

**PACIFIC PETROLEUM TRANSPORTATION
JOINT STOCK COMPANY**

(Incorporated in the Socialist Republic of Vietnam)

AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2015



PACIFIC PETROLEUM TRANSPORTATION JOINT STOCK COMPANY

3rd Floor, PVFCCo Tower, 43 Mac Dinh Chi Street

Da kao Ward, District 1, Ho Chi Minh City, Vietnam

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PACIFIC PETROLEUM TRANSPORTATION JOINT STOCK COMPANY

3rd Floor, PVFCCo Tower, 43 Mac Dinh Chi Street
Da kao Ward, District 1, Ho Chi Minh City, Vietnam

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Pacific Petroleum Transportation Joint Stock Company (the “Company”) presents this report together with the Company’s financial statements for the year ended 31 December 2015.

THE BOARDS OF MANAGEMENT AND DIRECTORS

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

Board of Management

Mr. Nguyen Anh Minh	Chairman (apponited on 01 April 2015)
Mr. Tran Tuan Nam	Chairman (resigned on 01 April 2015)
Mr. Le Manh Tuan	Member
Mr. Nguyen Ngoc Linh	Member
Mr. Duong Quang Tao	Member
Mr. Vu Quang Dong	Member

Board of Directors

Mr. Le Manh Tuan	Director
Mr. Nguyen Ngoc Linh	Vice Director
Mr. Nguyen Trong Quy	Vice Director (apponited on 26 February 2015)

BOARD OF DIRECTORS’ STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company and of its results and cash flows for the year in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the Board of Directors is required to:

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

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

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

For and on behalf of the Board of Directors,



Lê Manh Tuan
Director
19 March 2016

No.: 578/VNIA-HN-BC

INDEPENDENT AUDITORS' REPORT

To:
The shareholders
The Board of Management and Board of Directors
Pacific Petroleum Transportation Joint Stock Company

We have audited the accompanying financial statements of Pacific Petroleum Transportation Joint Stock Company (the "Company"), prepared on 19 March 2016 as set out from page 03 to page 28, which comprise the balance sheet as at 31 December 2015, the statement of income, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Vũ Đức Nguyễn
Deputy General Director
Audit Practising Registration Certificate
No. 0764-2013-001-1

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED
19 March 2016
Ho Chi Minh City, S.R. Vietnam

Thanh Xuan Thuy
Auditor
Audit Practising Registration Certificate
No. 2260-2013-001-1

PACIFIC PETROLEUM TRANSPORTATION JOINT STOCK COMPANY

3rd Floor, PVFCCo Tower, 43 Mac Dinh Chi Street
Da kao Ward, District 1, Ho Chi Minh City, Vietnam

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For the year ended 31 December 2015

BALANCE SHEET
As at 31 December 2015

FORM B 01-DN
Unit: VND

ASSETS	Codes	Notes	31/12/2015	31/12/2014
A. CURRENT ASSETS	100		828,356,431,327	850,136,179,765
I. Cash and cash equivalents	110	5	273,190,223,808	197,033,770,377
1. Cash	111		3,363,605,679	7,283,586,661
2. Cash equivalents	112		269,826,618,129	189,750,183,716
II. Short-term financial investments	120		151,341,695,000	414,000,000,000
1. Held-to-maturity investments	123	6	151,341,695,000	414,000,000,000
III. Short-term receivables	130		390,924,494,237	188,929,111,307
1. Short-term trade receivables	131	7	341,917,344,461	156,486,306,287
2. Short-term advances to suppliers	132		1,982,618	1,880,585
3. Other short-term receivables	136	8	129,005,167,158	112,440,924,435
4. Provision for short-term doubtful debts	139	9	(80,000,000,000)	(80,000,000,000)
IV. Inventories	140		5,386,624,021	21,696,192,859
1. Inventories	141	10	5,386,624,021	21,696,192,859
V. Other short-term assets	150		7,513,394,261	28,477,105,222
1. Short-term prepayments	151		483,978,137	2,463,588,851
2. Value added tax deductibles	152		7,029,416,124	19,870,508,127
3. Taxes and other receivables from the State budget	153	13	-	6,143,008,244
B. NON-CURRENT ASSETS	200		2,488,411,086,727	2,280,660,973,702
I. Long-term receivables	210		390,000,000	390,000,000
1. Other long-term receivables	216		390,000,000	390,000,000
II. Fixed assets	220		2,301,595,901,306	569,186,350,603
1. Tangible fixed assets	221	12	2,301,595,901,306	569,186,350,603
- Cost	222		2,857,015,936,531	982,639,129,633
- Accumulated depreciation	223		(555,420,035,225)	(413,452,779,030)
2. Intangible assets	227		-	-
- Cost	228		65,000,000	65,000,000
- Accumulated amortisation	229		(65,000,000)	(65,000,000)
III. Long-term assets in progress	240		-	1,530,090,932,848
1. Long-term construction in progress	242		-	1,530,090,932,848
IV. Long-term financial investments	250		180,000,000,000	180,000,000,000
1. Held-to-maturity investments	255	6	180,000,000,000	180,000,000,000
V. Other long-term assets	260		6,425,185,421	993,690,251
1. Long-term prepayments	261	11	6,425,185,421	993,690,251
TOTAL ASSETS (270=100+200)	270		3,316,767,518,054	3,130,797,153,467

The notes set out on pages 7 to 28 are an integral part of these financial statements

PACIFIC PETROLEUM TRANSPORTATION JOINT STOCK COMPANY

3rd Floor, PVFCCo Tower, 43 Mac Dinh Chi Street
Da kao Ward, District 1, Ho Chi Minh City, Vietnam

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For the year ended 31 December 2015

BALANCE SHEET (Continued)

