

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

**CONSOLIDATED FINANCIAL STATEMENTS**  
**QUARTER 03 -2017**

## **Petrovietnam Drilling And Well Services Corporation**

### **General information about the Company**

**Business Registration Certificate** No. 4103004335 dated 15 February 2006 and its twelfth admendment 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
	Mr. Duong Xuan Quang	Member (resigned on 24 August 2017)
	Mr. Le Van Be	Member
	Ms. Ho Ngoc Yen Phuong	Member
	Ms. Pham Thi An Binh	Member
	Ms. Nguyen Thi Thuy	Member (appointed on 24 August 2017)

<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 (appointed on 13 April 2017)

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

## CONSOLIDATED BALANCE SHEET

As at 30 September 2017

Unit: USD

ITEM	Code	Note	As at 30/9/2017	As at 1/1/2017
<b>ASSETS</b>				
<b>A - CURRENT ASSETS</b>	<b>100</b>		<b>285,455,038</b>	<b>300,324,177</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>		<b>71,308,092</b>	<b>122,580,105</b>
1. Cash	111	V.01	58,905,795	110,519,702
2. Cash equivalents	112		12,402,297	12,060,403
<b>II. Short-term financial investments</b>	<b>120</b>	<b>V.02</b>	<b>91,403,228</b>	<b>73,926,316</b>
1. Held for trading securities	121		-	-
2. Provision for held for trading securities (*)	122		-	-
3. Short-term held to maturity investments	123		91,403,228	73,926,316
<b>III. Short-term receivables</b>	<b>130</b>		<b>81,880,455</b>	<b>67,273,827</b>
1. Short-term receivables from customers	131	V.03	89,693,149	71,684,575
2. Short-term advances to suppliers	132		2,608,343	426,607
3. Short-term inter-company receivables	133		-	-
4. Receivable from construction contracts under perce	134		-	-
5. Short-term loans receivables	135		-	-
6. Other short-term receivables	136	V.04	4,345,878	3,084,138
7. Provison for doubtful short-term receivables (*)	137	V.05	(14,766,915)	(7,926,185)
8. Asset shortage awaiting resolution	139		-	4,692
<b>IV. Inventories</b>	<b>140</b>	<b>V.06</b>	<b>39,820,597</b>	<b>35,021,453</b>
1. Inventories	141		45,981,945	41,607,509
2. Provision for inventories (*)	149		(6,161,348)	(6,586,056)
<b>V. Other short-term assets</b>	<b>150</b>		<b>1,042,666</b>	<b>1,522,476</b>
1. Short-term prepayments	151	V.10	436,248	694,867
2. Deductible value added tax	152		452,225	655,553
3. Taxes and other receivables from the State budget	153		154,193	172,056
5. Other short-term assets	155		-	-
<b>B - NON-CURRENT ASSETS</b>	<b>200</b>		<b>691,872,158</b>	<b>719,178,337</b>
<b>I- Long-term receivables</b>	<b>210</b>		<b>893,834</b>	<b>735,160</b>
1. Long-term receivables from customers	211	V.03	-	-
2. Long-term advances to suppliers	212		-	-
3. Capital provided to subordinate units	213		-	-
4. Long-term inter-company receivables	214		-	-
6. Other long-term receivables	216	V.04	893,834	735,160
7. Provison for doubtful long-term receivables (*)	219		-	-

ITEM	Code	Note	As at 30/9/2017	As at 1/1/2017
<b>II. Fixed assets</b>	<b>220</b>		<b>663,105,731</b>	<b>686,147,319</b>
1. Tangible fixed assets	221	V.08	655,355,290	678,014,668
- Cost	222		1,011,934,736	1,010,077,035
- Accumulated depreciation (*)	223		(356,579,446)	(332,062,367)
2. Finance lease fixed assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation (*)	226		-	-
3. Intangible fixed assets	227	V.09	7,750,441	8,132,651
- Cost	228		11,965,352	11,942,534
- Accumulated depreciation (*)	229		(4,214,911)	(3,809,883)
<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>1,210,132</b>	<b>2,553,537</b>
1. Long-term work in progress	241		-	-
2. Construction in progress	242		1,210,132	2,553,537
<b>V. Long-term financial investments</b>	<b>250</b>	<b>V.02</b>	<b>25,213,197</b>	<b>27,449,120</b>
1. Investments in subsidiaries	251		-	-
2. Investments in joint ventures and associates	252		25,213,197	27,449,120
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>1,449,264</b>	<b>2,293,201</b>
1. Long-term prepayments	261	V.10	447,646	1,165,726
2. Deferred tax assets	262	V.17	1,001,618	1,127,475
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>977,327,196</b>	<b>1,019,502,514</b>
<b>C - LIABILITIES</b>	<b>300</b>		<b>395,478,562</b>	<b>425,872,505</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>168,157,942</b>	<b>142,991,729</b>
1. Short-term payables to suppliers	311	V.12	34,928,972	32,453,636
2. Short-term advance from customers	312		6,027,662	77,530
3. Taxes and amounts payable to the State budget	313	V.13	4,291,155	2,235,830
4. Payables to employees	314		4,567,523	6,776,858
5. Short-term accrued expenses	315	V.14	19,392,302	16,454,581
6. Short-term inter-company payables	316		-	-
8. Short-term unearned revenue	318		-	-
9. Other short-term payables	319	V.15	15,229,785	16,205,812
10. Short-term loans and finance leases	320	V.11	52,583,100	33,563,128
11. Provision for current liabilities	321	V.16	25,161,562	28,243,095
12. Bonus and welfare funds	322		5,975,881	6,981,259

ITEM	Code	Note	As at 30/9/2017	As at 1/1/2017
<b>II. Non-current liabilities</b>	<b>330</b>		<b>227,320,620</b>	<b>282,880,776</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	21,096,657	21,068,886
8. Long-term loans and finance leases	338	V.11	157,285,703	206,142,078
9. Convertible bonds	339		-	-
10. Preference shares	340		-	-
11. Deferred tax liabilities	341	V.17	-	-
12. Provision for non-current liabilities	342	V.16	7,373,896	7,349,194
13. Scientific and technological fund	343		41,564,364	48,320,618
<b>D - OWNER'S EQUITY (400 = 410 + 430)</b>	<b>400</b>		<b>581,848,634</b>	<b>593,630,009</b>
<b>I. Shareholders' equity</b>	<b>410</b>	<b>V.18</b>	<b>581,848,634</b>	<b>593,630,009</b>
1. Contributions from owners	411		196,947,181	196,947,181
- Ordinary shares with voting right	411a		196,947,181	196,947,181
- Preference shares	411b		-	-
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	(15,451,811)	(15,256,548)
8. Investment and development fund	418		77,992,496	77,397,668
9. Enterprise reorganization assistance fund	419		-	-
10. Other equity fund	420		-	-
11. Retained earnings	421		184,706,176	196,070,451
- Accumulated by the end of the previous period	421a		196,070,451	193,755,516
- Retained earnings of current period	421b		(11,364,275)	2,314,935
12. Capital expenditure fund	422		-	-
13. Non-controlling interest	429		11,850,249	12,666,914
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>977,327,196</b>	<b>1,019,502,514</b>

Ho Chi Minh City, 27 October 2017

**Preparer**

**Chief Accountant**

**President & CEO**

Tran Kim Hoang

Doan Dac Tung

Pham Tien Dung

## CONSOLIDATED INCOME STATEMENT

QUARTER 03 - 2017

Unit: USD

ITEM	Code	Note	QUARTER 03		YEAR TO DATE	
			2017	2016	2017	2016
1. Gross revenue	01	VI.1	55,778,661	53,367,434	119,657,563	203,708,575
2. Deductions	02		-	-	-	-
3. Net revenue	10		55,778,661	53,367,434	119,657,563	203,708,575
4. Cost of sales	11	VI.2	51,649,641	43,596,076	112,719,554	169,979,951
<b>5. Gross profit</b>	<b>20</b>		<b>4,129,020</b>	<b>9,771,358</b>	<b>6,938,009</b>	<b>33,728,624</b>
6. Financial income	21	VI.3	2,247,834	1,684,446	5,867,313	7,507,133
7. Financial expenses	22	VI.4	3,349,798	2,681,966	8,774,608	9,549,530
- In which: Interest expense	23		2,189,137	2,064,882	6,432,802	6,398,355
8. Income from interests in joint ventures	24		(58,616)	2,953,588	787,302	2,337,065
9. Selling expenses	25	VI.7	147,570	226,481	378,405	685,647
10. General and administration expenses	26	VI.7	5,896,190	9,657,111	19,314,958	24,597,132
<b>11. Operating profit</b>	<b>30</b>		<b>(3,075,320)</b>	<b>1,843,834</b>	<b>(14,875,347)</b>	<b>8,740,513</b>
12. Other income	31	VI.5	6,535,115	(60,970)	6,653,500	608,874
13. Other expenses	32	VI.6	164,970	4,962	183,686	78,902
14. (Loss)/Profit from other activities	40		6,370,145	(65,932)	6,469,814	529,972
<b>15. Accounting profit before tax</b>	<b>50</b>		<b>3,294,825</b>	<b>1,777,902</b>	<b>(8,405,533)</b>	<b>9,270,485</b>
16. Current corporate income tax expense	51	VI.8	2,594,009	316,415	3,108,175	2,392,035
17. Deferred corporate tax expense/(income)	52	VI.9	(3,075)	(1,553)	126,007	201,694
<b>18. Net profit after corporate income tax</b>	<b>60</b>		<b>703,891</b>	<b>1,463,040</b>	<b>(11,639,715)</b>	<b>6,676,756</b>
Attributable to:						
<b>19. The Group's shareholders</b>	<b>61</b>		<b>1,114,630</b>	<b>444,224</b>	<b>(10,030,952)</b>	<b>3,851,149</b>
20. Non-controlling interest	62		(410,739)	1,018,816	(1,608,763)	2,825,607
21. Basic earnings per share	70	VII.6	0.002	0.000	(0.028)	0.006
22. Diluted earnings per share	71		0.002	0.000	(0.028)	0.006

