnam	52%	52%



- List of joint ventures

Company's name	Address	The Group's interest	The Group's voting right
BJ Services-PV Drilling Joint Venture Company Limited ("BJ-PVD")	65A, 30/4 Street, Thang Nhat Ward, Vung Tau City, Ba Ria - Vung Tau Province, Vietnam	49%	50%
PV Drilling-Baker Hughes Well Technical Services Joint Venture Company Limited ("PVD-Baker Hughes")	10th Floor, Sailing Tower, 111A Pasteur Street, District 1, Ho Chi Minh City, Vietnam	51%	50%
PV Drilling Expo International Company Limited ("PVD-Expro")	Phu My 1 Industrial Zone, Tan Thanh District, Ba Ria - Vung Tau Province, Vietnam	51%	50%
PV Drilling Tubulars Management Company Limited ("PVD Tubulars")	Phu My 1 Industrial Zone, Tan Thanh District, Ba Ria - Vung Tau Province, Vietnam	51%	50%
Vietbes Company Limited ("Vietbes")	Dong Xuyen Industrial Zone, Rach Dua Ward, Ba Ria - Vung Tau Province, Vietnam	51%	50%
PVD Tech-Oil State Industries Joint Venture Company Limited ("PVD-OSI")	Phu My 1 Industrial Zone, Tan Thanh District, Ba Ria - Vung Tau Province, Vietnam	51%	50%

**7. Disclosure of information comparability in the financial statements**

The Group's consolidated financial statements are comparable

**II. ACCOUNTING PERIOD, REPORTING CURRENCY**

1. The Group's financial year begins on 1 January and ends on 31 December.
2. The accompanying converted consolidated financial statements, expressed in United States Dollar ("USD"), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The expression of financial statement in USD is registered and approved by the Ministry of Finance in Letter No.8036/BTC-CDKT dated 21 June 2010 and changing currency unit from VND to USD since 1 January 2010. The Board of Directors believes that the presentation of the converted consolidated financial statement of the Group in USD is necessary to reflect the economic nature of the Group's business transactions.

### III. ADOPTED ACCOUNTING STANDARDS AND CONVENTIONS

1. Since 01 January 2015, the Group has adopted Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014.
2. Announcement of compliance to Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to financial reporting: The Board of Directors confirms that The Group has complied with the above requirements in preparing these financial statements.

### IV. SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets depreciation

- Tangible fixed assets are stated at cost less accumulated depreciation. The cost of purchased tangible fixed assets comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use. The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and trial run costs.
- Drilling rigs (machinery and equipment) are depreciated over drilling rigs' operating hours.
- Other tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

Asset class	Years
Buildings and structures	6 - 50
Machinery and equipment (except for drilling rigs)	5 - 10
Office equipment	3 - 5
Motor vehicles	7 - 12
Other assets	3 - 7

V- Notes to the Balance Sheet

Unit: VND

	31/3/2018	1/1/2018
<i>1. Cash and cash equivalents</i>		
- Cash on hand	4,955,268,500	4,665,023,625
- Cash in bank	1,257,505,977,000	1,457,685,966,660
<b>Total</b>	<b>1,262,461,245,500</b>	<b>1,462,350,990,285</b>

	31/3/2018		1/1/2018	
	Cost	Carrying value	Cost	Carrying value
<i>2. Financial investments</i>				
a) Short-term held to maturity investments				
Term-deposit	1,351,568,195,250	1,351,568,195,250	2,148,216,872,595	2,148,216,872,595

	31/3/2018		1/1/2018	
	Cost	Provision	Fair value	Cost
<i>b) Long-term investments</i>				
- Investments in subsidiaries	2,511,355,753,400	-	2,511,355,753,400	2,511,355,753,400
PVD Offshore	130,000,000,000	-	130,000,000,000	130,000,000,000
PVD Well	80,000,000,000	-	80,000,000,000	80,000,000,000
PVD Logging	80,000,000,000	-	80,000,000,000	80,000,000,000
PVD Tech	200,000,000,000	-	200,000,000,000	200,000,000,000
PVD Training	19,755,753,400	-	19,755,753,400	19,755,753,400
PVD Deepwater	764,000,000,000	-	764,000,000,000	764,000,000,000
PVD Overseas	1,237,600,000,000	-	1,237,600,000,000	1,237,600,000,000

