



PETROVIETNAM DRILLING & WELL SERVICES CORPORATION

4th Floor, Sailing Tower, 111A Pasteur St., Dist. 1
Ho Chi Minh City, S.R. Viet Nam
Tel (84.28) 3914 2012 (7 lines) Fax (84.28) 3914 2021 - 3914 2022
Website: www.pvdrilling.com.vn

Ref: 03/2020/TTr-DHĐCĐ

Ho Chi Minh City, 18th June, 2020

SUBMISSION

Re: Report on the Audited Financial Statements in 2019

Addressed to: The Annual General Meeting of Shareholders
PetroVietnam Drilling & Well Services Corporation

Pursuant to Point a, Item 2, Article 14 of Charter of PetroVietnam Drilling and Well Services Corporation (PV Drilling) stipulating the rights and responsibilities of the Annual General Meeting of Shareholders regarding the approval of annual financial statements and balance sheets,

The PV Drilling's Board of Directors submits to the Annual General Meeting of Shareholders the Audited Financial Statements in 2019 as Appendix attached herewith.

We submit to the Annual General Meeting of Shareholders for consideration and approval.

Yours sincerely,

Recipients:

- As above;
- File: Secretary Team.

**ON BEHALF OF PV DRILLING'S
BOARD OF DIRECTORS
Chairman**

(signed and sealed)

Pham Tien Dung

**PETROVIETNAM DRILLING AND WELL SERVICES
CORPORATION**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED FINANCIAL
STATEMENTS**

For the year ended 31 December 2019

PETROVIETNAM DRILLING AND WELL SERVICES CORPORATION

4th Floor, Sailing Tower, 111A Pasteur, District 1

Ho Chi Minh City, Vietnam

TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE(S)</u>
STATEMENT OF THE BOARD OF DIRECTORS	1
INDEPENDENT AUDITORS' REPORT	2
CONSOLIDATED BALANCE SHEET	3 - 4
CONSOLIDATED INCOME STATEMENT	5
CONSOLIDATED CASH FLOW STATEMENT	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	7 - 41



PETROVIETNAM DRILLING AND WELL SERVICES CORPORATION

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

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of PetroVietnam Drilling and Well Services Corporation (the "Company") presents this report together with the consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019.

THE BOARDS OF MANAGEMENT AND DIRECTORS

The members of the Boards of Management and Directors of the Group who held office during the year and to the date of this report are as follows:

Board of Management

Mr. Pham Tien Dung	Chairman (appointed on 12 April 2019)
Mr. Do Duc Chien	Vice Chairman
Mr. Nguyen Xuan Cuong	Member (appointed on 26 April 2019)
Mr. Nguyen Van Toan	Member (appointed on 26 April 2019)
Ms. Nguyen Thi Thuy	Member
Mr. Van Duc Tong	Member
Mr. Le Van Be	Member (resigned on 31 October 2019)
Mr. Dao Van Minh	Member (resigned on 26 April 2019)

Board of Directors

Mr. Nguyen Xuan Cuong	President (appointed on 12 April 2019)
Mr. Pham Tien Dung	President (resigned on 12 April 2019)
Mr. Tran Van Hoat	Vice President
Mr. Dao Ngoc Anh	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

THE BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Group is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these consolidated financial statements, the Board of Directors is required to:

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

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

The Board of Directors confirms that the Group has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of Directors,



Nguyen Xuan Cuong
President
30 March 2020

No.: 0680 /VN1A-HC-BC

INDEPENDENT AUDITORS' REPORT

To: **The Shareholders, the Boards of Management and Directors of
PetroVietnam Drilling and Well Services Corporation**

We have audited the accompanying consolidated financial statements of PetroVietnam Drilling and Well Services Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") prepared on 30 March 2020 as set out from page 3 to page 41 which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated statement of income and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


Auditors' Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.