Ho Chi Minh City, 27 October 2017

**Preparer**

**Chief Accountant**

**President & CEO**

Tran Kim Hoang

Doan Duc Tung

Pham Tien Dung

# CONSOLIDATED CASH FLOW STATEMENT

*(Indirect method)*

QUARTER 03 - 2017

Unit: USD

ITEM	Code	Note	YEAR TO DATE	
			2017	2016
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<i>1. Profit before tax</i>	<b>01</b>		<b>(8,405,533)</b>	<b>9,270,485</b>
<i>2. Adjustments for:</i>			<b>22,065,351</b>	<b>40,691,282</b>
- Depreciation and amortization	02		24,988,558	26,336,209
- Provisions	03		3,359,191	13,881,967
- Unrealized foreign exchange	04		(1,244,019)	(1,283,458)
- Gains from investing activities	05		(5,089,284)	(6,307,043)
- Interest expense	06		6,432,802	6,398,355
- Other adjustments	07		(6,381,897)	1,665,252
<i>3. Operating profit before movements in working capital</i>	<b>08</b>		<b>13,659,818</b>	<b>49,961,767</b>
- Changes in account receivables	09		(20,088,133)	21,772,008
- Changes in inventories	10		(4,374,436)	7,125,585
- Changes in account payables (excluding interest payables, corporate income tax payables)	11		10,021,532	(29,255,170)
- Changes in prepaid expenses	12		976,699	180,676
- Changes in held for trading securities	13		-	-
- Interest paid	14		(6,923,496)	(7,051,766)
- Corporate income tax paid	15		(1,424,855)	(3,290,869)
- Other cash outflows	16		-	-
- Other cash inflows	17		(1,805,091)	(3,415,397)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>20</b>		<b>(9,957,962)</b>	<b>36,026,834</b>
<b>II. CASH FLOWS USED IN INVESTING ACTIVITIES</b>				
1. Acquisition of fixed assets and other non-current assets	21		(1,188,647)	(9,896,154)
2. Proceeds from disposal of fixed assets and other non-current assets	22		13,271	376
3. Cash outflow for buying debt instruments of other companies	23		(78,217,542)	(71,718,255)
4. Cash recovered from lending, selling debt instruments of other companies	24		61,459,646	39,397,225
5. Investments in other entities	25		-	-
6. Cash recovered from investments in other entities	26		-	-
7. Interest, dividends and profits received	27		6,173,292	6,347,146
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>30</b>		<b>(11,759,980)</b>	<b>(35,869,662)</b>

ITEM	Code	Note	YEAR TO DATE	
			2017	2016
<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		3,072,992	1,585,680
4. Repayments of borrowings	34		(32,698,976)	(42,811,322)
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>(29,625,984)</b>	<b>(41,225,642)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>50</b>		<b>(51,343,926)</b>	<b>(41,068,470)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>		<b>122,580,105</b>	<b>155,744,738</b>
Effect of changes in foreign exchange rates	61		71,913	(343,447)
<b>Cash and cash equivalents at the end of the year</b>	<b>70</b>		<b>71,308,092</b>	<b>114,332,821</b>

Ho Chi Minh City, 27 October 2017

**Preparer**

**Chief Accountant**

**President & CEO**

Tran Kim Hoang

Doan Dac Tung

Pham Tien Dung



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the period ended 30 September 2017.*

### 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:***

+ BJ 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) casting 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 30 September 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
PVD Drilling - Branch office in Algeria	Cité Si El, Houas, No. 02, Villa No. 101, Hassi Messaoud, Ouargla, 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

### - 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, 12th 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**

<b>Company's name</b>	<b>Address</b>	<b>The Group's interest</b>	<b>The Group's voting right</b>
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

### 1. Cash and cash equivalents

	<u>30/9/2017</u>	<u>1/1/2017</u>
- Cash on hand	224,762	252,576
- Cash in bank	58,681,033	110,267,126
<b>Total</b>	<b><u>58,905,795</u></b>	<b><u>110,519,702</u></b>

### 2. Financial investments

a) Short-term held to maturity investments	<u>30/9/2017</u>		<u>1/1/2017</u>	
	<i>Cost</i>	<i>Carrying value</i>	<i>Cost</i>	<i>Carrying value</i>
Term-deposit	91,403,228	91,403,228	73,926,316	73,926,316

  

b) Long-term investments	<u>30/9/2017</u>			<u>1/1/2017</u>		
	<i>Cost</i>	<i>Provision</i>	<i>Fair value</i>	<i>Cost</i>	<i>Provision</i>	<i>Fair value</i>
<b>- Investments in subsidiaries</b>	<b>120,580,369</b>	<b>-</b>	<b>120,580,369</b>	<b>120,580,369</b>	<b>-</b>	<b>120,580,369</b>
PVD Offshore	6,748,980		6,748,980	6,748,980		6,748,980
PVD Well	4,081,469		4,081,469	4,081,469		4,081,469
PVD Logging	4,236,959		4,236,959	4,236,959		4,236,959
PVD Tech	10,324,805		10,324,805	10,324,805		10,324,805
PVD Training	1,096,066		1,096,066	1,096,066		1,096,066
PVD Deepwater	39,692,090		39,692,090	39,692,090		39,692,090
PVD Overseas	54,400,000		54,400,000	54,400,000		54,400,000
<b>- Investments in joint ventures</b>	<b>25,213,197</b>	<b>-</b>	<b>25,213,197</b>	<b>27,449,120</b>	<b>-</b>	<b>27,449,120</b>
BJ-PVD	2,487,642		2,487,642	2,457,487		2,457,487
PVD-Baker Hughes	11,877,711		11,877,711	13,291,518		13,291,518
PVD Tubulars	2,158,861		2,158,861	2,856,955		2,856,955
PVD-Expro	2,726,641		2,726,641	2,831,434		2,831,434
Vietubes	3,909,307		3,909,307	3,893,860		3,893,860
PVD-OSI	2,053,035		2,053,035	2,117,866		2,117,866

### 3. Receivables from customers

	<u>30/9/2017</u>	<u>1/1/2017</u>
<b>+ Short-term receivables from customers</b>		
<i>Petrovietnam Domestic Exploration Production Operating Company Limited</i>	20,066,629	20,508,133
<i>Vietsopetro</i>	8,776,109	1,443,664
<i>Petrovietnam Exploration Production Corporation</i>	8,141,041	8,210,352
<i>Receivables from other customers</i>	52,709,370	41,522,426
<b>Total</b>	<b><u>89,693,149</u></b>	<b><u>71,684,575</u></b>

### + Short-term receivables from related parties

<b>Joint-ventures</b>	<b>2,286,654</b>	<b>1,909,036</b>
BJ-PVD	271,286	66,524
PVD-Baker Hughes	894,372	183,960
PVD Tubulars	1,056,736	1,476,940
PVD-Expro	64,260	181,612

<b>4. Other receivables</b>	<b>30/9/2017</b>		<b>1/1/2017</b>	
	<i>Carrying value</i>	<i>Provision</i>	<i>Carrying value</i>	<i>Provision</i>
<b>a) Short-term</b>	<b>4,345,878</b>	-	<b>3,084,138</b>	-
- Interest income receivables	2,714,943		1,570,959	
- Receivables from employees	381,191		60,243	
- Deposits	420,441		433,680	
- Other receivables	829,303		1,019,256	
<b>b) Long-term</b>	<b>893,834</b>	-	<b>735,160</b>	-
- Deposits	893,834		735,160	
<b>Total</b>	<b>5,239,712</b>	-	<b>3,819,298</b>	-

<b>5. Doubtful debts</b>	<b>30/9/2017</b>		<b>1/1/2017</b>	
	<i>Cost</i>	<i>Recoverable</i>	<i>Cost</i>	<i>Recoverable</i>
- Overdue or doubtful receivables and loans	(14,766,915)	(14,766,915)	(7,926,185)	(7,926,185)
<b>Total</b>	<b>(14,766,915)</b>	<b>(14,766,915)</b>	<b>(7,926,185)</b>	<b>(7,926,185)</b>

<b>6. Inventory</b>	<b>30/9/2017</b>		<b>1/1/2017</b>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
- Goods in transit	-	-	146,209	-
- Raw materials	33,416,899	(6,161,348)	35,090,765	(6,586,056)
- Tools and supplies	813,847	-	984,063	-
- Work in progress	7,498,372	-	896,314	-
- Merchandise	3,450,523	-	3,575,986	-
- Goods on consignment	802,304	-	914,172	-
<b>Total</b>	<b>45,981,945</b>	<b>(6,161,348)</b>	<b>41,607,509</b>	<b>(6,586,056)</b>

<b>7. Long-term assets in progress</b>	<b>30/9/2017</b>	<b>1/1/2017</b>
	+ Construction in progress	
- Purchase	<b>1,210,132</b>	<b>2,553,537</b>
<i>Other construction works</i>	1,210,132	2,553,537
<b>Total</b>	<b>1,210,132</b>	<b>2,553,537</b>

## 8. Tangible fixed assets

Unit: USD

	Building, structures	Machinery, equipments	Motor vehicle	Office equipments	Others	Total
<b>Cost</b>						
<b>As at 1/1/2017</b>	<b>16,442,359</b>	<b>987,230,200</b>	<b>3,400,547</b>	<b>2,947,843</b>	<b>56,086</b>	<b>1,010,077,035</b>
- Additions	-	602,415	-	122,309	-	724,724
- From construction in progress	-	1,482,372	-	-	-	1,482,372
- Other increases	-	-	-	-	-	-
- Reclassified (increases)	-	-	-	-	-	-
- To investment property	-	-	-	-	-	-
- Disposals	-	(504,570)	-	(23,328)	-	(527,898)
- Other decreases	-	-	-	-	-	-
- Reclassified (decreases)	-	-	-	-	-	-
- Foreign exchange differences	6,048	171,570	557	324	4	178,503
<b>As at 30/9/2017</b>	<b>16,448,407</b>	<b>988,981,987</b>	<b>3,401,104</b>	<b>3,047,148</b>	<b>56,090</b>	<b>1,011,934,736</b>
<b>Accumulated depreciation</b>						
<b>As at 1/1/2017</b>	<b>6,217,397</b>	<b>320,347,590</b>	<b>2,904,395</b>	<b>2,541,952</b>	<b>51,033</b>	<b>332,062,367</b>
- Charge for the year	480,675	24,152,829	159,087	139,779	1,081	24,933,451
- Other increases	-	-	-	-	-	-
- Reclassified (increases)	-	-	-	-	-	-
- To investment property	-	-	-	-	-	-
- Disposals	-	(501,590)	-	(23,328)	-	(524,918)
- Other decreases	-	-	-	-	-	-
- Reclassified (decreases)	-	-	-	-	-	-
- Foreign exchange differences	5,126	102,750	399	270	1	108,546
<b>As at 30/9/2017</b>	<b>6,703,198</b>	<b>344,101,579</b>	<b>3,063,881</b>	<b>2,658,673</b>	<b>52,115</b>	<b>356,579,446</b>
<b>Carrying value</b>						
<b>As at 1/1/2017</b>	<b>10,224,962</b>	<b>666,882,610</b>	<b>496,152</b>	<b>405,891</b>	<b>5,053</b>	<b>678,014,668</b>
<b>As at 30/9/2017</b>	<b>9,745,209</b>	<b>644,880,408</b>	<b>337,223</b>	<b>388,475</b>	<b>3,975</b>	<b>655,355,290</b>