As at 31 December 2015

FORM B 01-DN

Unit: VND

RESOURCES	Codes	Notes	31/12/2015	31/12/2014
A. LIABILITIES	300		2,352,098,932,918	2,182,024,947,544
I. Current liabilities	310		588,108,738,272	387,441,133,059
1. Short-term trade payables	311	14	256,573,087,818	69,831,019,682
2. Short-term advances from customers	312		8,958,812,239	1,257,096,248
3. Taxes and amounts payable to the State budget	313	13	2,241,273,563	507,964,136
4. Payables to employees	314		2,261,496,575	1,921,206,983
5. Short-term accrued expenses	315	15	17,348,372,867	8,304,062,718
6. Other current payables	319	16	10,653,678,688	1,270,240,140
7. Short-term loans	320	17	287,404,520,204	259,137,381,553
8. Short-term provisions	321	19	-	42,018,826,595
9. Bonus and welfare funds	322		2,667,496,318	3,193,335,004
II. Long-term liabilities	330		1,763,990,194,646	1,794,583,814,485
1. Long-term loans	338	18	1,753,752,526,646	1,794,583,814,485
2. Long-term provisions	342	19	10,237,668,000	-
B. EQUITY	400		964,668,585,136	948,772,205,923
I. Owner's equity	410	20	964,668,585,136	948,772,205,923
1. Owner's contributed capital	411		942,750,280,000	942,750,280,000
- Ordinary shares carrying voting rights	411a		942,750,280,000	942,750,280,000
2. Investment and development fund	418		5,401,849,150	5,401,849,150
3. Other reserves	420		1,874,782,311	1,874,782,311
4. Retained earnings	421		14,641,673,675	(1,254,705,538)
- Loss accumulated to the prior year end	421a		(2,454,753,852)	(19,255,671,820)
- Retained earnings of the current year	421b		17,096,427,527	18,000,966,282
TOTAL RESOURCES (440 = 300+400)	440		3,316,767,518,054	3,130,797,153,467


Vo Thi Huong
Preparer


Nguyen Thai Dao
Chief Accountant


Le Manh Tuan
Director
19 March 2016

PACIFIC PETROLEUM TRANSPORTATION JOINT STOCK COMPANY

3rd Floor, PVFCCo Tower, 43 Mac Dinh Chi Street
Da kao Ward, District 1, Ho Chi Minh City, Vietnam

Financial statements

For the year ended 31 December 2015

INCOME STATEMENT

For the year ended 31 December 2015

FORM B 02-DN

Unit: VND

ITEMS	Codes	Notes	2015	2014
1. Gross revenue from services rendered	01		940,286,630,436	750,761,098,224
2. Net revenue from services rendered (10=01)	10	23	940,286,630,436	750,761,098,224
3. Cost of services rendered	11	24	804,807,642,279	721,093,721,735
4. Gross profit from services rendered (20=10-11)	20		135,478,988,157	29,667,376,489
5. Financial income	21	26	39,741,458,099	53,645,839,691
6. Financial expenses	22	27	147,077,163,330	56,832,960,601
- In which: Interest expense	23		69,303,557,529	34,465,154,646
7. General and administration expenses	25	28	12,871,654,499	11,293,162,126
8. Operating profit (30=20+(21-22)-26))	30		15,271,628,427	15,187,093,453
9. Other income	31	29	8,476,408,801	3,237,362,440
10. Other expenses	32		90,926,608	70,734
11. Profit from other activities (40=31-32)	40		8,385,482,193	3,237,291,706
12. Accounting Profit before tax (50=30+40)	50		23,657,110,620	18,424,385,159
13. Current corporate income tax expense	51	30	6,560,683,093	423,418,877
15. Profit after corporate income tax (60=50-51)	60		17,096,427,527	18,000,966,282
16. Basic earnings per share	70	31	172	181


Vo Thi Huong
Preparer


Nguyen Thai Dao
Chief Accountant




Le Manh Tuan
Director
19 March 2016

The notes set out on pages 7 to 28 are an integral part of these financial statements

PACIFIC PETROLEUM TRANSPORTATION JOINT STOCK COMPANY

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Financial statements

For the year ended 31 December 2015

CASH FLOW STATEMENT

For the year ended 31 December 2015

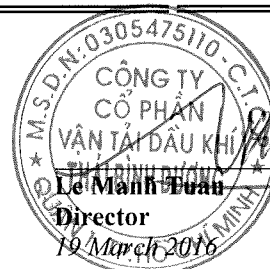
FORM B 03-DN

Unit: VND

ITEMS	Codes	2015	2014
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	23,657,110,620	18,424,385,159
2. Adjustments for:			
Depreciation and amortisation	02	141,967,256,195	64,041,528,900
Foreign exchange loss arising from translating foreign currency items	04	75,509,396,506	20,030,325,949
Gain from investing activities	05	(39,493,342,499)	(46,143,916,401)
Interest expense	06	69,303,557,529	34,465,154,646
3. Operating profit before movements in working capital	08	270,943,978,351	90,817,478,253
(Increase)/Decrease in receivables	09	(171,916,321,142)	97,165,445,432
Decrease/(Increase) in inventories	10	16,309,568,838	(11,709,109,474)
Increase/(Decrease) in payables (excluding accrued loan interest and corporate income tax payable)	11	31,221,518,126	(38,417,765,182)
(Increase)/Decrease in prepaid expenses	12	(3,451,884,456)	37,093,232
Interest paid	14	(70,501,347,450)	(34,465,154,646)
Corporate income tax paid	15	(4,105,374,017)	(802,526,498)
Net cash generated by operating activities	20	68,500,138,250	102,625,461,117
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(192,898,238,565)	(419,556,909,744)
2. Cash outflow for lending, buying debt instruments of other entities	23	(221,341,695,000)	(680,135,333,333)
3. Cash recovered from lending, selling debt instruments of other entities	24	484,000,000,000	612,135,333,333
4. Interest earned	27	25,943,173,915	69,310,206,250
Net cash generated by / (used in) investing activities	30	95,703,240,350	(418,246,703,494)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	150,463,681,755	221,378,118,066
2. Repayment of borrowings	34	(238,519,931,719)	(206,120,724,418)
Net cash (used in)/generated by financing activities	40	(88,056,249,964)	15,257,393,648
Net increase/(decrease) in cash (50=20+30+40)	50	76,147,128,636	(300,363,848,729)
Cash and cash equivalents at the beginning of the year	60	197,033,770,377	497,230,243,612
Effects of changes in foreign exchange rates	61	9,324,795	167,375,494
Cash and cash equivalents at the end of the year (70=50+60+61)	70	273,190,223,808	197,033,770,377