	31/3/2018	1/1/2018
- Investments in joint ventures	489,585,668,020	556,239,615,750
BJ-PVD	48,039,113,955	49,315,197,750
PVD-Baker Hughes	211,753,000,000	269,463,740,000
PVD Tubulars	30,515,952,000	45,231,618,250
PVD-Expro	59,528,570,997	55,441,568,000
Vietubes	86,637,631,068	88,812,132,500
PVD-OSI	53,111,400,000	47,975,359,350
		489,585,668,020

	31/3/2018	1/1/2018
<i>3. Receivables from customers</i>		
+ Short-term receivables from customers		
<i>Petrovietnam Domestic Exploration Production Operating Company Limited</i>	454,571,594,750	460,670,821,868
<i>Vietsoptero</i>	235,750,651,500	154,514,775,157
<i>Petrovietnam Exploration Production Corporation</i>	191,314,123,000	185,194,982,921
<i>Talsman Vietnam</i>	318,973,291,000	81,571,221,675
<i>Receivables from other customers</i>	738,444,525,000	723,985,204,759
<b>Total</b>	<b>1,939,054,185,250</b>	<b>1,605,937,006,380</b>

	31/3/2018	1/1/2018
+ Short-term receivables from related parties		
<i>Joint-ventures</i>	48,223,220,500	62,921,176,109
BJ-PVD	5,211,865,750	5,668,879,140
PVD-Baker Hughes	358,744,750	26,856,574,440
PVD Tubulars	30,422,596,750	30,379,834,364
PVD-Expro	12,230,013,250	15,888,165

	31/3/2018		1/1/2018	
	Carrying value	Provision	Carrying value	Provision
<b>4. Other receivables</b>				
a) Short-term				
- Interest income receivables	80,117,651,250	-	120,001,678,365	-
- Receivables from employees	48,986,369,250	-	84,031,144,785	-
- Deposits	7,409,970,750	-	2,870,431,590	-
- Other receivables	8,783,183,500	-	10,200,927,210	-
	14,938,127,750	-	22,899,174,780	-
b) Long-term				
- Deposits	19,104,767,500	-	19,009,928,775	-
	19,104,767,500	-	19,009,928,775	-
<b>Total</b>	<b>99,222,418,750</b>	<b>-</b>	<b>139,011,607,140</b>	<b>-</b>

	31/3/2018		1/1/2018	
	Cost	Provision	Cost	Provision
<b>5. Doubtful debts</b>				
- Total value of receivables, overdue debts over 6 months or no overdue doubtful debts;	655,731,917,750	(410,730,138,000)	649,002,974,871	(324,259,247,655)
Petrovietnam Domestic Exploration Production Operating Company Limited	452,013,744,000	(275,950,834,250)	450,616,527,915	(220,582,461,189)
Petrovietnam Exploration Production Corporation	184,469,330,500	(121,325,818,250)	183,927,204,360	(93,977,838,699)
Other trade receivables	19,248,843,250	(13,453,485,500)	14,459,242,596	(9,698,947,776)
<b>Total</b>	<b>655,731,917,750</b>	<b>(410,730,138,000)</b>	<b>649,002,974,871</b>	<b>(324,259,247,655)</b>

	31/3/2018		1/1/2018	
	Cost	Provision	Cost	Provision
<b>6. Inventory</b>				
- Goods in transit	942,987,500	-	5,612,488,620	-
- Raw materials	732,820,952,500	(137,851,281,750)	735,593,640,255	(137,642,935,785)
- Tools and supplies	18,413,031,000	-	16,292,667,255	-
- Work in progress	27,472,490,500	-	43,678,356,120	-
- Merchandise	66,465,945,000	-	72,052,420,305	-
- Goods on consignment	18,375,084,000	-	18,573,627,525	-
<b>Total</b>	<b>864,490,490,500</b>	<b>(137,851,281,750)</b>	<b>891,803,200,080</b>	<b>(137,642,935,785)</b>

	31/3/2018	1/1/2018
<b>7. Long-term assets in progress</b>		
+ Construction in progress	37,478,190,750	37,455,317,730
- Purchase	37,478,190,750	37,455,317,730
<i>Other construction works</i>		
<b>Total</b>	<b>37,478,190,750</b>	<b>37,455,317,730</b>