\* Carrying value of pledged assets as collateral for loans

445,959,744

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

28,684,946



**9. Intangible fixed assets**

Unit: USD

	Land use rights	Computer software	Others	Total
<b>Cost</b>				
<b>As at 1/1/2017</b>	<b>8,554,870</b>	<b>3,385,546</b>	<b>2,118</b>	<b>11,942,534</b>
- Additions	-	21,633	-	21,633
- Internally generated	-	-	-	-
- From business combination	-	-	-	-
- Other increases	-	-	-	-
- Reclassified (increases)	-	-	-	-
- Disposals	-	-	-	-
- Other decreases	-	-	-	-
- Reclassified (decreases)	-	-	-	-
- Foreign exchange differences	1,072	113	-	1,185
<b>As at 30/9/2017</b>	<b>8,555,942</b>	<b>3,407,292</b>	<b>2,118</b>	<b>11,965,352</b>
<b>Accumulated depreciation</b>				
<b>As at 1/1/2017</b>	<b>1,065,892</b>	<b>2,743,444</b>	<b>547</b>	<b>3,809,883</b>
- Charge for the year	121,429	286,768	-	408,197
- Other increases	-	-	-	-
- Reclassified (increases)	-	-	-	-
- Disposals	-	-	-	-
- Other decreases	-	-	-	-
- Reclassified (decreases)	-	-	-	-
- Foreign exchange differences	50	(3,219)	-	(3,169)
<b>As at 30/9/2017</b>	<b>1,187,371</b>	<b>3,026,993</b>	<b>547</b>	<b>4,214,911</b>
<b>Carrying value</b>				
<b>As at 1/1/2017</b>	<b>7,488,978</b>	<b>642,102</b>	<b>1,571</b>	<b>8,132,651</b>
<b>As at 30/9/2017</b>	<b>7,368,571</b>	<b>380,299</b>	<b>1,571</b>	<b>7,750,441</b>

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

2,082,428

	30/9/2017	1/1/2017
<b>10. Prepayments</b>		
<b>a) Short-term</b>	<b>436,248</b>	<b>694,867</b>
- Dispatched tools and supplies	29,056	1,779
- Insurance premiums	328,562	614,383
- Others	78,630	78,705
<b>b) Long-term</b>	<b>447,646</b>	<b>1,165,726</b>
- Others	447,646	1,165,726
<b>Total</b>	<b>883,894</b>	<b>1,860,593</b>

	30/9/2017		During the period		1/1/2017	
	Carrying value	Payable amount	Increases	Decreases	Carrying value	Payable amount
<b>a) Short-term</b>						
Short-term loans	-	-	3,072,992	(3,072,992)	-	-
Current portions of long-term loans	52,583,100	52,583,100	48,644,489	(29,624,517)	33,563,128	33,563,128
<b>b) Long-term</b>						
Second year	49,302,498	49,302,498	-	(9,935,778)	59,238,276	59,238,276
Third to fifth year inclusive	95,242,056	95,242,056	-	(16,777,294)	112,019,350	112,019,350
After five years	12,741,149	12,741,149	-	(22,143,303)	34,884,452	34,884,452
<b>Total</b>	<b>209,868,803</b>	<b>209,868,803</b>	<b>51,717,481</b>	<b>(81,553,884)</b>	<b>239,705,206</b>	<b>239,705,206</b>

	30/9/2017	1/1/2017
<b>12. Payables to suppliers</b>		
+ Short-term		
<i>Oil States Industries (Asia) Pte.Ltd</i>	3,504,077	3,639,608
<i>Kim Seng Huat Hardware Pte Ltd.,</i>	6,291,826	694,819
<i>Others</i>	25,133,069	28,119,209
<b>Total</b>	<b>34,928,972</b>	<b>32,453,636</b>

### 13. Taxes and amounts payable to the State budget

	1/1/2017	Additions	Paid	FX difference on conversion	30/9/2017
Value added tax - Domestic	681,630	4,261,074	4,278,651	820	664,873
Value added tax - Import	-	622,606	620,906	1	1,701
Import duties	-	434,578	433,394	6	1,190
Corporate income tax	710,346	3,109,458	1,424,855	(8)	2,394,941
Personal income tax	555,329	5,021,034	4,965,955	1,799	612,207
Other taxes	110,637	2,809,676	2,458,330	67	462,050
- <i>Business license tax</i>	-	1,013	1,013	-	-
- <i>Withholding tax</i>	110,637	2,808,663	2,457,317	67	462,050
Fees and other payables	5,832	55,634	61,466	-	-
<b>Total</b>	<b>2,063,774</b>	<b>16,314,060</b>	<b>14,243,557</b>	<b>2,685</b>	<b>4,136,962</b>
<i>In which:</i>					
- <i>Tax receivables from the State budget</i>	(172,056)				(154,193)
- <i>Tax payables to the State budget</i>	2,235,830				4,291,155

<b>14. Accrued expenses</b>	<b>30/9/2017</b>	<b>1/1/2017</b>
+ Short-term		
<b>- Accrued expenses related to cost of good sold</b>	<b>16,057,242</b>	<b>13,128,929</b>
+ <i>Operation of drilling rigs</i>	6,603,545	6,332,010
+ <i>Goods supplied and services rendered</i>	9,453,697	6,796,919
<b>- Other</b>	<b>3,335,060</b>	<b>3,325,652</b>
+ <i>Interest expense</i>	645,298	1,135,992
+ <i>Other expenses</i>	2,689,762	2,189,660
<b>Total</b>	<b>19,392,302</b>	<b>16,454,581</b>
<b>15. Other payables</b>	<b>30/9/2017</b>	<b>1/1/2017</b>
a) Short-term		
- Surpluses in assets awaiting resolution	-	2,379
- Funding of trade union	82,536	59,480
- Social insurance	127,196	20,743
- Health insurance	23,807	8,292
- Unemployment insurance	18,629	5,926
- Short-term deposits	25,181	73,002
- Distributed profit payables to partners in Business Cooperation Contract (BCC)	13,330,683	14,121,362
- Others	1,621,753	1,914,628
<b>Total</b>	<b>15,229,785</b>	<b>16,205,812</b>
b) Long-term		
- Capital contributed from BCC	21,096,657	21,068,886
<b>Total</b>	<b>21,096,657</b>	<b>21,068,886</b>
<b>16. Provision</b>	<b>30/9/2017</b>	<b>1/1/2017</b>
a) Short-term		
- Provisions for product warranty	201,559	521,286
- Other provisions	24,960,003	27,721,809
+ <i>Provision for salary fund</i>	-	682,134
+ <i>Provision for periodic overhaul of fixed assets</i>	23,834,549	25,972,905
+ <i>Other provision</i>	1,125,454	1,066,770
<b>Total</b>	<b>25,161,562</b>	<b>28,243,095</b>
b) Long-term		
- Provisions for product warranty	380,054	299,703
- Other provisions	6,993,842	7,049,491
+ <i>Provision for periodic overhaul of fixed assets</i>	6,993,842	7,049,491
<b>Total</b>	<b>7,373,896</b>	<b>7,349,194</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

	30/9/2017	1/1/2017
	20%	20%
	1,001,618	1,127,475
<b>Deferred income tax assets</b>	<b>1,001,618</b>	<b>1,127,475</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 1/1/2016</b>	<b>181,630,323</b>	<b>126,770,844</b>	<b>(966,501)</b>	<b>(14,118,496)</b>	<b>75,995,208</b>	<b>209,072,374</b>	<b>14,208,413</b>	<b>592,592,165</b>
- Capital increased	-	-	-	-	-	-	-	-
- Profit for the year	-	-	-	-	-	8,313,179	-	8,313,179
- Other increased	-	-	-	-	-	-	-	-
- Fund appropriation	-	-	-	-	1,402,460	(3,335,015)	(20,911)	(1,953,466)
- Dividend declared	15,316,858	-	-	-	-	(15,316,858)	-	-
- Non-controlling interest	-	-	-	-	-	1,501,659	(1,501,659)	-
- Distributed to BCC	-	-	-	-	-	(4,020,091)	-	(4,020,091)
- Other decreased	-	-	-	-	-	-	-	-
- Foreign exchange differences	-	-	-	(1,138,052)	-	(144,797)	(18,929)	(1,301,778)
<b>As at 31/12/2016</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>
<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	-	-	-	-	-	(11,639,715)	-	(11,639,715)
- Other increased	-	-	-	-	-	-	-	-
- Fund appropriation	-	-	-	-	594,828	(1,350,181)	(16,153)	(771,506)
- Dividend declared	-	-	-	-	-	-	-	-
- Non-controlling interest	-	-	-	-	-	800,422	(800,422)	-
- Distributed to BCC	-	-	-	-	-	808,341	-	808,341
- Other decreased	-	-	-	-	-	-	-	-
- Foreign exchange differences	-	-	-	(195,263)	-	16,858	(90)	(178,495)
<b>As at 30/9/2017</b>	<b>196,947,181</b>	<b>126,770,844</b>	<b>(966,501)</b>	<b>(15,451,811)</b>	<b>77,992,496</b>	<b>184,706,176</b>	<b>11,850,249</b>	<b>581,848,634</b>

	<b>30/9/2017</b>	<b>1/1/2017</b>
b- Details of share capital		
- The State	99,241,649	99,241,649
- Others	97,705,532	97,705,532
<b>Total</b>	<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 1/1/2017	196,947,181	181,630,323
+ Increase in capital	-	15,316,858
+ As at 30/9/2017	196,947,181	196,947,181
- Dividends and distributed profits	-	15,316,858
d) Number of shares		
- Authorized shares	383,266,160	383,266,160
- Issued shares	-	-
+ Ordinary shares	383,266,160	383,266,160
+ Preference shares	-	-
- Treasury shares	-	-
+ Ordinary shares	416,000	416,000
+ Preference shares	-	-
- Shares in circulation	-	-
+ Ordinary shares	382,850,160	382,850,160
+ Preference shares	-	-
* Par value per share: 10,000 VND		
đ) Funds		
- Development and investment funds	77,992,496	77,397,668
- Scientific and technological development funds	41,564,364	48,320,618
+ Available	38,108,021	44,843,448
+ The carrying amount of assets formed from the fund	3,456,343	3,477,170
e) Income and expense directly recorded into equity: None		