Vo Thi Huong
Preparer

Nguyen Thai Dao
Chief Accountant



The notes set out on pages 7 to 28 are an integral part of these financial statements

PACIFIC PETROLEUM TRANSPORTATION JOINT STOCK COMPANY

3rd Floor, PVFCCo Tower, 43 Mac Dinh Chi Street
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Financial statements

For the year ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS**FORM B 09-DN**

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

1. GENERAL INFORMATION**Structure of ownership**

Pacific Petroleum Transportation Joint Stock Company (the "Company") was incorporated in Vietnam under Enterprise Registration Certificate No. 0305475110 issued by Department of Planning and Investment of Ho Chi Minh City issued first time on 25 July 2009 and sixth amendment on 15 July 2014. This Enterprise Registration Certificate replaced Business Registration Certificate No. 4103009251 issued by Department of Planning and Investment of Ho Chi Minh City issued on 28 January 2008.

The number of employees as at 31 December 2015 was 21 (as at 31 December 2014: 16).

Principal activities

The principal activities of the Company are to transport crude oil products, Vocational training, job placement services, provide vessels and other vehicles for lease, vessel broker services, maritime agent, ship supply, ship repair, domestic waterway transport, wholesale of machinery, equipment and other machine parts, cargo storage, direct support services for water transport Loading and unloading of goods, wholesaling of solid, liquid and gaseous fuels and related products, other specialized wholesalers, crude oil and natural gas exploration and extraction services, multinational transportation business fall.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

Disclosure of information comparability in the financial statements

As stated in Note 3, since 01 January 2015, the Company has adopted Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014 ("Circular 200") guiding the accounting regime for enterprises. This Circular is effective for the financial year beginning on or after 01 January 2015. Circular 200 supersedes the regulations for accounting regime promulgated under Decision No. 15/2006/QĐ-BTC dated 20 March 2006 issued by the Ministry of Finance and Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance. Accordingly, certain figures of the balance sheet as at 31 December 2015 and of the cash flow statement for the year then ended have been reclassified in accordance with the guidance of Circular 200 in the preparation and presentation of financial statements to enhance the comparability with current year's presentation as stated in Note 36.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**Accounting convention**

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

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

Financial year

The Company's financial year begins on 01 January and ends on 31 December.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

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

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

New guidance on accounting regime for enterprises

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC ("Circular 200") guiding the accounting regime for enterprises. This Circular is effective for financial years beginning on or after 01 January 2015. Circular 200 supersedes the regulations for accounting regime promulgated under Decision No. 15/2006/QĐ-BTC dated 20 March 2006 issued by the Ministry of Finance and Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance. The Board of Directors has adopted Circular 200 in the preparation and presentation of the financial statements for the year ended 31 December 2015.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Financial instruments

Initial recognition

Financial assets: At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Company comprise cash and cash equivalents, trade and other receivables and financial investments.

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

Subsequent measurement after initial recognition

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

Cash and cash equivalents

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

Financial investments

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Company has the positive intent or ability to hold to maturity, including term deposits to earn periodic interest.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the income statement on accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)**FORM B 09-DN**

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

Held-to-maturity investments are measured at cost less provision for doubtful debts.

Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

Receivables

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

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

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises purchase price and related expenses that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the FIFO method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

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

	<u>2015</u> Years
Means of transportation	15

Leasing

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Intangible assets and amortization

Intangible assets represent computer software and are stated at cost less accumulated amortization. Computer software is amortized using the straight-line method over its useful life of 03 years.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)**FORM B 09-DN**

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

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. The cost includes any costs that are necessary to form the asset including construction cost, equipment cost, other directly attributable costs in accordance with the Company's accounting policy. Such costs will be included in the estimated costs of the fixed assets.

According to the State's regulations on investment and construction management, the settled costs of completed construction projects are subject to approval by appropriate level of competent authorities. The final costs of these completed construction projects may vary depending on the final approval by competent authorities.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods.

Long-term prepayments comprise costs of loan guarantee, office equipments, office repairing expenses, supplies issued for using on vessels. These expenditures have been capitalised as long-term prepayments, and are allocated to the income statement using the straight-line method in accordance with the current prevailing accounting regulations.

Payable provisions

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

Revenue recognition

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

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

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

Foreign currencies

The Company applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates". Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement. Unrealised exchange gains as at the balance sheet date are not treated as part of distributable profit to shareholders.

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For the year ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)**FORM B 09-DN**

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

Borrowing costs

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

Provisions

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

Taxation

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

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

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

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

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

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

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5. CASH AND CASH EQUIVALENTS

	31/12/2015	31/12/2014
	<u>VND</u>	<u>VND</u>
Cash on hand	173,681,589	46,660,574
Demand deposits	3,189,924,090	7,236,926,087
Cash equivalents (*)	269,826,618,129	189,750,183,716
	<u>273,190,223,808</u>	<u>197,033,770,377</u>

(*) Cash equivalents represent term deposits in Vietnam Dong with maturity term is from 01 to 03 months at commercial banks, and earned interest rate from 4.6% to 4.9% (31 December 2014: Term deposits with maturity term of 01 month and earned interest rate from 4.9% to 5.3%).

Cash equivalents included term deposits at Ocean Joint Stock Commercial Bank with the amount of VND 175,749,937,629 in the co-owner account with Dung Quat Ship Building Industry Company Limited ("DQS"). This account was used for the management of the disbursement amount of building project of the 105,000 DWT oil vessels. The Company transferred the disbursement amount into this account to joint-manage and joint-control with DQS only when obtaining the documentation signed by all of the legal representative or all of the authorized persons and stamped by both account owners together with the disbursement papers. The Company is entitled to all rights and use of all the interest amounts earned during the period of opening the co-owner account.