## 8. Tangible fixed assets

Unit: VND

	Building, structures	Machinery, equipments	Motor vehicle	Office equipments	Others	Total
<b>Cost</b>						
<b>As at 1/1/2018</b>	372,168,094,020	22,421,184,820,905	77,112,630,870	68,390,980,215	1,271,529,165	22,940,128,055,175
- Additions	-	3,381,106,846	-	66,031,391	-	3,447,138,237
- From construction in progress	-	-	-	-	-	-
- Other increases	-	-	-	-	-	-
- Reclassified (increases)	-	-	-	-	-	-
- To investment property	-	-	-	-	-	-
- Disposals	-	-	-	(174,532,611)	-	(174,532,611)
- Other decreases	-	-	-	-	-	-
- Reclassified (decreases)	-	-	-	-	-	-
- Foreign exchange differences	1,109,287,730	66,917,450,249	186,704,880	203,347,505	3,949,585	68,420,739,949
<b>As at 31/3/2018</b>	373,277,381,750	22,491,483,378,000	77,299,335,750	68,485,826,500	1,275,478,750	23,011,821,400,750
<b>Accumulated depreciation</b>						
<b>As at 1/1/2018</b>	154,682,256,135	8,005,732,637,235	70,536,834,420	60,186,839,505	1,189,459,200	8,292,328,026,495
- Charge for the year	4,560,342,595	179,743,756,624	1,142,781,155	7,354,975,378	8,171,640	192,810,027,392
- Other increases	-	-	-	-	-	-
- Reclassified (increases)	-	-	-	-	-	-
- To investment property	-	-	-	-	-	-
- Disposals	-	-	-	(174,532,611)	-	(174,532,611)
- Other decreases	-	-	-	-	-	-
- Reclassified (decreases)	-	-	-	-	-	-
- Foreign exchange differences	(664,474,480)	24,326,889,641	87,557,175	(6,276,115,772)	4,092,410	17,477,948,974
<b>As at 31/3/2018</b>	158,578,124,250	8,209,803,283,500	71,767,172,750	61,091,166,500	1,201,723,250	8,502,441,470,250
<b>Carrying value</b>						
<b>As at 1/1/2018</b>	217,485,837,885	14,415,452,183,670	6,575,796,450	8,204,140,710	82,069,965	14,647,800,028,680
<b>As at 31/3/2018</b>	214,699,257,500	14,281,680,094,500	5,532,163,000	7,394,660,000	73,755,500	14,509,379,930,500

\* Carrying value of pledged assets as collateral for loans

7,217,308,712,250

\* Cost of assets fully depreciated but are still in use

716,030,680,196

9. Intangible fixed assets

Unit: VND

Khoản mục	Land use rights	Computer software	Others	Total
<b>Cost</b>				
As at 1/1/2018	193,981,280,955	77,414,506,005	-	271,395,786,960
- Additions	-	-	-	-
- Internally generated	-	-	-	-
- From business combination	-	-	-	-
- Other increases	-	-	-	-
- Reclassified (increases)	-	-	-	-
- Disposals	-	-	-	-
- Other decreases	-	-	-	-
- Reclassified (decreases)	-	-	-	-
- Foreign exchange differences	520,367,295	279,269,245	-	799,636,540
As at 31/3/2018	194,501,648,250	77,693,775,250	-	272,195,423,500
<b>Accumulated depreciation</b>				
As at 1/1/2018	27,834,410,535	70,102,142,385	-	97,936,552,920
- Charge for the year	918,515,035	1,477,727,599	-	2,396,242,634
- Other increases	-	-	-	-
- Reclassified (increases)	-	-	-	-
- Disposals	-	-	-	-
- Other decreases	-	-	-	-
- Reclassified (decreases)	-	-	-	-
- Foreign exchange differences	87,317,680	233,030,266	-	320,347,946
As at 31/3/2018	28,840,243,250	71,812,900,250	-	100,653,143,500
<b>Carrying value</b>				
As at 1/1/2018	166,146,870,420	7,312,363,620	-	173,459,234,040
As at 31/3/2018	165,661,405,000	5,880,875,000	-	171,542,280,000

\* Cost of assets fully amortised but are still in use

48,501,117,078

	31/3/2018	1/1/2018
<b>10. Prepayments</b>		
a) Short-term	20,231,575,000	13,648,976,325
- Insurance premiums	14,884,164,750	9,959,703,615
- Others	5,347,410,250	3,689,272,710
b) Long-term	1,578,349,500	10,318,694,550
- Others	1,578,349,500	10,318,694,550
<b>Total</b>	<b>21,809,924,500</b>	<b>23,967,670,875</b>