**19. Foreign exchange differences**

	<b>30/9/2017</b>	<b>1/1/2017</b>
- FX differences on conversion of financial statements of subsidiaries	(13,363,906)	(13,215,330)
- Translation of financial statements of foreign operation (Algeria Branch)	(2,087,905)	(2,041,218)
<b>Total</b>	<b>(15,451,811)</b>	<b>(15,256,548)</b>

**20. Off balance-sheet**

Foreign currencies	<b>30/9/2017</b>	<b>1/1/2017</b>
- GBP	5,782	5,782
- VND	2,438,635,912,275	2,206,055,185,259
- EUR	5,082	9,718
- SGD	36,411	36,411
- DZD	21,799,220	41,546,994
- MMK	1,342,675	1,342,675

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

Unit: USD

	QUARTER 03 - 2017	QUARTER 03 - 2016
<b>1. Net revenue</b>		
- Sales of finished goods	1,372,943	8,076,150
- Sales of drilling services	24,102,572	32,142,549
- Sale of other services	30,303,146	13,148,735
<b>Total</b>	<b>55,778,661</b>	<b>53,367,434</b>
<b>2. Cost of sales</b>		
- Cost of finished goods sold	1,095,291	7,619,462
- Cost of drilling services	26,869,513	26,195,302
- Cost of other services	23,684,837	9,781,312
<b>Total</b>	<b>51,649,641</b>	<b>43,596,076</b>
<b>3. Financial income</b>		
- Interests of deposits or loans	1,607,807	1,374,365
- Interests of exchange differences	640,027	310,081
<b>Total</b>	<b>2,247,834</b>	<b>1,684,446</b>
<b>4. Financial expenses</b>		
- Interests of loans	2,189,137	2,064,882
- Payment discounts or interests of sale under deferred payment	-	22
- Losses of exchange differences	647,771	616,995
- Other financial expenses	512,890	67
<b>Total</b>	<b>3,349,798</b>	<b>2,681,966</b>
<b>5. Cost by nature</b>		
- Raw materials and consumables	7,853,488	10,705,817
- Labour	21,964,837	15,109,992
- Depreciation and amortization	10,839,593	10,514,395
- Provisions	2,968,014	7,317,556
- Out-sourced services	13,034,855	7,319,909
- Other expenses	1,032,614	2,511,999
<b>Total</b>	<b>57,693,401</b>	<b>53,479,668</b>

## VII. Other informations

### 1- Financial instruments

Unit: USD

	<u>30/9/2017</u>	<u>1/1/2017</u>
<b>+ Financial asset</b>		
Cash and cash equivalents	71,308,092	122,580,105
Trade and other receivables	93,618,586	74,335,033
Other investments	91,403,228	73,926,316
Deposits	1,314,275	1,168,840
<b>Total</b>	<b><u>257,644,181</u></b>	<b><u>272,010,294</u></b>
<b>+ Financial liability</b>		
Loans and borrowings	209,868,803	239,705,206
Trade and other payables	36,575,906	34,443,645
Accrued expenses	19,392,302	16,454,581
<b>Total</b>	<b><u>265,837,011</u></b>	<b><u>290,603,432</u></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.

	<i>As at 1/1/2017</i>			
	<u>Less than 1 year</u>	<u>From 1- 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Financial asset				
Cash and cash equivalents	122,580,105	-	-	122,580,105
Trade and other receivables	74,335,033	-	-	74,335,033
Other investments	73,926,316	-	-	73,926,316
Deposits	433,680	735,160	-	1,168,840
<b>Total</b>	<b><u>271,275,134</u></b>	<b><u>735,160</u></b>	<b><u>-</u></b>	<b><u>272,010,294</u></b>
Financial liability				
Loans and borrowings	33,563,128	171,257,625	34,884,453	239,705,206
Trade and other payables	34,443,645	-	-	34,443,645
Accrued expenses	16,454,581	-	-	16,454,581
<b>Total</b>	<b><u>84,461,354</u></b>	<b><u>171,257,625</u></b>	<b><u>34,884,453</u></b>	<b><u>290,603,432</u></b>
<b>Liquidity gap</b>	<b><u>186,813,780</u></b>	<b><u>(170,522,465)</u></b>	<b><u>(34,884,453)</u></b>	<b><u>(18,593,138)</u></b>



	<i>As at 30/9/2017</i>			
Financial asset	<u>Less than 1 year</u>	<u>From 1- 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Cash and cash equivalents	71,308,092	-	-	71,308,092
Trade and other receivables	93,618,586	-	-	93,618,586
Other investments	91,403,228	-	-	91,403,228
Deposits	420,441	893,834	-	1,314,275
<b>Total</b>	<b><u>256,750,347</u></b>	<b><u>893,834</u></b>	<b><u>-</u></b>	<b><u>257,644,181</u></b>
Financial liability	<u>Less than 1 year</u>	<u>From 1- 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Loans and borrowings	52,583,100	144,544,554	12,741,149	209,868,803
Trade and other payables	36,575,906	-	-	36,575,906
Accrued expenses	19,392,302	-	-	19,392,302
<b>Total</b>	<b><u>108,551,308</u></b>	<b><u>144,544,554</u></b>	<b><u>12,741,149</u></b>	<b><u>265,837,011</u></b>
<b>Liquidity gap</b>	<b><u>148,199,039</u></b>	<b><u>(143,650,720)</u></b>	<b><u>(12,741,149)</u></b>	<b><u>(8,192,830)</u></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 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

	<u>30/9/2017</u>	<u>1/1/2017</u>
<b>Receivables</b>		
Petrovietnam Company's subsidiaries	2,111,186	3,271,887
Petrovietnam's Joint Ventures/Joint Operating Companies/Petroleum Sharing Contracts	66,794,016	61,485,418
<b>Payables</b>		
Petrovietnam Company's subsidiaries	733,198	10,547,646
Petrovietnam's Joint Ventures/Joint Operating Companies/Petroleum Sharing Contracts	2,048,442	1,162,953
Payables to Petrovietnam	8,183,537	8,642,107
Petrovietnam capital contributed in BCC	12,259,757	12,254,357

## 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.

#### - Geographical segments

The Group basically operates in Vietnam. Foreign operation has revenue and profit accounting for less than 10%, therefore, geographical segments is not presented.

#### - Business segments

### QUARTER 03 - 2017

### QUARTER 03 - 2016

Segment	<u>QUARTER 03 - 2017</u>				<u>QUARTER 03 - 2016</u>			
	Asset	Liability	Revenue	Gross profit	Asset	Liability	Revenue	Gross profit
+Trading	34,229,565	22,369,083	1,372,943	277,652	40,907,840	26,614,744	8,076,150	456,688
+ Drilling services	869,672,432	326,355,522	24,102,572	(2,766,941)	930,461,748	377,209,331	32,142,549	5,947,247
+Other services	73,425,199	46,753,957	30,303,146	6,618,309	75,971,375	49,689,950	13,148,735	3,367,423
<b>Total</b>	<b>977,327,196</b>	<b>395,478,562</b>	<b>55,778,661</b>	<b>4,129,020</b>	<b>1,047,340,963</b>	<b>453,514,024</b>	<b>53,367,434</b>	<b>9,771,358</b>

## **VII. Other informations (continued)**

6. Comparative information: This period financial performance figures had been converted to VND using average exchange rate of the period. For comparative period, the average inter-bank exchange rate for that period had been used.

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

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

The consolidated financial statements for the period ended as at 30 September 2017 is approved by the Company's Board of Directors for issuance on 27 October 2017.

Ho Chi Minh City, 27 October 2017

**Preparer**

**Chief Accountant**

**President & CEO**

Tran Kim Hoang

Doan Dac Tung

Pham Tien Dung

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

**CONVERTED CONSOLIDATED FINANCIAL STATEMENTS**  
**QUARTER 03 -2017**

## **Petrovietnam Drilling And Well Services Corporation**

### **General information about the Company**

**Business Registration Certificate** No. 4103004335 dated 15 February 2006 and its twelfth admendment 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
	Mr. Duong Xuan Quang	Member (resigned on 24 August 2017)
	Mr. Le Van Be	Member
	Ms. Ho Ngoc Yen Phuong	Member
	Ms. Pham Thi An Binh	Member
	Ms. Nguyen Thi Thuy	Member (appointed on 24 August 2017)

<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 (appointed on 13 April 2017)

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

## CONSOLIDATED BALANCE SHEET

As at 30 September 2017

Unit: VND

ITEM	Code	Note	As at 30/9/2017	As at 1/1/2017
1	2	3	4	5
<b>ASSETS</b>				
<b>A - CURRENT ASSETS</b>	<b>100</b>		<b>6,476,974,812,220</b>	<b>6,817,358,817,900</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>		<b>1,617,980,607,480</b>	<b>2,782,568,383,500</b>
1. Cash	111	V.01	1,336,572,488,550	2,508,797,235,400
2. Cash equivalents	112		281,408,118,930	273,771,148,100
<b>II. Short-term financial investments</b>	<b>120</b>	<b>V.02</b>	<b>2,073,939,243,320</b>	<b>1,678,127,373,200</b>
1. Held for trading securities	121		-	-
2. Provision for held for trading securities (*)	122		-	-
3. Short-term held to maturity investments	123		2,073,939,243,320	1,678,127,373,200
<b>III. Short-term receivables</b>	<b>130</b>		<b>1,857,867,523,950</b>	<b>1,527,115,872,900</b>
1. Short-term receivables from customers	131	V.03	2,035,137,550,810	1,627,239,852,500
2. Short-term advances to suppliers	132		59,183,302,670	9,683,978,900
3. Short-term inter-company receivables	133		-	-
4. Receivable from construction contracts under perc	134		-	-
5. Short-term loans receivables	135		-	-
6. Other short-term receivables	136	V.04	98,607,971,820	70,009,932,600
7. Provison for doubtful short-term receivables (*)	137	V.05	(335,061,301,350)	(179,924,399,500)
8. Asset shortage awaiting resolution	139		-	106,508,400
<b>IV. Inventories</b>	<b>140</b>	<b>V.06</b>	<b>903,529,345,930</b>	<b>794,986,983,100</b>
1. Inventories	141		1,043,330,332,050	944,490,454,300
2. Provision for inventories (*)	149		(139,800,986,120)	(149,503,471,200)
<b>V. Other short-term assets</b>	<b>150</b>		<b>23,658,091,540</b>	<b>34,560,205,200</b>
1. Short-term prepayments	151	V.10	9,898,467,120	15,773,480,900
2. Deductible value added tax	152		10,260,985,250	14,881,053,100
3. Taxes and other receivables from the State budget	153		3,498,639,170	3,905,671,200
5. Other short-term assets	155		-	-
<b>B - NON-CURRENT ASSETS</b>	<b>200</b>		<b>15,698,579,265,020</b>	<b>16,325,348,249,900</b>
1. Long-term receivables from customers	211	V.03	-	-
2. Long-term advances to suppliers	212		-	-
3. Capital provided to subordinate units	213		-	-
4. Long-term inter-company receivables	214		-	-
5. Long-term loans receivables	215		-	-
6. Other long-term receivables	216	V.04	20,281,093,460	16,688,132,000
7. Provison for doubtful long-term receivables (*)	219		-	-