6. HELD-TO-MATURITY INVESTMENTS

	31/12/2015		31/12/2014	
	Cost	Carrying amount	Cost	Carrying amount
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
1. Short-term				
- Term deposits (*)	151,341,695,000	151,341,695,000	414,000,000,000	414,000,000,000
	<u>151,341,695,000</u>	<u>151,341,695,000</u>	<u>414,000,000,000</u>	<u>414,000,000,000</u>
2. Long-term				
- Term deposits (*)	180,000,000,000	180,000,000,000	180,000,000,000	180,000,000,000
	<u>180,000,000,000</u>	<u>180,000,000,000</u>	<u>180,000,000,000</u>	<u>180,000,000,000</u>

(*) Short-term term deposits represent term deposits in Vietnam Dong with remaning maturity term no more than 12 months at commercial banks and earned interest rate is from 5.5% to 6.5% per annum (31 December 2014: from 5.4% to 7%).

(*) Long-term term deposits represent term deposits in Vietnam Dong with remaning maturity term more than 12 months at commercial banks and earned interest rate is from 7.2% to 7.5% (31 December 2014: from 7.2% to 7.5%).

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7. SHORT-TERM TRADE RECEIVABLES

	31/12/2015	31/12/2014
	<u>VND</u>	<u>VND</u>
a. Trade receivables from related parties		
Petrovietnam Transportation Corporation	339,066,200,567	143,037,814,412
Binh Son Refining & Petrochemical Company Limited	2,799,766,185	13,448,491,875
Dung Quat Ship Building Industry Company Limited	18,600,709	-
b. Trade receivables from third parties		
Other trade receivables	32,777,000	-
	<u>341,917,344,461</u>	<u>156,486,306,287</u>

8. OTHER SHORT-TERM RECEIVABLES

	31/12/2015	31/12/2014
	<u>VND</u>	<u>VND</u>
a. Other receivables from related parties		
Southern Petroleum Transportation Joint Stock Company	23,003,200,000	23,003,200,000
Branch of Petrovietnam Transportation Corporation – Ships Management Company	2,030,815,933	925,603,892
Petrovietnam Transportation Corporation	577,197,876	187,449,285
b. Other receivables		
Receivables from compensation (*)	80,000,000,000	80,000,000,000
Accured interests from term deposits	21,814,434,671	8,264,266,087
Receivable from employees	20,000,000	50,080,000
Deposits and mortgages	10,000,000	10,000,000
Other receivables	1,549,518,678	325,171
	<u>129,005,167,158</u>	<u>112,440,924,435</u>

(*) Compensation represent receivables regarding to deposit contract at Vietnam Joint Stock Commercial Bank for Industry and Trade - Nha Be Branch. According to judgement court No. 02/2015/HSPT dated 07 January 2015 (People's Supreme Court of Ho Chi Minh City), Huynh Thi Huyen Nhu and Vo Tuan Anh (accused members) have joint responsibility for reimbursement to the Company. However, the Board of Directors had assessed the recoverability of the amount and made full provision in 2012.

9. BAD DEBTS

As presented in Notes 8 – Other short-term receivables, as at 31 December 2015, the Company have other receivables regarding to deposit contract at Vietnam Joint Stock Commercial Bank for Industry and Trade - Nha Be Branch with an amount of VND 80,000,000,000. The Board of Directors had assessed the recoverability of the amount is low and made full provision in 2012.

10. INVENTORIES

Inventories represent value of fuel stored on vessels at the balance sheet date.

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11. LONG-TERM PREPAYMENTS

	31/12/2015	31/12/2014
	<u>VND</u>	<u>VND</u>
Loan gurantee fees	4,711,111,111	400,000,000
Tools, supplies of Dai Hung Queen vessel	1,343,882,413	-
Office repairing	370,191,897	593,690,251
	<u>6,425,185,421</u>	<u>993,690,251</u>

12. INCREASE, DECREASE IN TANGIBLE FIXED ASSETS

	Means of transportation <u>VND</u>
COST	
As at 01/01/2015	982,639,129,633
Transfer from construction in progress	<u>1,874,376,806,898</u>
As at 31/12/2015	<u>2,857,015,936,531</u>
ACCUMULATED DEPRECIATION	
As at 01/01/2015	413,452,779,030
Charge for the year	<u>141,967,256,195</u>
As at 31/12/2015	<u>555,420,035,225</u>
NET BOOK VALUE	
As at 31/12/2015	<u><u>2,301,595,901,306</u></u>
As at 31/12/2014	<u><u>569,186,350,603</u></u>

During the year, newly building project of the 105,000 DWT oil vessels which was conducted by Dung Quat Ship Building Industry Company Limited has been completed. The Company transferred construction investment cost of this vessel to increase historical cost of fixed assets with estimated value of VND 1,874,376,806,898.

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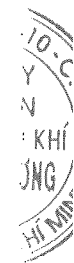
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13. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	31/12/2014	Receivables/ payables amount	Refunded amount	Net-off amount	Collected/paid amount	31/12/2015
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
a. Receivables						
Value added tax of imported good	2,336,511,158	-	2,336,511,158	-	-	-
Export/import duties	2,986,058,997	-	2,986,058,997	-	-	-
Corporate income tax	379,107,621	-	-	379,107,621	-	-
Other taxes	441,330,468	-	441,330,468	-	-	-
	6,143,008,244	-	5,763,900,623	379,107,621	-	-
b. Payables						
Value added tax	-	89,076,576,668	-	89,076,576,668	-	-
Value added tax of imported good	-	893,166,171	52,003,246	-	945,169,417	-
Export/import duties		699,526,001	40,876,774	-	740,402,775	-
Corporate income tax		6,560,683,093	-	379,107,621	4,105,374,017	2,076,201,455
Personal income tax	68,080,339	460,587,288	-	-	413,226,630	115,440,997
Withholding tax	439,883,797	3,251,636,275	-	-	3,641,888,961	49,631,111
Other taxes		1,239,875,700	70,387,950	-	1,310,263,650	-
	507,964,136	102,182,051,196	163,267,970	89,455,684,289	11,156,325,450	2,241,273,563



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14. SHORT-TERM TRADE PAYABLES