	During the period					
	31/3/2018	1/1/2018		1/1/2018		
	Carrying value	Payable amount	Increases	Decreases	Carrying value	Payable amount
<b>II. Loans and finance leases</b>						
a) Short-term						
Current portions of long-term loans	930,376,697,250	930,376,697,250	172,246,299,623	(584,510,046,218)	1,342,640,443,845	1,342,640,443,845
b) Long-term (LT)						
Second year	921,433,854,250	921,433,854,250	-	(168,545,578,310)	1,089,979,432,560	1,089,979,432,560
Third to fifth year inclusive	2,103,063,781,000	2,103,063,781,000	-	7,857,600,940	2,095,206,180,060	2,095,206,180,060
After five years	144,930,558,500	144,930,558,500	-	541,498,790	144,389,059,710	144,389,059,710
<b>Total</b>	<b>4,099,804,891,000</b>	<b>4,099,804,891,000</b>	<b>172,246,299,623</b>	<b>(760,734,898,873)</b>	<b>4,672,215,116,175</b>	<b>4,672,215,116,175</b>

	31/3/2018	1/1/2018
<b>12. Payables to suppliers</b>		
+ Short-term		
Oil States Industries (Asia) Pte Ltd	179,780,623,750	71,598,621,675
Kim Seng Huat Hardware Pte Ltd,	123,660,423,250	50,004,021,650
Others	488,116,401,500	555,153,540,885
<b>Total</b>	<b>791,557,448,500</b>	<b>676,756,184,190</b>

	13. Taxes and amounts payable to the State budget				
	1/1/2018	Additions	Paid	FX difference on conversion	31/3/2018
Value added tax - Domestic	15,808,973,490	23,922,861,983	25,924,845,686	(970,287)	13,806,019,500
Value added tax - Import	12,329,760	18,942,360,898	18,929,104,682	(37,726)	25,548,250
Import duties	4,125,030	11,665,833,264	11,661,860,939	(21,105)	8,076,250
Corporate income tax	108,550,005,795	4,531,219,778	109,147,324,336	157,777,263	4,091,678,500
Personal income tax	9,835,204,770	45,776,869,809	45,431,639,918	18,186,389	10,198,620,250
Other taxes	11,384,833,485	15,962,390,780	16,608,404,320	43,883,805	10,782,703,750
- Business license tax	-	22,971,388	22,971,388	-	-
- Withholding tax	11,384,833,485	15,939,419,392	16,585,432,932	43,883,805	10,782,703,750
Fees and other payables	6,644,539,395	6,582,710	6,661,089,647	9,967,542	-
<b>Total</b>	<b>152,240,011,725</b>	<b>120,808,118,422</b>	<b>234,364,269,528</b>	<b>228,785,881</b>	<b>38,912,646,500</b>

In which:

- Tax receivables from the State budget	(3,495,078,990)	(3,484,003,250)
- Tax payables to the State budget	155,735,090,715	42,396,649,750

<i>14. Accrued expenses</i>	<b>31/3/2018</b>	<b>1/1/2018</b>
+ Short-term		
- Accrued expenses related to cost of good sold	<b>324,282,595,000</b>	<b>241,808,397,330</b>
+ Operation of drilling rigs	102,182,330,250	96,039,832,395
+ Goods supplied and services rendered	222,100,264,750	145,768,564,935
- Other	<b>111,324,417,750</b>	<b>91,470,319,080</b>
+ Interest expense	11,299,356,250	21,994,048,005
+ Other expenses	100,025,061,500	69,476,271,075
<b>Total</b>	<b>435,607,012,750</b>	<b>333,278,716,410</b>
<i>15. Other payables</i>	<b>31/3/2018</b>	<b>1/1/2018</b>
a) Short-term		
- Funding of trade union	1,358,243,250	1,665,832,170
- Social insurance	1,503,092,500	1,735,663,035
- Health insurance	342,751,500	296,956,830
- Unemployment insurance	305,532,500	315,020,835
- Short-term deposits	572,867,750	570,727,365
- Distributed profit payables to partners in Business Cooperation Contract (BCC)	307,396,225,500	314,027,677,365
- Others	76,281,728,250	43,085,394,390
<b>Total</b>	<b>387,760,441,250</b>	<b>361,697,271,990</b>
b) Long-term		
- Capital contributed from BCC	478,687,027,000	478,681,513,575
<b>Total</b>	<b>478,687,027,000</b>	<b>478,681,513,575</b>
<i>16. Provision</i>	<b>31/3/2018</b>	<b>1/1/2018</b>
a) Short-term		
- Other provisions	470,021,028,750	542,692,799,850
+ Provision for periodic overhaul of fixed assets	445,102,430,500	517,806,335,205
+ Other provision	24,918,598,250	24,886,464,645
<b>Total</b>	<b>470,021,028,750</b>	<b>542,692,799,850</b>
b) Long-term		
- Provisions for product warranty	1,090,976,250	1,090,979,775
- Other provisions	176,012,313,750	170,920,006,095
+ Provision for periodic overhaul of fixed assets	176,012,313,750	170,920,006,095
<b>Total</b>	<b>177,103,290,000</b>	<b>172,010,985,870</b>