ITEM	Code	Note	As at 30/9/2017	As at 1/1/2017
1	2	3	4	5
<b>II. Fixed assets</b>	<b>220</b>		<b>15,045,869,036,390</b>	<b>15,575,544,141,300</b>
1. Tangible fixed assets	221	V.08	14,870,011,530,100	15,390,932,963,600
- Cost	222		22,960,799,159,840	22,928,748,694,500
- Accumulated depreciation (*)	223		(8,090,787,629,740)	(7,537,815,730,900)
2. Finance lease fixed assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation (*)	226		-	-
3. Intangible fixed assets	227	V.09	175,857,506,290	184,611,177,700
- Cost	228		271,493,836,880	271,095,521,800
- Accumulated depreciation (*)	229		(95,636,330,590)	(86,484,344,100)
<b>III. Investment property</b>	<b>230</b>		-	-
- Accumulated depreciation (*)	232		-	-
<b>IV. Long-term assets in progress</b>	<b>240</b>	<b>V.07</b>	<b>27,457,895,080</b>	<b>57,965,289,900</b>
1. Long-term work in progress	241		-	-
2. Construction in progress	242		27,457,895,080	57,965,289,900
<b>V. Long-term financial investments</b>	<b>250</b>	<b>V.02</b>	<b>572,087,439,930</b>	<b>623,095,024,000</b>
1. Investments in subsidiaries	251		-	-
2. Investments in joint ventures and associates	252		572,087,439,930	623,095,024,000
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>32,883,800,160</b>	<b>52,055,662,700</b>
1. Long-term prepayments	261	V.10	10,157,087,740	26,461,980,200
2. Deferred tax assets	262	V.17	22,726,712,420	25,593,682,500
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>22,175,554,077,240</b>	<b>23,142,707,067,800</b>
<b>C - LIABILITIES</b>	<b>300</b>		<b>8,973,408,571,780</b>	<b>9,667,305,863,500</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>3,815,503,703,980</b>	<b>3,245,912,248,300</b>
1. Short-term payables to suppliers	311	V.12	792,538,374,680	736,697,537,200
2. Short-term advance from customers	312		136,767,650,780	1,759,931,000
3. Taxes and amounts payable to the State budget	313	V.13	97,366,306,950	50,753,341,000
4. Payables to employees	314		103,637,096,870	153,834,676,600
5. Short-term accrued expenses	315	V.14	440,011,332,380	373,518,988,700
6. Short-term inter-company payables	316		-	-
8. Short-term unearned revenue	318		-	-
9. Other short-term payables	319	V.15	345,563,821,650	367,871,932,400
10. Short-term loans and finance leases	320	V.11	1,193,110,539,000	761,883,005,600
11. Provision for current liabilities	321	V.16	570,915,841,780	641,118,256,500
12. Bonus and welfare funds	322		135,592,739,890	158,474,579,300

ITEM	Code	Note	As at 30/9/2017	As at 1/1/2017
1	2	3	4	5
<b>II. Non-current liabilities</b>	<b>330</b>		<b>5,157,904,867,800</b>	<b>6,421,393,615,200</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	478,683,147,330	478,263,712,200
8. Long-term loans and finance leases	338	V.11	3,568,812,601,070	4,679,425,170,600
9. Convertible bonds	339		-	-
10. Preference shares	340		-	-
11. Deferred tax liabilities	341	V.17	-	-
12. Provision for non-current liabilities	342	V.16	167,313,700,240	166,826,703,800
13. Scientific and technological fund	343		943,095,419,160	1,096,878,028,600
<b>D - OWNER'S EQUITY (400 = 410 + 430)</b>	<b>400</b>		<b>13,202,145,505,460</b>	<b>13,475,401,204,300</b>
<b>I. Shareholders' equity</b>	<b>410</b>	<b>V.18</b>	<b>13,202,145,505,460</b>	<b>13,475,401,204,300</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	1,464,552,508,974	1,475,035,203,020
8. Investment and development fund	418		1,568,669,037,673	1,555,178,332,202
9. Enterprise reorganization assistance fund	419		-	-
10. Other equity fund	420		-	-
11. Retained earnings	421		3,672,307,424,640	3,930,049,160,031
- Accumulated by the end of the previous period	421a		3,930,049,160,031	3,878,354,321,722
- Retained earnings of current period	421b		(257,741,735,391)	51,694,838,309
12. Capital expenditure fund	422		-	-
13. Non-controlling interest	429		250,817,119,360	269,339,094,234
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>22,175,554,077,240</b>	<b>23,142,707,067,800</b>

Ho Chi Minh City, 27 October 2017

**Preparer**

**Chief Accountant**

**President & CEO**

Tran Phong

Doan Duc Tung

Pham Tien Dung



## CONSOLIDATED INCOME STATEMENT

QUARTER 03 - 2017

Unit: VND

ITEM	Code	Note	QUARTER 03		YEAR TO DATE	
			2017	2016	2017	2016
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
1. Gross revenue	01	VI.1	1,265,060,031,480	1,189,346,634,124	2,713,833,528,840	4,539,849,302,450
2. Deductions	02		-	-	-	-
3. Net revenue	10		1,265,060,031,480	1,189,346,634,124	2,713,833,528,840	4,539,849,302,450
4. Cost of sales	11	VI.2	1,171,413,857,880	971,582,149,736	2,556,479,484,720	3,788,173,187,986
<b>5. Gross profit</b>	<b>20</b>		<b>93,646,173,600</b>	<b>217,764,484,388</b>	<b>157,354,044,120</b>	<b>751,676,114,464</b>
6. Financial income	21	VI.3	50,980,875,120	37,539,563,556	133,070,658,840	167,303,966,038
7. Financial expenses	22	VI.4	75,973,418,640	59,770,294,276	199,008,109,440	212,820,825,580
- In which: Interest expense	23		49,649,627,160	46,017,960,252	145,895,949,360	142,593,739,530
8. Income from interests in joint ventures	24		(1,329,410,880)	65,823,662,168	17,856,009,360	52,083,830,590
9. Selling expenses	25	VI.7	3,346,887,600	5,047,355,566	8,582,225,400	15,280,329,042
10. General and administration expenses	26	VI.7	133,725,589,200	215,218,375,746	438,063,247,440	548,171,683,752
<b>11. Operating profit</b>	<b>30</b>		<b>(69,748,257,600)</b>	<b>41,091,684,524</b>	<b>(337,372,869,960)</b>	<b>194,791,072,718</b>
12. Other income	31	VI.5	148,216,408,200	(1,358,777,420)	150,901,380,000	13,569,365,964
13. Other expenses	32	VI.6	3,741,519,600	110,583,132	4,165,998,480	1,758,409,972
14. (Loss)/Profit from other activities	40		144,474,888,600	(1,469,360,552)	146,735,381,520	11,810,955,992
<b>15. Accounting profit before tax</b>	<b>50</b>		<b>74,726,631,000</b>	<b>39,622,323,972</b>	<b>(190,637,488,440)</b>	<b>206,602,028,710</b>
16. Current corporate income tax expense	51	VI.8	58,832,124,120	7,051,624,690	70,493,409,000	53,308,892,010
17. Deferred corporate tax expense/(income)	52	VI.9	(69,741,000)	(34,610,158)	2,857,838,760	4,494,952,484
<b>18. Net profit after corporate income tax</b>	<b>60</b>		<b>15,964,247,880</b>	<b>32,605,309,440</b>	<b>(263,988,736,200)</b>	<b>148,798,184,216</b>
Attributable to:						
<b>19. The Group's shareholders</b>	<b>61</b>		<b>25,279,808,400</b>	<b>9,919,867,922</b>	<b>(227,501,971,766)</b>	<b>85,826,711,682</b>
20. Non-controlling interest	62		(9,315,560,520)	22,685,441,518	(36,486,764,434)	62,971,472,534
21. Basic earnings per share	70	VII.6	36	6	(640)	127
22. Diluted earnings per share	71		36	6	(640)	127

Ho Chi Minh City, 27 October 2017

**Preparer**

**Chief Accountant**

**President & CEO**

Tran Kim Hoang

Doan Dac Tung

Pham Tien Dung

## CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

QUARTER 03 - 2017

Unit: VND

ITEM	Code	Note	YEAR TO DATE	
			2017	2016
1	2	3	4	5
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<i>1. Profit before tax</i>	<i>01</i>		<i>(190,637,488,440)</i>	<i>206,602,028,710</i>
<i>2. Adjustments for:</i>			<i>500,442,160,680</i>	<i>906,845,910,652</i>
- Depreciation and amortization	02		566,740,495,440	586,928,753,774
- Provisions	03		76,186,451,880	309,373,516,562
- Unrealized foreign exchange	04		(28,214,350,920)	(28,603,144,988)
- Gains from investing activities	05		(115,424,961,120)	(140,558,760,298)
- Interest expense	06		145,895,949,360	142,593,739,530
- Other adjustments	07		(144,741,423,960)	37,111,806,072
<i>3. Operating profit before movements in working capital</i>	<i>08</i>		<i>309,804,672,240</i>	<i>1,113,447,939,362</i>
- Changes in account receivables	09		(455,598,856,440)	485,210,970,288
- Changes in inventories	10		(99,212,208,480)	158,800,787,310
- Changes in account payables (excluding interest payables, corporate income tax payables)	11		227,288,345,760	(651,980,718,620)
- Changes in prepaid expenses	12		22,151,533,320	4,026,545,336
- Changes in held for trading securities	13		-	-
- Interest paid	14		(157,024,889,280)	(157,155,657,076)
- Corporate income tax paid	15		(32,315,711,400)	(73,340,306,534)
- Other cash outflows	16		-	-
- Other cash inflows	17		(40,939,463,880)	(76,115,537,542)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>20</b>		<b>(225,846,578,160)</b>	<b>802,894,022,524</b>
<b>II. CASH FLOWS USED IN INVESTING ACTIVITIES</b>				
1. Acquisition of fixed assets and other non-current assets	21		(26,958,513,960)	(220,545,688,044)
2. Proceeds from disposal of fixed assets and other non-current assets	22		300,986,280	8,379,536
3. Cash outflow for buying debt instruments of other companies	23		(1,773,973,856,560)	(1,598,313,040,000)
4. Cash recovered from lending, selling debt instruments of other companies	24		1,378,161,986,440	885,658,472,960
5. Investments in other entities	25		-	-
6. Cash recovered from investments in other entities	26		-	-
7. Interest, dividends and profits received	27		140,010,262,560	141,452,495,756
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>30</b>		<b>(282,459,135,240)</b>	<b>(791,739,379,792)</b>