	31/12/2015	31/12/2014
	<u>VND</u>	<u>VND</u>
a. Trade payables to related parties		
Dung Quat Shipbuilding Industry Company Limited	134,360,433,000	-
Branch of Petrovietnam Transportation Corporation – Ships Management Company	44,870,971,869	5,184,402,635
Petrovietnam Transportation Vung Tau JSC	29,593,048,818	13,865,928,378
Petrovietnam Oil Vung Tau Joint Stock Company	24,092,547,500	-
Quang Ngai Petro Transportation Joint Stock Company	13,694,657,527	13,668,590,879
Branch of Petrovietnam Transportation Corporation – Oilfield Services Company	614,539,002	-
Petrovietnam Engineering Consultancy Joint Stock Company	403,925,588	-
Con Son Branch - Cuu Long Petro Gas Services Transportation Joint Stock Company	71,126,000	-
Indochina Petroleum Transportation JSC	19,134,500	5,456,000
PetroVietnam Insurance Corporation	-	3,634,852,220
PVI South	-	1,521,221,035
b. Trade payables to third parties		
GlobalTech Systems Engineering Pte. Ltd.	6,204,149,426	-
Det Norske Veritas AS	1,465,100,000	-
Vina Bunker Supply Joint Stock Company	-	15,507,823,360
Teekay chartering Ltd. - Classic Aframax RSA	-	11,506,448,750
Nassau Energy Inc	-	1,533,054,183
Sinokor Tanker Co., Ltd.	-	1,479,722,414
Others	1,183,454,588	1,923,519,828
	<u>256,573,087,818</u>	<u>69,831,019,682</u>

15. SHORT-TERM ACCRUED EXPENSES

	31/12/2015	31/12/2014
	<u>VND</u>	<u>VND</u>
Vessel building and finishing costs	7,506,733,049	-
Interest expenses	6,950,755,369	8,148,545,290
Vessel saving costs	2,431,924,449	-
Other expenses	458,960,000	155,517,428
	<u>17,348,372,867</u>	<u>8,304,062,718</u>

16. OTHER CURRENT PAYABLES

	31/12/2015	31/12/2014
	<u>VND</u>	<u>VND</u>
a. Other payables to related parties		
Petrovietnam Transportation Corporation	10,092,391,476	957,552,500
b. Other payables		
Dividend payables	304,182,400	304,182,400
Others	257,104,812	8,505,240
	<u>10,653,678,688</u>	<u>1,270,240,140</u>

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17. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

		During the year			
	31/12/2014	Tranfer from long-term loans	Increase from exchange differences	Payments	31/12/2015
	VND	VND	VND	VND	VND
Citibank Vietnam	209,054,131,312	209,054,131,268	16,837,823,687	214,549,380,181	220,396,706,086
Vietnam Oil and Gas Group	48,180,808,592	29,431,713,732	-	23,970,551,538	53,641,970,786
Vietnam Public Joint Stock					
Commerical Bank	1,902,441,649	11,246,808,718	216,592,965	-	13,365,843,332
	259,137,381,553	249,732,653,718	17,054,416,652	238,519,931,719	287,404,520,204

18. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

		During the year			
	31/12/2014	Increase	Increase from exchange differences	Tranfer from current portion	31/12/2015
	VND	VND	VND	VND	VND
Citibank Vietnam	1,231,325,556,685	-	55,464,679,770	209,054,131,268	1,077,736,105,187
Vietnam Oil and Gas Group	530,916,749,759	65,702,265,248	-	27,529,272,083	569,089,742,924
Vietnam Public Joint Stock					
Commerical Bank	32,341,508,041	84,761,416,507	2,973,004,354	13,149,250,367	106,926,678,535
	1,794,583,814,485	150,463,681,755	58,437,684,124	249,732,653,718	1,753,752,526,646

- Loans from Citibank Vietnam through PetroVietnam Transportation Corporation ("Corporation") with total credit limit of JPY 9,936,854,077 (equivalent to USD 98,004,105) to fund for the purchase of the Athena vessel and the building of the Aframax crude oil tanker. These loans is secured by the Company's transporation revenue, contributed capital of PetroVietnam Transportation Corporation in the Company and gurantee of Vietnam Oil and Gas Group, bears interest at the rate of 5.01% per annum with the purchase of the Athena vessel and 5.1% per annum with the buliding of the Aframax crude oil tanker. The loan is repayable in 20 instalments each semi-annual from 30 June 2011 to 28 June 2020.

- Liabilities from gurantee of Vietnam Oil and Gas Group through Corporation with an amount of VND 672 billion to support the Company for making payment the loan from Citibank due in 2011. This loan is unsecured, bears interest at the rate of 2.5% per annum and will be paid in 10 instalments from 30 September 2015.

- Loans from Vietnam Public Joint Stock Commerical Bank with total credit limit is USD 10 million to implement 105,000 DWT crude oil tanker conversion project into a floating depot. This loan is unsecured, bears interest at the rate of 3% per annum in first year and will be due within 10 years from the date of first withdrawal (11 December 2014). As at 31 December 2014, the Company withdrawn with an amount of USD 1,512,699.

Long-term loans and borrowings are repayable as follows:

	31/12/2015	31/12/2014
	VND	VND
On demand or within one year	287,404,520,204	259,137,381,553
In the second year	295,388,695,853	272,016,823,781
In the third to fifth year inclusive	1,099,437,248,631	838,521,486,587
After five years	358,926,582,162	684,045,504,117
	2,041,157,046,850	2,053,721,196,038
Less: Amount due for settlement within 12 months (shown under short-term loans)	287,404,520,204	259,137,381,553
Amount due for settlement after 12 months	1,753,752,526,646	1,794,583,814,485

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19. LONG-TERM PROVISIONS

Long-term provisions represent accrued expenses for periodic repairing PVT Athena vessel. The periodic repairing will be conducted in 2017 as planned.

20. OWNERS' EQUITY**Shareholders' equity issued**

	31/12/2015 VND	31/12/2014 VND
Number of shares allowed to issue	94,275,028	94,275,028
Par value (VND/share)	10,000	10,000
Value (VND)	942,750,280,000	942,750,280,000

Shares issued and fully contributed

Number of shares issued and fully contributed	94,275,028	94,275,028
Par value (VND/share)	10,000	10,000
Value (VND)	942,750,280,000	942,750,280,000

The Company only issues ordinary shares which carry no right to fixed dividends with par value of VND 10,000 per share. Ordinary shareholders are entitled to receive dividends as declared and are entitled to one vote per share at the shareholders' meetings. Each share has an equal right to the Company's net asset value.