17. Deferred tax

Deferred income tax assets:

- Corporate income tax rates used for determination of value of deferred income tax assets
- Deferred income tax assets related to deductible temporary differences

Deferred income tax assets

	31/3/2018	1/1/2018
	20%	20%
	86,799,758,500	86,694,758,250
	<b>86,799,758,500</b>	<b>86,694,758,250</b>

18. Equity

a) Comparison table of owner's equity fluctuations

	Share capital	Share premium	Treasury shares (*)	Foreign exchange differences	Investment and development fund	Retained earning	Non-controlling interest (NCI)	Total
A	1	2	3	4	5	6	7	8
<b>As at 1/1/2017</b>	<b>3,832,661,600,000</b>	<b>2,434,086,374,663</b>	<b>(20,948,559,850)</b>	<b>1,475,035,203,020</b>	<b>1,555,178,332,202</b>	<b>3,930,049,160,031</b>	<b>269,339,094,234</b>	<b>13,475,401,204,300</b>
- Capital increased	-	-	-	-	-	-	-	-
- Profit for the year	-	-	-	-	-	35,561,718,360	-	35,561,718,360
- Other increased	-	-	-	-	-	-	-	-
- Fund appropriation	-	-	-	-	13,591,078,524	(30,959,612,120)	(519,009,120)	(17,887,542,716)
- Dividend declared	-	-	-	-	-	-	(1,396,171,000)	(1,396,171,000)
- Non-controlling interest	-	-	-	-	-	2,890,185,216	(2,890,185,216)	-
- Distributed to BCC	-	-	-	-	-	6,828,282,326	-	6,828,282,326
- Other decreased	-	-	-	-	-	-	-	-
- Foreign exchange differences	-	-	-	(26,175,978,900)	-	540,351,000	61,644,240	(25,573,983,660)
<b>As at 31/12/2017</b>	<b>3,832,661,600,000</b>	<b>2,434,086,374,663</b>	<b>(20,948,559,850)</b>	<b>1,448,859,224,120</b>	<b>1,568,769,410,726</b>	<b>3,944,910,084,813</b>	<b>264,595,373,138</b>	<b>13,472,933,507,610</b>
<b>As at 1/1/2016</b>	<b>3,832,661,600,000</b>	<b>2,434,086,374,663</b>	<b>(20,948,559,850)</b>	<b>1,448,859,224,120</b>	<b>1,568,769,410,726</b>	<b>3,944,910,084,813</b>	<b>264,595,373,138</b>	<b>13,472,933,507,610</b>
- Capital increased	-	-	-	-	-	-	-	-
- Profit/(Loss) for the year	-	-	-	-	-	(253,103,860,259)	-	(253,103,860,259)
- Other increased	-	-	-	-	-	-	-	-
- Fund appropriation	-	-	-	-	1,804,637,119	(4,095,125,532)	(47,486,308)	(2,337,974,721)
- Dividend declared	-	-	-	-	-	-	-	-
- Non-controlling interest	-	-	-	-	-	7,129,647,364	(7,129,647,364)	-
- Distributed to BCC	-	-	-	-	-	6,655,495,720	-	6,655,495,720
- Other decreased	-	-	-	-	-	-	-	-
- Foreign exchange differences	-	-	-	12,278,622,095	-	70,571,191	(213,688,386)	12,135,504,900
<b>As at 31/12/2016</b>	<b>3,832,661,600,000</b>	<b>2,434,086,374,663</b>	<b>(20,948,559,850)</b>	<b>1,461,137,846,215</b>	<b>1,570,574,047,845</b>	<b>3,701,566,813,297</b>	<b>257,204,551,080</b>	<b>13,236,282,673,250</b>