ITEM	Code	Note	YEAR TO DATE	
			2017	2016
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		69,695,458,560	35,338,464,480
4. Repayments of borrowings	34		(741,612,775,680)	(954,093,122,092)
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>(671,917,317,120)</b>	<b>(918,754,657,612)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>50</b>		<b>(1,180,223,030,520)</b>	<b>(907,600,014,880)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>		<b>2,782,568,383,500</b>	<b>3,496,469,368,100</b>
Effect of changes in foreign exchange rates	61		1,630,986,840	(7,654,059,842)
Foreign exchange rates differences on conversion			14,004,267,660	(35,023,369,708)
<b>Cash and cash equivalents at the end of the year</b>	<b>70</b>		<b>1,617,980,607,480</b>	<b>2,546,191,923,670</b>

Ho Chi Minh City, 27 October 2017

**Preparer**

**Chief Accountant**

**President & CEO**

Tran Kim Hoang

Doan Dac Tung

Pham Tien Dung

# NOTES TO THE CONVERTED CONSOLIDATED FINANCIAL STATEMENTS

*For the period ended 30 September 2017.*

## 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:***

+ BJ 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) casting 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 30 September 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
PVD Drilling - Branch office in Algeria	Cité Si El, Houas, No. 02, Villa No. 101, Hassi Messaoud, Ouargla, 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

### - 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, 12th 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**

<b>Company's name</b>	<b>Address</b>	<b>The Group's interest</b>	<b>The Group's voting right</b>
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 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

### 1. Cash and cash equivalents

	<u>30/9/2017</u>	<u>1/1/2017</u>
- Cash on hand	5,099,849,780	5,733,475,200
- Cash in bank	1,331,472,638,770	2,503,063,760,200
<b>Total</b>	<b><u>1,336,572,488,550</u></b>	<b><u>2,508,797,235,400</u></b>

### 2. Financial investments

	<u>30/9/2017</u>		<u>1/1/2017</u>	
	<i>Cost</i>	<i>Carrying value</i>	<i>Cost</i>	<i>Carrying value</i>
<b>a) Short-term held to maturity investments</b>				
Term-deposit	2,073,939,243,320	2,073,939,243,320	1,678,127,373,200	1,678,127,373,200

<b>b) Long-term investments</b>	<u>30/9/2017</u>			<u>1/1/2017</u>		
	<i>Cost</i>	<i>Provision</i>	<i>Fair value</i>	<i>Cost</i>	<i>Provision</i>	<i>Fair value</i>
<b>- Investments in subsidiaries</b>	<b>2,508,091,753,400</b>	-	<b>2,508,091,753,400</b>	<b>2,508,091,753,400</b>	-	<b>2,508,091,753,400</b>
PVD Offshore	130,000,000,000	-	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	-	80,000,000,000
PVD Logging	80,000,000,000	-	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	-	200,000,000,000
PVD Training	19,755,753,400	-	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	-	764,000,000,000
PVD Overseas	1,234,336,000,000	-	1,234,336,000,000	1,234,336,000,000	-	1,234,336,000,000
<b>- Investments in joint ventures</b>	<b>489,585,668,020</b>	-	<b>572,087,439,930</b>	<b>489,585,668,020</b>	-	<b>623,095,024,000</b>
BJ-PVD	48,039,113,955	-	56,444,596,980	48,039,113,955	-	55,784,954,900
PVD-Baker Hughes	211,753,000,000	-	269,505,262,590	211,753,000,000	-	301,717,458,600
PVD Tubulars	30,515,952,000	-	48,984,556,090	30,515,952,000	-	64,852,878,500
PVD-Expro	59,528,570,997	-	61,867,484,290	59,528,570,997	-	64,273,551,800
Vietubes	86,637,631,068	-	88,702,175,830	86,637,631,068	-	88,390,622,000
PVD-OSI	53,111,400,000	-	46,583,364,150	53,111,400,000	-	48,075,558,200

### 3. Receivables from customers

	<u>30/9/2017</u>	<u>1/1/2017</u>
<b>+ Short-term receivables from customers</b>		
<i>Petrovietnam Domestic Exploration Production Operating Company Limited</i>	455,311,819,129	465,534,628,180
<i>Vietsopetro</i>	199,129,903,426	32,771,182,030
<i>Petrovietnam Exploration Production Corporation</i>	184,720,231,341	186,374,979,731
<i>Receivables from other customers</i>	1,195,975,596,914	942,559,062,559
<b>Total</b>	<b><u>2,035,137,550,810</u></b>	<b><u>1,627,239,852,500</u></b>

### + Short-term receivables from related parties

<b>Joint-ventures</b>	<b>51,884,179,260</b>	<b>85,590,153,550</b>
BJ-PVD	6,155,479,340	3,012,430,800
PVD-Baker Hughes	1,458,059,400	8,246,603,400
PVD Tubulars	23,977,339,840	67,342,860,900
PVD-Expro	20,293,300,680	6,988,258,450

<b>4. Other receivables</b>	<b>30/9/2017</b>		<b>1/1/2017</b>	
	<i>Carrying value</i>	<i>Provision</i>	<i>Carrying value</i>	<i>Provision</i>
<b>a) Short-term</b>	<b>98,607,971,820</b>	-	<b>70,009,932,600</b>	-
- Interest income receivables	61,602,056,670	-	35,660,769,300	-
- Receivables from employees	8,649,223,790	-	1,367,516,100	-
- Deposits	9,539,806,290	-	9,844,536,000	-
- Other receivables	18,816,885,070	-	23,137,111,200	-
<b>b) Long-term</b>	<b>20,281,093,460</b>	-	<b>16,688,132,000</b>	-
- Deposits	20,281,093,460	-	16,688,132,000	-
<b>Total</b>	<b>118,889,065,280</b>	-	<b>86,698,064,600</b>	-

<b>5. Doubtful debts</b>	<b>30/9/2017</b>		<b>1/1/2017</b>	
	<i>Cost</i>	<i>Recoverable</i>	<i>Cost</i>	<i>Recoverable</i>
- Overdue or doubtful receivables and loans	(335,061,301,350)	(335,061,301,350)	(179,924,399,500)	(179,924,399,500)
<b>Total</b>	<b>(335,061,301,350)</b>	<b>(335,061,301,350)</b>	<b>(179,924,399,500)</b>	<b>(179,924,399,500)</b>

<b>6. Inventory</b>	<b>30/9/2017</b>		<b>1/1/2017</b>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
- Goods in transit	-	-	3,318,944,300	-
- Raw materials	758,229,438,310	(139,800,986,120)	796,560,365,500	(149,503,471,200)
- Tools and supplies	18,466,188,430	-	22,338,230,100	-
- Work in progress	170,138,060,680	-	20,346,327,800	-
- Merchandise	78,292,366,870	-	81,174,882,200	-
- Goods on consignment	18,204,277,760	-	20,751,704,400	-
<b>Total</b>	<b>1,043,330,332,050</b>	<b>(139,800,986,120)</b>	<b>944,490,454,300</b>	<b>(149,503,471,200)</b>

<b>7. Long-term assets in progress</b>	<b>30/9/2017</b>	<b>1/1/2017</b>
+ Construction in progress		
- Purchase	<b>27,457,895,080</b>	<b>57,965,289,900</b>
<i>Other construction works</i>	27,457,895,080	57,965,289,900
<b>Total</b>	<b>27,457,895,080</b>	<b>57,965,289,900</b>

## 8. Tangible fixed assets

Unit: VND

	Building, structures	Machinery, equipments	Motor vehicle	Office equipments	Others	Total
<b>Cost</b>						
<b>As at 1/1/2017</b>	<b>373,241,549,300</b>	<b>22,410,125,540,000</b>	<b>77,192,416,900</b>	<b>66,916,036,100</b>	<b>1,273,152,200</b>	<b>22,928,748,694,500</b>
- Additions	-	13,662,772,200	-	2,773,968,120	-	16,436,740,320
- From construction in progress	-	33,620,196,960	-	-	-	33,620,196,960
- Other increases	-	-	-	-	-	-
- Reclassified (increases)	-	-	-	-	-	-
- To investment property	-	-	-	-	-	-
- Disposals	-	(11,443,647,600)	-	(529,079,040)	-	(11,972,726,640)
- Other decreases	-	-	-	-	-	-
- Reclassified (decreases)	-	-	-	-	-	-
- Foreign exchange differences	(27,194,470)	(5,963,576,530)	(21,367,140)	(21,137,060)	(470,100)	(6,033,745,300)
<b>As at 30/9/2017</b>	<b>373,214,354,830</b>	<b>22,440,001,285,030</b>	<b>77,171,049,760</b>	<b>69,139,788,120</b>	<b>1,272,682,100</b>	<b>22,960,799,159,840</b>
<b>Accumulated depreciation</b>						
<b>As at 1/1/2017</b>	<b>141,134,911,900</b>	<b>7,271,890,293,000</b>	<b>65,929,766,500</b>	<b>57,702,310,400</b>	<b>1,158,449,100</b>	<b>7,537,815,730,900</b>
- Charge for the year	10,901,709,000	547,786,161,720	3,608,093,160	3,170,187,720	24,517,080	565,490,668,680
- Other increases	-	-	-	-	-	-
- Reclassified (increases)	-	-	-	-	-	-
- To investment property	-	-	-	-	-	-
- Disposals	-	(11,376,061,200)	-	(529,079,040)	-	(11,905,140,240)
- Other decreases	-	-	-	-	-	-
- Reclassified (decreases)	-	-	-	-	-	-
- Foreign exchange differences	58,941,720	(635,566,010)	(18,399,770)	(18,128,710)	(476,830)	(613,629,600)
<b>As at 30/9/2017</b>	<b>152,095,562,620</b>	<b>7,807,664,827,510</b>	<b>69,519,459,890</b>	<b>60,325,290,370</b>	<b>1,182,489,350</b>	<b>8,090,787,629,740</b>
<b>Carrying value</b>						
<b>As at 1/1/2017</b>	<b>232,106,637,400</b>	<b>15,138,235,247,000</b>	<b>11,262,650,400</b>	<b>9,213,725,700</b>	<b>114,703,100</b>	<b>15,390,932,963,600</b>
<b>As at 30/9/2017</b>	<b>221,118,792,210</b>	<b>14,632,336,457,520</b>	<b>7,651,589,870</b>	<b>8,814,497,750</b>	<b>90,192,750</b>	<b>14,870,011,530,100</b>