Movement in owners' equity

	Owners' contributed capital VND	Investment and development fund VND	Other reserves VND	Retained earnings/ (accumulated loss) VND	Total VND
Balance as at 01/01/2014	942,750,280,000	5,401,849,150	1,874,782,311	(16,385,028,827)	933,641,882,634
Profit for the year	-	-	-	18,000,966,282	18,000,966,282
Bonus and Welfare fund appropriation	-	-	-	(2,870,642,993)	(2,870,642,993)
Balance as at 31/12/2014	942,750,280,000	5,401,849,150	1,874,782,311	(1,254,705,538)	948,772,205,923
Balance as at 01/01/2015	942,750,280,000	5,401,849,150	1,874,782,311	(1,254,705,538)	948,772,205,923
Profit for the year	-	-	-	17,096,427,527	17,096,427,527
Bonus and Welfare fund appropriation (*)	-	-	-	(900,048,314)	(900,048,314)
Management board bonus fund appropriation (i)	-	-	-	(300,000,000)	(300,000,000)
Balance as at 31/12/2015	942,750,280,000	5,401,849,150	1,874,782,311	14,641,673,675	964,668,585,136

(*) Fund appropriations during the year included appropriation to bonus and welfare funds, bonus fund for the Company's management with amount of VND 900,048,314 and VND 300,000,000 respectively from retained earnings of year 2014 according to Resolution No. 01/NQ-TBD/ĐHĐCĐ of the Annual General Meeting of Shareholders dated 19 June 2015.

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Details of shareholders who owned shares as at the balance sheet date are as follows:

	As at 31/12/2015 and 31/12/2014	
	VND	%
Petrovietnam Transportation Corporation	612,000,000,000	65%
Vietcombank Securities Limited Company	120,000,000,000	13%
PetroVietnam Insurance Corporation	95,503,470,000	10%
Vietnam Public Joint Stock Commercial Bank	84,496,530,000	9%
Other shareholders	30,750,280,000	3%
	942,750,280,000	100%

21. OFF BALANCE SHEET ITEMS

Operating lease assets: Minimum lease payments in the future of non-cancellable operating leases as at 31 December 2015 is VND 3,600,998,400 (as at 31 December 2014: VND 4,681,497,600) (see Note 32).

Foreign currencies:	31/12/2015	31/12/2014
- United States Dollar (USD)	11,303	180,440
- Japanese Yen (JPY)	100	100
- Singapore Dollar (SGN)	782	669

22. BUSINESS AND GEOGRAPHICAL SEGMENTS

Principal activities of Pacific Petroleum Transportation Joint Stock Company are to provide crude oil transportation services, mainly made from crude oil fields to Dung Quat Oil Refinery. Accordingly, Board of Directors made assessment and believed that not preparing and presenting segment financial statements by business sector and eographic area in the financial statements for the year ended 31 December 2014 is in accordance with Vietnamese Accounting Standard No. 28 - "Segment reports" and in accordance with the current business status of the Company.

23. NET REVENUE FROM SERVICES RENDERED

	2015 VND	2014 VND
Revenue from crude oil transportation services	350,272,832,167	314,949,727,989
Revenue from lending Dai Hung Queen vessel	161,471,395,944	-
Revenue from vessel management services	428,542,402,325	435,811,370,235
	940,286,630,436	750,761,098,224
<i>In which: Revenue from related parties (see Note 34)</i>	920,710,028,032	676,353,066,866

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24. COST OF SALES

	2015	2014
	<u>VND</u>	<u>VND</u>
Cost of crude oil transportation services	298,798,341,708	286,355,440,537
Cost of lending Dai Hung Queen vessel	79,336,582,937	-
Cost of vessel management services	426,672,717,634	434,738,281,198
	<u>804,807,642,279</u>	<u>721,093,721,735</u>

25. OPERATION COST BY NATURE

	2015	2014
	<u>VND</u>	<u>VND</u>
Materials and consumables	106,684,476,901	49,840,576,313
Labour	20,130,686,571	18,210,379,130
Depreciation and amortization	141,967,256,195	64,041,528,900
Out-sourced services	104,386,446,905	85,919,432,897
Other expenses	445,151,973,563	514,374,966,621
	<u>818,320,840,135</u>	<u>732,386,883,861</u>

26. FINANCIAL INCOME

	2015	2014
	<u>VND</u>	<u>VND</u>
Interest income	39,493,342,499	46,143,916,401
Foreign exchange gain	56,617,732	39,253,396
Other financial income	191,497,868	7,462,669,894
	<u>39,741,458,099</u>	<u>53,645,839,691</u>

27. FINANCIAL EXPENSES

	2015	2014
	<u>VND</u>	<u>VND</u>
Interest expenses	69,303,557,529	34,465,154,646
Foreign exchange loss	77,675,228,595	22,287,442,515
Other financial expenses	98,377,206	80,363,440
	<u>147,077,163,330</u>	<u>56,832,960,601</u>

28. GENERAL AND ADMINISTRATION EXPENSES

	2015	2014
	<u>VND</u>	<u>VND</u>
Labour cost	4,893,594,711	2,967,885,146
Out-sourced services	1,502,743,930	1,691,009,503
Other expenses	6,475,315,858	6,634,267,477
	<u>12,871,654,499</u>	<u>11,293,162,126</u>

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29. OTHER INCOME

	2015	2014
	<u>VND</u>	<u>VND</u>
Difference due to settlement of payables	577,197,876	3,237,362,440
Other income	7,899,210,925	-
	<u>8,476,408,801</u>	<u>3,237,362,440</u>

30. CURRENT CORPORATE INCOME TAX EXPENSE

	2015	2014
	<u>VND</u>	<u>VND</u>
Current corporate income tax expenses		
- Corporate income tax expense based on taxable profit in the current year	4,167,120,889	423,418,877
- Corporate income tax expense based on taxable profit in the current year	2,393,562,204	-
Total current corporate income tax expense	<u>6,560,683,093</u>	<u>423,418,877</u>

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

	2015	2014
	<u>VND</u>	<u>VND</u>
Profit before tax	23,657,110,620	18,424,385,159
Adjustments for assessable income		
Less: non-assessable income	(5,211,375,000)	(4,531,628,360)
Add back: non-deductible expenses	495,722,964	578,171,616
Taxable income	<u>18,941,458,584</u>	<u>14,470,928,415</u>
Less: tax loss carried forward	-	(12,546,297,156)
Adjusted taxable income	<u>18,941,458,584</u>	<u>1,924,631,259</u>
Tax rate	22%	22%
Current corporate income tax expenses	<u>4,167,120,889</u>	<u>423,418,877</u>

The Company is obliged to pay corporate income tax at the rate of 22% of its taxable income.