Nguyen Quang Trung
Audit Partner
Audit Practising Registration Certificate
No. 0733-2018-001-1
**BRANCH OF DELOITTE VIETNAM
COMPANY LIMITED**
30 March 2020
Ho Chi Minh City, S.R. Vietnam



Nguyen Thi Thu Sang
Auditor
Audit Practising Registration Certificate
No. 1144-2018-001-1

CONSOLIDATED BALANCE SHEET
As at 31 December 2019

Unit: USD

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		246,748,834	245,155,500
I. Cash and cash equivalents	110	4	81,748,666	97,870,047
1. Cash	111		75,735,854	90,140,003
2. Cash equivalents	112		6,012,812	7,730,044
II. Short-term financial investments	120		44,686,398	43,714,408
1. Held-to-maturity investments	123	5	44,686,398	43,714,408
III. Short-term receivables	130		82,470,237	69,672,868
1. Short-term trade receivables	131	6	69,208,057	69,847,822
2. Short-term advances to suppliers	132	7	2,428,380	1,303,178
3. Other short-term receivables	136	8	19,535,488	7,401,528
4. Provision for short-term doubtful debts	137	6	(8,701,688)	(8,879,660)
IV. Inventories	140	9	36,135,290	32,831,724
1. Inventories	141		41,175,409	39,545,788
2. Provision for devaluation of inventories	149		(5,040,119)	(6,714,064)
V. Other short-term assets	150		1,708,243	1,066,454
1. Short-term prepayments	151		774,822	386,998
2. Value added tax deductibles	152		778,815	527,702
3. Taxes and other receivables from the State budget	153	17	154,606	151,754
B. NON-CURRENT ASSETS	200		656,872,593	662,332,637
I. Long-term receivables	210		665,888	652,861
1. Other long-term receivables	216		665,888	652,861
II. Fixed assets	220		602,755,179	624,864,525
1. Tangible fixed assets	221	10	595,458,473	617,464,312
- Cost	222		1,011,161,569	1,007,738,789
- Accumulated depreciation	223		(415,703,096)	(390,274,477)
2. Intangible assets	227	11	7,296,706	7,400,213
- Cost	228		12,333,759	12,135,513
- Accumulated amortisation	229		(5,037,053)	(4,735,300)
III. Long-term assets in progress	240		1,212,951	2,767,320
1. Long-term construction in progress	242	12	1,212,951	2,767,320
IV. Long-term financial investments	250		45,440,270	29,276,813
1. Investments in joint-ventures	252	13	28,076,691	25,307,230
2. Held-to-maturity investments	255	5	17,363,579	3,969,583
V. Other long-term assets	260		6,798,305	4,771,118
1. Long-term prepayments	261		1,375,695	185,317
2. Deferred tax assets	262	14	5,422,610	4,585,801
TOTAL ASSETS (270=100+200)	270		903,621,427	907,488,138

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

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2019

Unit: USD

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		299,449,201	309,079,161
I. Current liabilities	310		123,800,290	120,962,712
1. Short-term trade payables	311	15	36,179,714	41,632,945
2. Short-term advances from customers	312	16	764,642	1,271,515
3. Taxes and amounts payable to the State budget	313	17	2,247,971	4,144,096
4. Payables to employees	314		5,510,341	5,813,703
5. Short-term accrued expenses	315	18	18,027,278	12,075,853
6. Other current payables	319	19	14,471,717	15,044,319
7. Short-term loans	320	20	22,529,052	15,658,373
8. Short-term provisions	321	21	19,924,943	19,840,997
9. Bonus and welfare funds	322		4,144,632	5,480,911
II. Long-term liabilities	330		175,648,911	188,116,449
1. Other long-term payables	337	26	20,678,721	20,665,372
2. Long-term loans	338	22	139,711,646	150,234,904
3. Long-term provisions	342	23	7,289,391	6,687,583
4. Scientific and technological development fund	343	24	7,969,153	10,528,590
D. EQUITY	400		604,172,226	598,408,977
I. Owner's equity	410	25	604,172,226	598,408,977
1. Owner's contributed capital	411		213,404,459	196,947,181
- Ordinary shares carrying voting rights	411a		213,404,459	196,947,181
2. Share premium	412		126,770,844	126,770,844
3. Treasury shares	415		(966,501)	(966,501)
4. Foreign exchange reserve	417		(17,051,966)	(17,754,022)
5. Investment and development fund	418		79,521,133	78,862,494
6. Retained earnings	421		190,803,312	202,421,849
- Retained earnings accumulated to the prior year end	421a		185,964,571	196,725,695
- Retained earnings of the current year	421b		4,838,741	5,696,154
7. Non-controlling interests	429	26	11,690,945	12,127,132
TOTAL RESOURCES (440=300+400)	440		903,621,427	907,488,138