b- Details of share capital

- The State

- Others

***Total***

31/3/2018	1/1/2018
1,931,794,590,000	1,931,794,590,000
1,900,867,010,000	1,900,867,010,000
<b>3,832,661,600,000</b>	<b>3,832,661,600,000</b>

c) Capital transactions with owners and distribution of dividends or profits

- Share capital

+ As at 1/1/2018

+ Increase in capital

+ As at 31/3/2018

- Dividends and distributed profits

31/3/2018	1/1/2018
3,832,661,600,000	3,832,661,600,000
-	-
3,832,661,600,000	3,832,661,600,000
-	-

d) Number of shares

- Authorized shares

- Issued shares

+ Ordinary shares

+ Preference shares

- Treasury shares

+ Ordinary shares

+ Preference shares

- Shares in circulation

+ Ordinary shares

+ Preference shares

\* Par value per share: 10,000 VND

31/3/2018	1/1/2018
383,266,160	383,266,160
-	-
383,266,160	383,266,160
-	-
-	-
416,000	416,000
-	-
-	-
382,850,160	382,850,160

d) Funds

- Investment and development fund

- Scientific and technological fund

+ *Available*

+ *The carrying amount of assets formed from the fund*

31/3/2018	1/1/2018
1,570,574,047,845	1,568,769,410,726
456,154,994,750	458,840,187,270
379,235,197,250	378,947,195,520
76,919,797,500	79,892,991,750

e) Income and expense directly recorded into equity: None

**19. Foreign exchange differences**

- FX differences on conversion of financial statements
- Translation of financial statements of foreign operation (Algeria Branch)

**Total**

<u>31/3/2018</u>	<u>1/1/2018</u>
1,516,006,850,377	1,498,557,010,199
(54,869,004,162)	(49,697,786,079)
<u><u>1,461,137,846,215</u></u>	<u><u>1,448,859,224,120</u></u>

**20. Off balance-sheet**

Foreign currencies

- GBP
- VND
- EUR
- SGD
- DZD
- MMK
- THB

<u>31/3/2018</u>	<u>1/1/2018</u>
3,868	5,782
1,845,489,978,613	2,628,858,516,869
345,822	345,822
36,411	36,411
28,465,177	5,315,352
1,342,675	1,342,675
2,243	-

#### IV. Extracted notes to the Consolidated income statement:

Unit: VND

	QUARTER 01 - 2018	QUARTER 01 - 2017
<b>1. Net revenue</b>		
- Sales of trading	382,774,825,930	51,103,572,208
- Sales of drilling services	362,369,650,676	206,025,973,296
- Sales of well technical and other services	360,584,646,714	245,862,468,384
<b>Total</b>	<b>1,105,729,123,320</b>	<b>502,992,013,888</b>
<b>2. Cost of sales</b>		
- Cost of trading	372,426,851,208	47,839,665,744
- Cost of drilling services	456,901,679,086	244,186,191,392
- Cost of well technical and other services	320,962,021,381	218,743,672,992
<b>Total</b>	<b>1,150,290,551,675</b>	<b>510,769,530,128</b>
<b>3. Financial income</b>		
- Interests of deposits or loans	30,214,457,308	30,876,135,264
- Interests of exchange differences	6,327,641,337	10,064,939,664
<b>Total</b>	<b>36,542,098,645</b>	<b>40,941,074,928</b>
<b>4. Financial expenses</b>		
- Interests of loans	43,780,219,571	46,570,441,840
- Losses of exchange differences	11,800,438,334	13,883,312,560
- Other financial expenses	8,517,345,770	2,879,344
<b>Total</b>	<b>64,098,003,675</b>	<b>60,456,633,744</b>
<b>5. Cost by nature</b>		
- Raw materials and consumables	387,896,696,387	87,418,652,256
- Labour	432,883,889,885	291,659,386,928
- Depreciation and amortization	192,187,311,425	118,816,764,976
- Provisions	85,359,907,286	97,092,250,528
- Out-sourced services	195,167,205,047	83,135,616,720
- Other expenses	28,935,428,356	14,593,989,072
<b>Total</b>	<b>1,322,430,438,386</b>	<b>692,716,660,480</b>