No deferred tax assets or liabilities are recognised as there are no significant temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

31. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2015	2014
Profit after corporate income tax (VND)	17,096,427,527	18,000,966,282
Excluded bonus and welfare funds (VND)	(854,821,376)	(900,048,314)
Profit used to calculate earnings per share (VND)	<u>16,241,606,151</u>	<u>17,100,917,968</u>
Weighted average number of ordinary shares during the year (Share)	94,275,028	94,275,028
Basic earnings per share (VND/share)	<u>172</u>	<u>181</u>

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For the purpose of presenting comparative figures for the financial statements for the year ended 31 December 2015, the Company has restated basic earnings per share for the year ended 31 December 2014 because the profit appropriation to Bonus and welfare funds has been eliminated in compliance with the provisions of Circular 200.

	Profit used to calculate earnings per share <u>VND</u>	Weighted average number of ordinary shares during the year <u>Share</u>	Basic earnings per share <u>VND</u>
Previously reported	18,000,966,282	94,275,028	191
Adjustment of bonus and welfare funds according to Circular 200	(900,048,314)	-	-
Restated figures	<u>17,100,917,968</u>	<u>94,275,028</u>	<u>181</u>

32. OPERATING LEASE COMMITMENTS

	2015 <u>VND</u>	2014 <u>VND</u>
Minimum lease payments under operating leases recognised in the income statement for the year	<u>2,183,020,533</u>	<u>1,534,931,000</u>

As at the balance sheet date, the Company has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	31/12/2015 <u>VND</u>	31/12/2014 <u>VND</u>
Within one year	1,920,499,200	1,560,499,200
In the second to fifth year inclusive	<u>1,680,499,200</u>	<u>3,120,998,400</u>
	<u>3,600,998,400</u>	<u>4,681,497,600</u>

Operating lease payments represent total rental payable for renting the Company's office and car. The office lease contract was signed with the term of 3.5 years from 15 June 2014. The car rental contract was signed with the term of 2 years from 08 April 2015.

33. FINANCIAL INSTRUMENTS**Capital risk management**

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

The capital structure of the Company consists of net debt (borrowings as disclosed in Notes 17 and 18, offset by cash and cash equivalents) and shareholders' equity (comprising capital, reserves and retained earnings).

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Gearing ratio

The gearing ratio of the Company as at the balance sheet date was as follows:

	31/12/2015	31/12/2014
	<u>VND</u>	<u>VND</u>
Borrowings	2,041,157,046,850	2,053,721,196,038
Less: Cash and cash equivalent	273,190,223,808	197,033,770,377
Net debt	1,767,966,823,042	1,856,687,425,661
Equity	964,668,585,136	948,772,205,923
Net debt to equity ratio	<u>1.83</u>	<u>1.96</u>

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity are disclosed in Note 4.

Categories of financial instruments

	Carrying amount	
	31/12/2015	31/12/2014
	<u>VND</u>	<u>VND</u>
Financial assets		
Cash and cash equivalent	273,190,223,808	197,033,770,377
Financial investment	331,341,695,000	594,000,000,000
Trade and other receivables	391,292,511,619	189,267,150,722
	<u>995,824,430,427</u>	<u>980,300,921,099</u>
Financial liabilities		
Borrowings	2,041,157,046,850	2,053,721,196,038
Trade and other payables	267,226,766,506	71,101,259,822
Accrued expenses	17,348,372,867	8,304,062,718
	<u>2,325,732,186,223</u>	<u>2,133,126,518,578</u>

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

Financial risk management objectives

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

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

Market risk

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

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Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

	Assets		Liabilities	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
United States Dollar (USD)	253,563,354	3,857,618,816	1,442,447,995,433	2,068,312,737,097
Japanese Yen (JPY)	18,518	27,543	-	-
Singapore Dollar (SGN)	12,957,943	11,086,438	-	-

Foreign currency sensitivity analysis

The Company is mainly exposed to United States Dollar.

The following details the Company's sensitivity to a 3% increase and decrease in Vietnam Dong against United States Dollar. 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the Board of Directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 3% change in foreign currency rates. For a 3% increase/decrease in United States Dollar against Vietnam Dong, the profit before tax in the year would have decreased/increased by VND 43,265,832,962 (2014: the profit before tax would have decreased/increased by VND 61,933,653,548).

The change in exchange rate of Singapore Dollar and Japanese Yen did not have material effect to accounting profit before tax of the Company.

Interest rate risk management

The Company has significant interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Company by maintaining an appropriate level of borrowings and analysing market competition to enjoy favourable interest rates from appropriate lenders.

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The sensitivity of the Company's loans to interest rate changes which may arise at an appropriate level. Assuming all other variables were held constant, if interest rates applicable to floating interest bearing loans had been 100 basis points higher/lower, the Company's profit before tax for the year ended 31 December 2015 would have decreased/ increased by VND 20,411,570,469 (2014: the profit before tax would have decreased/ increased by VND 20,537,211,960).