\* Carrying value of pledged assets as collateral for loans

10,118,826,594,083

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

650,861,425,932

9. Intangible fixed assets

Unit: VND

Khoản mục	Land use rights	Computer software	Others	Total
<b>Cost</b>				
<b>As at 1/1/2017</b>	<b>194,195,549,000</b>	<b>76,851,894,200</b>	<b>48,078,600</b>	<b>271,095,521,800</b>
- Additions	-	490,636,440	-	490,636,440
- Internally generated	-	-	-	-
- From business combination	-	-	-	-
- Other increases	-	-	-	-
- Reclassified (increases)	-	-	-	-
- Disposals	-	-	-	-
- Other decreases	-	-	-	-
- Reclassified (decreases)	-	-	-	-
- Foreign exchange differences	(61,225,020)	(31,075,160)	(21,180)	(92,321,360)
<b>As at 30/9/2017</b>	<b>194,134,323,980</b>	<b>77,311,455,480</b>	<b>48,057,420</b>	<b>271,493,836,880</b>
<b>Accumulated depreciation</b>				
<b>As at 1/1/2017</b>	<b>24,195,748,400</b>	<b>62,276,178,800</b>	<b>12,416,900</b>	<b>86,484,344,100</b>
- Charge for the year	2,754,009,720	6,503,898,240	-	9,257,907,960
- Other increases	-	-	-	-
- Reclassified (increases)	-	-	-	-
- Disposals	-	-	-	-
- Other decreases	-	-	-	-
- Reclassified (decreases)	-	-	-	-
- Foreign exchange differences	(8,310,130)	(97,605,870)	(5,470)	(105,921,470)
<b>As at 30/9/2017</b>	<b>26,941,447,990</b>	<b>68,682,471,170</b>	<b>12,411,430</b>	<b>95,636,330,590</b>
<b>Carrying value</b>				
<b>As at 1/1/2017</b>	<b>169,999,800,600</b>	<b>14,575,715,400</b>	<b>35,661,700</b>	<b>184,611,177,700</b>
<b>As at 30/9/2017</b>	<b>167,192,875,990</b>	<b>8,628,984,310</b>	<b>35,645,990</b>	<b>175,857,506,290</b>

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

47,250,299,715

<b>10. Prepayments</b>	<b>30/9/2017</b>	<b>1/1/2017</b>
<b>a) Short-term</b>	<b>9,898,467,120</b>	<b>15,773,480,900</b>
- Dispatched tools and supplies	659,280,640	40,383,300
- Insurance premiums	7,455,071,780	13,946,494,100
- Others	1,784,114,700	1,786,603,500
<b>b) Long-term</b>	<b>10,157,087,740</b>	<b>26,461,980,200</b>
- Others	10,157,087,740	26,461,980,200
<b>Total</b>	<b>20,055,554,860</b>	<b>42,235,461,100</b>

<b>11. Loans and finance leases</b>	<b>30/9/2017</b>		<b>During the period</b>		<b>1/1/2017</b>	
	Carrying value	Payable amount	Increases	Decreases	Carrying value	Payable amount
<b>a) Short-term</b>						
Short-term loans	-	-	69,695,458,560	(69,695,458,560)	-	-
Current portions of long-term loans	1,193,110,539,000	1,193,110,539,000	1,103,257,010,520	(672,029,477,120)	761,883,005,600	761,883,005,600
<b>b) Long-term (LT)</b>						
Second year	1,118,673,679,620	1,118,673,679,620	-	(226,035,185,580)	1,344,708,865,200	1,344,708,865,200
Third to fifth year inclusive	2,161,042,250,640	2,161,042,250,640	-	(381,796,994,360)	2,542,839,245,000	2,542,839,245,000
After five years	289,096,670,810	289,096,670,810	-	(502,780,389,590)	791,877,060,400	791,877,060,400
<b>Total</b>	<b>4,761,923,140,070</b>	<b>4,761,923,140,070</b>	<b>1,172,952,469,080</b>	<b>(1,852,225,345,210)</b>	<b>5,441,308,176,200</b>	<b>5,441,308,176,200</b>

<b>12. Payables to suppliers</b>	<b>30/9/2017</b>	<b>1/1/2017</b>
+ Short-term		
<i>Oil States Industries (Asia) Pte.Ltd</i>	79,507,508,718	82,946,667,460
<i>Kim Seng Huat Hardware Pte Ltd.,</i>	142,761,537,159	15,772,381,993
<i>Others</i>	570,269,328,803	637,978,487,747
<b>Total</b>	<b>792,538,374,680</b>	<b>736,697,537,200</b>

### 13. Taxes and amounts payable to the State budget

	<b>1/1/2017</b>	<b>Additions</b>	<b>Paid</b>	<b>FX difference on conversion</b>	<b>30/9/2017</b>
Value added tax - Domestic	15,473,001,000	96,641,158,320	97,039,804,680	11,613,730	15,085,968,370
Value added tax - Import	-	14,120,704,080	14,082,148,080	39,690	38,595,690
Import duties	-	9,856,229,040	9,829,375,920	147,980	27,001,100
Corporate income tax	16,124,854,200	70,522,507,440	32,315,711,400	9,561,050	54,341,211,290
Personal income tax	12,605,968,300	113,877,047,470	112,627,859,400	35,820,460	13,890,976,830
Other taxes	2,511,459,900	63,723,451,680	55,754,924,400	3,927,320	10,483,914,500
- Business license tax	-	22,974,840	22,974,840	-	-
- Withholding tax	2,511,459,900	63,700,476,840	55,731,949,560	3,927,320	10,483,914,500
Fees and other payables	132,386,400	1,261,779,120	1,394,048,880	(116,640)	-
<b>Total</b>	<b>46,847,669,800</b>	<b>370,002,877,150</b>	<b>323,043,872,760</b>	<b>60,993,590</b>	<b>93,867,667,780</b>

#### In which:

- Tax receivables from the State budget	(3,905,671,200)	(3,498,639,170)
- Tax payables to the State budget	50,753,341,000	97,366,306,950

<b>14. Accrued expenses</b>	<b>30/9/2017</b>	<b>1/1/2017</b>
<b>+ Short-term</b>		
- <b>Accrued expenses related to cost of good sold</b>	<b>364,338,820,980</b>	<b>298,026,688,300</b>
+ <i>Operation of drilling rigs</i>	149,834,436,050	143,736,627,000
+ <i>Goods supplied and services rendered</i>	214,504,384,930	154,290,061,300
- <b>Other</b>	<b>75,672,511,400</b>	<b>75,492,300,400</b>
+ <i>Interest expense</i>	14,641,811,620	25,787,018,400
+ <i>Other expenses</i>	61,030,699,780	49,705,282,000
<b>Total</b>	<b>440,011,332,380</b>	<b>373,518,988,700</b>

<b>15. Other payables</b>	<b>30/9/2017</b>	<b>1/1/2017</b>
a) Short-term		
- Surpluses in assets awaiting resolution	-	54,003,300
- Funding of trade union	1,872,741,840	1,350,196,000
- Social insurance	2,886,077,240	470,866,100
- Health insurance	540,180,830	188,228,400
- Unemployment insurance	422,692,010	134,520,200
- Short-term deposits	571,356,890	1,657,153,531
- Distributed profit payables to partners in Business Cooperation Contract (BCC)	302,473,197,270	321,825,831,817
- Others	36,797,575,570	42,191,133,052
<b>Total</b>	<b>345,563,821,650</b>	<b>367,871,932,400</b>

b) Long-term		
- Capital contributed from BCC	478,683,147,330	478,263,712,200
<b>Total</b>	<b>478,683,147,330</b>	<b>478,263,712,200</b>

<b>16. Provision</b>	<b>30/9/2017</b>	<b>1/1/2017</b>
a) Short-term		
- Provisions for product warranty	4,573,373,710	11,833,192,200
- Other provisions	566,342,468,070	629,285,064,300
+ <i>Provision for salary fund</i>	-	15,484,441,800
+ <i>Provision for periodic overhaul of fixed assets</i>	540,805,916,810	589,584,943,500
+ <i>Other provision</i>	25,536,551,260	24,215,679,000
<b>Total</b>	<b>570,915,841,780</b>	<b>641,118,256,500</b>

b) Long-term		
- Provisions for product warranty	8,623,425,260	6,803,258,100
- Other provisions	158,690,274,980	160,023,445,700
+ <i>Provision for periodic overhaul of fixed assets</i>	158,690,274,980	160,023,445,700
<b>Total</b>	<b>167,313,700,240</b>	<b>166,826,703,800</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

	30/9/2017	1/1/2017
	20%	20%
	22,726,712,420	25,593,682,500
<b>Deferred income tax assets</b>	<b>22,726,712,420</b>	<b>25,593,682,500</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 1/1/2016</b>	<b>3,484,662,590,000</b>	<b>2,434,086,374,663</b>	<b>(20,948,559,850)</b>	<b>1,351,918,036,546</b>	<b>1,523,859,997,942</b>	<b>4,226,353,331,722</b>	<b>303,762,333,227</b>	<b>13,303,694,104,250</b>
- Capital increased	-	-	-	-	-	-	-	-
- Profit for the year	-	-	-	-	-	185,641,600,249	-	185,641,600,249
- Other increased	-	-	-	-	-	-	-	-
- Fund appropriation	-	-	-	-	31,318,334,260	(74,474,219,965)	(466,963,541)	(43,622,849,246)
- Dividend declared	347,999,010,000	-	-	-	-	(347,999,010,000)	-	-
- Non-controlling interest	-	-	-	-	-	33,533,571,953	(33,533,571,953)	-
- Distributed to BCC	-	-	-	-	-	(89,772,652,121)	-	(89,772,652,121)
- Other decreased	-	-	-	-	-	-	-	-
- Foreign exchange differences	-	-	-	123,117,166,474	-	(3,233,461,807)	(422,703,499)	119,461,001,168
<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>1,475,035,203,020</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>
<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>1,475,035,203,020</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	-	-	-	-	-	(263,988,736,200)	-	(263,988,736,200)
- Other increased	-	-	-	-	-	-	-	-
- Fund appropriation	-	-	-	-	13,490,705,471	(30,622,103,065)	(366,350,040)	(17,497,747,634)
- Dividend declared	-	-	-	-	-	-	-	-
- Non-controlling interest	-	-	-	-	-	18,153,583,634	(18,153,583,634)	-
- Distributed to BCC	-	-	-	-	-	18,333,180,800	-	18,333,180,800
- Other decreased	-	-	-	-	-	-	-	-
- Foreign exchange differences	-	-	-	(10,482,694,046)	-	382,339,440	(2,041,200)	(10,102,395,806)
<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>1,464,552,508,974</b>	<b>1,568,669,037,673</b>	<b>3,672,307,424,640</b>	<b>250,817,119,360</b>	<b>13,202,145,505,460</b>