## VII. Other informations

### 1- Financial instruments

	31/3/2018	Don vị tính: VND 1/1/2018
<b>+ Financial asset</b>		
Cash and cash equivalents	1,666,332,918,250	1,803,323,952,900
Trade and other receivables	1,627,546,466,000	1,420,689,365,865
Held-to-maturity investments	1,351,568,195,250	2,148,216,872,595
<b>Total</b>	<b>4,645,447,579,500</b>	<b>5,372,230,191,360</b>
<b>+ Financial liability</b>		
Loans and borrowings	4,099,804,891,000	4,672,215,116,175
Trade and other payables	868,412,044,500	720,412,305,945
Accrued expenses	435,607,012,750	333,278,716,410
<b>Total</b>	<b>5,403,823,948,250</b>	<b>5,725,906,138,530</b>

The Group has not yet 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 dated 06 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

Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk. The Group has hedging these risks exposures by controlling and managing the cash flows (including foreign currencies cash flows) and closely tracking with market information to have proper hedging instruments.

### + Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial losses to the Group. The Group has a credit policy in place and the exposure to credit risk is monitored on an on - going basis. The Group assess that there is no significant credit risk exposure to any counterparty because receivables are from huge and trustful customers operating in the oil and gas industry.

### + Liquidity risk

Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any year is kept to manageable levels relative to amount of funds that the Group believes can generate within that year. The Group policy is to regularly monitor current and expected liquidity requirements to ensure that the Group 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 tables detail the Group's remaining contractual maturity for its financial assets and financial liabilities.

	<i>As at 1/1/2018</i>		
Financial asset	Less than 1 year	From 1- 5 years	Over 5 years
			Total
Cash and cash equivalents	1,803,323,952,900	-	1,803,323,952,900
Trade and other receivables	1,401,679,437,090	19,009,928,775	1,420,689,365,865
Held-to-maturity investments	2,148,216,872,595	-	2,148,216,872,595
<b>Total</b>	<b>5,353,220,262,585</b>	<b>19,009,928,775</b>	<b>5,372,230,191,360</b>
Financial liability	Less than 1 year	From 1- 5 years	Over 5 years
			Total
Loans and borrowings	1,342,640,443,845	3,185,185,612,620	4,672,215,116,175
Trade and other payables	720,412,305,945	-	720,412,305,945
Accrued expenses	333,278,716,410	-	333,278,716,410
<b>Total</b>	<b>2,396,331,466,200</b>	<b>3,185,185,612,620</b>	<b>5,725,906,138,530</b>
Liquidity gap			
	<b>2,956,888,796,385</b>	<b>(3,166,175,683,845)</b>	<b>(144,389,059,710)</b>
			<b>(353,675,947,170)</b>

	<i>As at 31/3/2018</i>		
	Less than 1 year	From 1- 5 years	Over 5 years
	Total		
<b>Financial asset</b>			
Cash and cash equivalents	1,666,332,918,250	-	1,666,332,918,250
Trade and other receivables	1,608,441,698,500	19,104,767,500	1,627,546,466,000
Held-to-maturity investments	1,351,568,195,250	-	1,351,568,195,250
<b>Total</b>	<b>4,626,342,812,000</b>	<b>19,104,767,500</b>	<b>4,645,447,579,500</b>
<b>Financial liability</b>	Less than 1 year	From 1- 5 years	Over 5 years
Loans and borrowings	930,376,697,250	3,024,497,635,250	144,930,558,500
Trade and other payables	868,412,044,500	-	-
Accrued expenses	435,607,012,750	-	-
<b>Total</b>	<b>2,234,395,754,500</b>	<b>3,024,497,635,250</b>	<b>144,930,558,500</b>
<b>Liquidity gap</b>	<b>2,391,947,057,500</b>	<b>(3,005,392,867,750)</b>	<b>(144,930,558,500)</b>
			<b>(758,376,368,750)</b>

**+ Market risk**

++ Foreign currency risk management: The Group undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. However, the Group manages to balance the cash inflow and outflow of foreign currencies by negotiating business contracts based on the demand for foreign currencies payables to its receivables sources in order to minimize the foreign currency risk.

++ Interest rate risk management: The Group is exposed to interest rate risks arising mainly from interest bearing loans. The

Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate ratio between fixed and floating rate borrowings.