Nguyen Xuan Cuong
President
30 March 2020

Doan Duc Tung
Chief Accountant

Tran Kim Hoang
Preparer

CONSOLIDATED INCOME STATEMENT
 For the year ended 31 December 2019

Unit: USD

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01		188,473,977	239,219,917
2. Net revenue from goods sold and services rendered (10=01)	10	29	188,473,977	239,219,917
3. Cost of sales and services rendered	11	30	169,050,021	221,952,835
4. Gross profit from goods sold and services rendered (20=10-11)	20		19,423,956	17,267,082
5. Financial income	21	32	7,124,825	8,284,644
6. Financial expenses	22	33	10,414,057	11,208,005
- In which: Interest expense	23		6,829,382	7,401,798
7. Income from investments in joint ventures	24	13	4,773,509	2,631,985
8. Selling expenses	25		730,603	544,883
9. General and administration expenses	26	34	17,114,020	12,392,530
10. Operating profit (30=20+(21-22)+24-(25+26))	30		3,063,610	4,038,293
11. Other income	31	35	5,617,523	6,697,894
12. Other expenses	32		528,176	615,846
13. Profit from other activities (40=31-32)	40		5,089,347	6,082,048
14. Accounting profit before tax (50=30+40)	50		8,152,957	10,120,341
15. Current corporate income tax expense	51	36	1,560,641	3,372,676
16. Deferred corporate tax income	52	14	(836,612)	(763,269)
17. Net profit after corporate income tax (60=50-51-52)	60		7,428,928	7,510,934
Attributable to:				
- The Company's shareholders	61		7,959,166	8,602,394
- Non-controlling interests and Interests of partners in Business Cooperation Contract	62	26	(530,238)	(1,091,460)
18. Basic earnings per share	70	37	0.013	0.016



Nguyễn Xuân Cường
 President
 30 March 2020

Doan Duc Tung
 Chief Accountant

Tran Kim Hoang
 Preparer

CONSOLIDATED CASH FLOW STATEMENT
 For the year ended 31 December 2019

Unit: USD

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	8,152,957	10,120,341
2. Adjustments for:			
Depreciation and amortisation	02	25,485,025	26,463,667
Provisions	03	717,433	(4,945,521)
Foreign exchange (gain)/loss arising from translating foreign currency items	04	(871,989)	86,916
Gain from investing activities	05	(9,609,339)	(7,106,231)
Interest expense	06	6,829,382	7,401,798
Other adjustments	07	(1,996,480)	(6,147,145)
3. Operating profit before movements in working capital	08	28,706,989	25,873,825
Changes in receivables	09	(12,934,476)	3,311,928
Changes in inventories	10	(1,629,621)	(198,636)
Changes in payables	11	(2,398,091)	(6,489,087)
Changes in prepaid expenses	12	(1,578,202)	485,160
Interest paid	14	(6,070,403)	(7,704,422)
Corporate income tax paid	15	(3,011,193)	(6,214,516)
Other cash outflows	17	(3,810,517)	(1,912,270)
Net cash (used in)/generated by operating activities	20	(2,725,514)	7,151,982
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(2,295,063)	(3,416,688)
2. Proceeds from sale, disposal of fixed assets	22	51,539	28,135
3. Cash outflow for buying debt instruments	23	(63,829,738)	(68,463,048)
4. Cash recovered from selling debt instruments of other entities	24	49,619,605	115,768,102
5. Interest earned and profits received	27	6,887,542	7,598,246
Net cash (used in)/generated by investing activities	30	(9,566,115)	51,514,747
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	-	1,783,689
2. Repayment of borrowings	34	(3,653,663)	(42,167,807)
3. Dividends and profits paid	36	(120,635)	(120,604)
Net cash used in financing activities	40	(3,774,298)	(40,504,722)
Net (decrease)/increase in cash (50=20+30+40)	50	(16,065,927)	18,162,007
Cash and cash equivalents at the beginning of the year	60	97,870,047	79,564,260
Effects of changes in foreign exchange rates	61	(55,454)	143,780
Cash and cash equivalents at the end of the year (70=50+60+61)	70	81,748,666	97,870,047



Nguyen Xuan Cuong
 President
 30 March 2020

Doan Duc Tung
 Chief Accountant

Tran Kim Hoang
 Preparer

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