	<b>30/9/2017</b>	<b>1/1/2017</b>
b- Details of share capital		
- The State	1,931,794,590,000	1,931,794,590,000
- Others	1,900,867,010,000	1,900,867,010,000
<b>Total</b>	<b>3,832,661,600,000</b>	<b>3,832,661,600,000</b>

	<b>30/9/2017</b>	<b>1/1/2017</b>
c) Capital transactions with owners and distribution of dividends or profits		
- Share capital		
+ As at 1/1/2016	3,832,661,600,000	3,484,662,590,000
+ Increase in capital	-	347,999,010,000
+ Decrease in capital	-	-
+ As at 31/12/2016	3,832,661,600,000	3,832,661,600,000
- Dividends and distributed profits		347,999,010,000

	<b>30/9/2017</b>	<b>1/1/2017</b>
d) Number of shares		
- Authorized shares	383,266,160	383,266,160
- Issued shares	-	-
+ Ordinary shares	383,266,160	383,266,160
+ Preference shares	-	-
- Treasury shares	-	-
+ Ordinary shares	416,000	416,000
+ Preference shares	-	-
- Shares in circulation	-	-
+ Ordinary shares	382,850,160	382,850,160
+ Preference shares		
* Par value per share: 10,000 VND		

	<b>30/9/2017</b>	<b>1/1/2017</b>
đ) Funds		
- Investment and development fund	1,568,669,037,673	1,555,178,332,202
- Scientific and technological fund	943,095,419,160	1,096,878,028,600
+ Available	864,670,996,490	1,017,946,269,600
+ The carrying amount of assets formed from the fund	78,424,422,670	78,931,759,000

e) Income and expense directly recorded into equity: None



**19. Foreign exchange differences**

	<b>30/9/2017</b>	<b>1/1/2017</b>
- FX differences on conversion of financial statements	1,512,562,290,693	1,521,986,123,579
- Translation of financial statements of foreign operation (Algeria Branch)	(48,009,781,719)	(46,950,920,559)
<b>Total</b>	<b>1,464,552,508,974</b>	<b>1,475,035,203,020</b>

**20. Off balance-sheet**

Foreign currencies	<b>30/9/2017</b>	<b>1/1/2017</b>
- GBP	5,782	5,782
- VND	2,438,635,912,275	2,206,055,185,259
- EUR	5,082	9,718
- SGD	36,411	36,411
- DZD	21,799,220	41,546,994
- MMK	1,342,675	1,342,675

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

Unit: VND

	QUARTER 03 - 2017	QUARTER 03 - 2016
<b>1. Net revenue</b>		
- Sales of finished goods	31,138,347,240	179,985,078,900
- Sales of drilling services	546,646,332,960	716,328,847,014
- Sale of other services	687,275,351,280	293,032,708,210
<b>Total</b>	<b>1,265,060,031,480</b>	<b>1,189,346,634,124</b>
<b>2. Cost of sales</b>		
- Cost of finished goods sold	24,841,199,880	169,807,330,132
- Cost of drilling services	609,400,554,840	583,788,500,372
- Cost of other services	537,172,103,160	217,986,319,232
<b>Total</b>	<b>1,171,413,857,880</b>	<b>971,582,149,736</b>
<b>3. Financial income</b>		
- Interests of deposits or loans	36,465,062,760	30,629,098,390
- Interests of exchange differences	14,515,812,360	6,910,465,166
<b>Total</b>	<b>50,980,875,120</b>	<b>37,539,563,556</b>
<b>4. Financial expenses</b>		
- Interests of loans	49,649,627,160	46,017,960,252
- Payment discounts or interests of sale under deferred payment	-	490,292
- Losses of exchange differences	14,691,446,280	13,750,350,570
- Other financial expenses	11,632,345,200	1,493,162
<b>Total</b>	<b>75,973,418,640</b>	<b>59,770,294,276</b>
<b>8. Cost by nature</b>		
- Raw materials and consumables	178,117,107,840	238,589,837,662
- Labour	498,162,503,160	336,741,281,712
- Depreciation and amortization	245,841,969,240	234,323,806,970
- Provisions	67,314,557,520	163,079,042,869
- Out-sourced services	295,630,511,400	163,131,491,435
- Other expenses	23,419,685,520	55,982,420,400
<b>Total</b>	<b>1,308,486,334,680</b>	<b>1,191,847,881,048</b>

## VII. Other informations

1- Financial instruments	Đơn vị tính: VND	
	30/9/2017	1/1/2017
<b>+ Financial asset</b>		
Cash and cash equivalents	1,617,980,607,480	2,782,568,383,500
Trade and other receivables	2,124,205,716,340	1,687,405,249,100
Other investments	2,073,939,243,320	1,678,127,373,200
Deposits	29,820,899,750	26,532,668,000
<b>Total</b>	<b>5,845,946,466,890</b>	<b>6,174,633,673,800</b>
<b>+ Financial liability</b>		
Loans and borrowings	4,761,923,140,070	5,441,308,176,200
Trade and other payables	829,907,307,140	781,870,741,500
Accrued expenses	440,011,332,380	373,518,988,700
<b>Total</b>	<b>6,031,841,779,590</b>	<b>6,596,697,906,400</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.

Financial asset	As at 1/1/2017			
	Less than 1 year	From 1- 5 years	Over 5 years	Total
Cash and cash equivalents	2,782,568,383,500	-	-	2,782,568,383,500
Trade and other receivables	1,687,405,249,100	-	-	1,687,405,249,100
Other investments	1,678,127,373,200	-	-	1,678,127,373,200
Deposits	9,844,536,000	16,688,132,000	-	26,532,668,000
<b>Total</b>	<b>6,157,945,541,800</b>	<b>16,688,132,000</b>	<b>-</b>	<b>6,174,633,673,800</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	761,883,005,600	3,887,548,087,500	791,877,083,100	5,441,308,176,200
Trade and other payables	781,870,741,500	-	-	781,870,741,500
Accrued expenses	373,518,988,700	-	-	373,518,988,700
<b>Total</b>	<b>1,917,272,735,800</b>	<b>3,887,548,087,500</b>	<b>791,877,083,100</b>	<b>6,596,697,906,400</b>
<b>Liquidity gap</b>	<b>4,240,672,806,000</b>	<b>(3,870,859,955,500)</b>	<b>(791,877,083,100)</b>	<b>(422,064,232,600)</b>

	<i>As at 30/9/2017</i>			
<b>Financial asset</b>	<u>Less than 1 year</u>	<u>From 1- 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Cash and cash equivalents	1,617,980,607,480	-	-	1,617,980,607,480
Trade and other receivables	2,124,205,716,340	-	-	2,124,205,716,340
Other investments	2,073,939,243,320	-	-	2,073,939,243,320
Deposits	9,539,806,290	20,281,093,460	-	29,820,899,750
<b>Total</b>	<b>5,825,665,373,430</b>	<b>20,281,093,460</b>	<b>-</b>	<b>5,845,946,466,890</b>
<b>Financial liability</b>	<u>Less than 1 year</u>	<u>From 1- 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Loans and borrowings	1,193,110,539,000	3,279,715,930,260	289,096,670,810	4,761,923,140,070
Trade and other payables	829,907,307,140	-	-	829,907,307,140
Accrued expenses	440,011,332,380	-	-	440,011,332,380
<b>Total</b>	<b>2,463,029,178,520</b>	<b>3,279,715,930,260</b>	<b>289,096,670,810</b>	<b>6,031,841,779,590</b>
<b>Liquidity gap</b>	<b>3,362,636,194,910</b>	<b>(3,259,434,836,800)</b>	<b>(289,096,670,810)</b>	<b>(185,895,312,700)</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 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

	<u>30/9/2017</u>	<u>1/1/2017</u>
<b>Receivables</b>		
Petrovietnam Company's subsidiaries	47,902,804,558	74,271,844,362
Petrovietnam's Joint Ventures/Joint Operating Companies/Petroleum Sharing Contracts	1,515,556,226,242	1,395,718,979,131
<b>Payables</b>		
Petrovietnam Company's subsidiaries	16,636,261,443	239,431,571,346
Petrovietnam's Joint Ventures/Joint Operating Companies/Petroleum Sharing Contracts	46,479,143,154	26,399,031,200
Payables to Petrovietnam	185,684,458,496	196,175,829,906
Petrovietnam capital contributed in BCC	278,173,894,859	278,173,894,859

## 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.

#### - Geographical segments

The Group basically operates in Vietnam. Foreign operation has revenue and profit accounting for less than 10%, therefore, geographical segments is not presented.

#### - Business segments

Segment	<u>2017</u>				<u>2016</u>			
	Asset	Liability	Revenue	Gross profit	Asset	Liability	Revenue	Gross profit
<i>+Trading</i>	776,668,840,111	507,554,498,786	31,138,347,240	6,297,147,360	911,017,590,535	592,710,337,891	179,985,078,900	10,177,748,768
<i>+ Drilling services</i>	19,732,867,479,723	7,405,006,796,367	546,646,332,960	(62,754,221,880)	20,721,383,135,188	8,400,451,794,912	716,328,847,014	132,540,346,642
<i>+Other services</i>	1,666,017,757,407	1,060,847,276,627	687,275,351,280	150,103,248,120	1,691,882,520,287	1,106,595,181,677	293,032,708,210	75,046,388,978
<b>Total</b>	<b>22,175,554,077,240</b>	<b>8,973,408,571,780</b>	<b>1,265,060,031,480</b>	<b>93,646,173,600</b>	<b>23,324,283,246,010</b>	<b>10,099,757,314,480</b>	<b>1,189,346,634,124</b>	<b>217,764,484,388</b>

## **VII. Other informations (continued)**

6. Comparative information: This period financial performance figures had been converted to VND using average exchange rate of the period. For comparative period, the average inter-bank exchange rate for that period had been used.

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

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

The consolidated financial statements for the period ended as at 30 September 2017 is approved by the Company's Board of Directors for issuance on 27 October 2017.

Ho Chi Minh City, 27 October 2017

**Preparer**

**Chief Accountant**

**President & CEO**

Tran Kim Hoang

Doan Dac Tung

Pham Tien Dung