2. Contingent liabilities, commitment and other information: None

3. Events after the reporting date: None

4. Related parties information

	31/3/2018	1/1/2018
<b>Receivables</b>		
Petrovietnam Company's subsidiaries	146,257,194,108	52,804,461,103
Petrovietnam's Joint Ventures/Joint Operating Companies/Petroleum Sharing Contracts	1,198,275,009,578	978,782,927,935
The Company's joint ventures	48,223,220,500	62,921,176,109
<b>Payables</b>		
Petrovietnam Company's subsidiaries	13,145,079,332	33,611,402,757
Petrovietnam's Joint Ventures/Joint Operating Companies/Petroleum Sharing Contracts	48,967,220,184	39,559,457,776
Payables to Petrovietnam	188,706,048,353	193,320,285,586
Petrovietnam capital contributed in BCC	278,173,894,859	278,173,894,859
The Company's joint ventures	11,609,686,488	49,048,706,604

**VII. Other informations (continued)**

5. Segment reporting:

A business segment includes reporting entities that have similar business operation and risks characteristics. A geographical segment includes reporting entities that have same operation location and are subject to local regulations.

- Business segments

Segment	<u>QUARTER 01 - 2018</u>				<u>QUARTER 01 - 2017</u>			
	Asset	Liability	Revenue	Gross profit	Asset	Liability	Revenue	Gross profit
<i>+Trading</i>	1,062,883,010,223	789,254,961,800	382,774,825,930	10,347,974,722	620,690,736,663	374,572,199,412	51,103,572,208	3.263,906,464
<i>+ Drilling services</i>	18,639,537,357,423	6,236,375,496,197	362,369,650,676	(94,532,028,410)	20,335,364,890,713	7,903,395,802,246	206,025,973,296	(38,160,218,096)
<i>+Other services</i>	1,318,886,393,355	759,393,629,752	360,584,646,714	39,622,625,333	1,371,044,211,714	803,129,115,302	245,862,468,384	27.118,795,392
<b>Total</b>	<b>21,021,306,761,000</b>	<b>7,785,024,087,750</b>	<b>1,105,729,123,320</b>	<b>(44,561,428,355)</b>	<b>22,327,099,839,090</b>	<b>9,081,097,116,960</b>	<b>502,992,013,888</b>	<b>(7,777,516,240)</b>

- Geographical segments:

The Group operates in different geographical areas and divided the following geographical segments:

Geographical Segment	QUARTER 01 - 2018				QUARTER 01 - 2017			
	Asset	Liability	Revenue	Gross profit	Asset	Liability	Revenue	Gross profit
<i>Vietnam</i>	17,663,354,549,750	7,634,349,814,000	928,199,994,631	4,857,404,408	21,310,266,934,380	8,944,798,691,640	369,055,405,472	(37,858,499,120)
<i>Overseas</i>	3,357,952,211,250	150,674,273,750	177,529,128,689	(49,418,832,763)	1,016,832,904,710	136,298,425,320	133,936,608,416	30,080,982,880
+ <i>Malaysia</i>	3,223,998,345,750	98,309,643,250	36,491,752,263	(65,931,765,089)	-	-	-	-
+ <i>Thailand</i>	-	-	85,874,652,509	(6,567,161,185)	-	-	-	-
+ <i>Algeria</i>	131,730,144,000	50,537,555,250	55,162,723,917	23,080,093,511	215,499,930,585	67,344,695,820	33,457,297,120	18,092,278,672
+ <i>Myanmar</i>	2,223,721,500	1,827,075,250	-	-	801,332,974,125	68,953,729,500	100,479,311,296	11,988,704,208
<b>Total</b>	<b>21,021,306,761,000</b>	<b>7,785,024,087,750</b>	<b>1,105,729,123,320</b>	<b>(44,561,428,355)</b>	<b>22,327,099,839,090</b>	<b>9,081,097,116,960</b>	<b>502,992,013,888</b>	<b>(7,777,516,240)</b>

**VII. Other informations (continued)**

6. Comparative information: This period and comparative period financial performance figures had been converted to VND us average exchange rate of the period.  
This period and comparative period cash-flow statement figures had been converted to VND using average exchange rate of th period. For certain cases, for example for significant economic transactions, the exchange rate at the transaction date is used.

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

The consolidated financial statements for the period ended as at 31 March 2018 is approved by the Company's Board of Directors for issuance on 24 April 2018.



**Preparer**

  
Tran Kim Hoang

**Chief Accountant**

  
Doan Dac Tung

**President & CEO**

  
  
Phạm Tiến Dũng

Hồ Chí Minh City, 24 April 2018