Credit risk

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

Liquidity risk management

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

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

31/12/2015	Less than 1 year <u>VND</u>	From 1 - 5 years <u>VND</u>	After 5 years <u>VND</u>	Total <u>VND</u>
Cash and cash equivalent	273,190,223,808	-	-	273,190,223,808
Financial investment	151,341,695,000	180,000,000,000	-	331,341,695,000
Trade and other receivables	390,902,511,619	390,000,000	-	391,292,511,619
	815,434,430,427	180,390,000,000	-	995,824,430,427
Borrowings	287,404,520,204	1,394,825,944,484	358,926,582,162	2,041,157,046,850
Trade and other payables	267,226,766,506	-	-	267,226,766,506
Accrued expenses	17,348,372,867	-	-	17,348,372,867
	571,979,659,577	1,394,825,944,484	358,926,582,162	2,325,732,186,223
Net liquidity gap	243,454,770,850	(1,214,435,944,484)	(358,926,582,162)	(1,329,907,755,796)
31/12/2014	Less than 1 year <u>VND</u>	From 1 - 5 years <u>VND</u>	After 5 years <u>VND</u>	Total <u>VND</u>
Cash and cash equivalent	197,033,770,377	-	-	197,033,770,377
Financial investment	414,000,000,000	180,000,000,000	-	594,000,000,000
Trade and other receivables	188,877,150,722	390,000,000	-	189,267,150,722
	799,910,921,099	180,390,000,000	-	980,300,921,099
Borrowings	259,137,381,553	1,110,538,310,368	684,045,504,117	2,053,721,196,038
Trade and other payables	71,101,259,822	-	-	71,101,259,822
Accrued expenses	8,304,062,718	-	-	8,304,062,718
	338,542,704,093	1,110,538,310,368	684,045,504,117	2,133,126,518,578
Net liquidity gap	461,368,217,006	(930,148,310,368)	(684,045,504,117)	(1,152,825,597,479)

Board of Directors assessed the liquidity risk at controllable level and believes that the Company will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

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<u>Related party</u>	<u>Relationship</u>
Petrovietnam Transportation Corporation	Parent company
Petrovietnam Transportation Vung Tau Joint Stock Company	Same parent company
Quang Ngai Petro Transportation Joint Stock Company	Same parent company
Phuong Dong Viet Transportation Oil Joint Stock Company	Same parent company
Southern Petroleum Transportation Joint Stock Company	Same parent company
Indochina Petroleum Transportation Joint Stock Company	Same parent company
Branch of Petrovietnam Transportation Corporation – Ships Management Company	Same parent company
Binh Son Refining and Petrochemical Company Limited	Subsidiary of Vietnam Oil and Gas Group
Petroleum Offshore Trading and Services Company Limited	Subsidiary of Vietnam Oil and Gas Group
PetroVietnam Insurance Corporation	Subsidiary of Vietnam Oil and Gas Group
Dung Quat Shipbuilding Industry Company Limited	Subsidiary of Vietnam Oil and Gas Group
PVI Ben Thanh	Subsidiary of Vietnam Oil and Gas Group
Petrovietnam Southern Building Development and Management JSC	Subsidiary of Vietnam Oil and Gas Group
Vietnam Energy Inspection Corporation	Subsidiary of Vietnam Oil and Gas Group
Saigon Petro Vietnam Oil Joint Stock Company	Subsidiary of Vietnam Oil and Gas Group
Petrovietnam Oil Vung Tau Joint Stock Company	Subsidiary of Vietnam Oil and Gas Group

During the year, the Company entered into the following significant transactions with its related parties:

	<u>2015</u>	<u>2014</u>
	<u>VND</u>	<u>VND</u>
Revenue from services rendered		
Petrovietnam Transportation Corporation	842,082,551,204	663,193,701,241
Binh Son Refining and Petrochemical Company Limited	<u>78,627,476,828</u>	<u>13,159,365,625</u>
Purchases of goods and services		
Dung Quat Shipbuilding Industry Company Limited	226,233,262,863	300,212,199,193
Petrovietnam Oil Vung Tau Joint Stock Company	173,906,748,275	180,242,785,554
Saigon Petro Vietnam Oil Joint Stock Company	109,402,772,019	-
Petrovietnam Transportation Vung Tau JSC	105,490,102,355	49,596,533,363
Branch of Petrovietnam Transportation Corporation – Ships Management Company	93,593,005,148	36,541,288,711
Quang Ngai Petro Transportation Joint Stock Company	92,771,835,313	75,859,753,923
PetroVietnam Insurance Corporation	9,651,718,938	6,269,804,817
Phuong Dong Viet Transportation Oil Joint Stock Company	6,357,644,552	171,728,299,493
Branch of Petrovietnam Transportation Corporation – Oilfield services Company	6,556,604,307	-
Petrovietnam Transportation Corporation	5,588,597,506	5,501,696,432
Petrovietnam Engineering Consultancy Joint Stock Company	4,725,733,682	24,411,645,000
Petrovietnam Southern Building Development and Management JSC	1,777,610,603	1,378,921,541
Indochina Petroleum Transportation JSC	<u>87,435,660</u>	<u>43,040,000</u>

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Remuneration paid to the Company's Board of Management and Board of Directors during the year was as follows:

35. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Interest earned during the year exclude an amount of VND 21,814,434,672 (2014: 8,264,266,087), representing bank interest incurred during the year that has not yet been received. Consequently, changes in accounts receivables have been adjusted by the same amount.

Cash outflows for purchases of fixed assets and construction in progress during the year exclude an amount of VND 143,880,902,436 (2014: Nil), representing an addition in fixed assets during the year that has not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.

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36. COMPARATIVE FIGURES

As stated in Note 3, since 01 January 2015, the Company has adopted Circular No. 200/2014/TT-BTC guiding the accounting regime for enterprises. Accordingly, certain figures of the balance sheet as at 31 December 2014 and of cashflow statement for the year then ended are reclassified due to effects of adoption of Circular 200 to enhance their comparability with the current year's presentation, details are as follows:

Under Decision No. 15/2006/QĐ-BTC			Under Circular No. 200/2014/TT-BTC			Thay đổi
BALANCE SHEET						
Items	Codes	31/12/2014 VND	Items	Codes	31/12/2014 VND	
I. Assets			I. Assets			
1. Short-term investment	121	414,000,000,000	1. Held-to-maturity investments	123	414,000,000,000	Renamed
2. Other receivables	135	112,380,844,435	2. Other short-term receivables	136	112,440,924,435	Reclassified and renamed
3. Other short-term assets	158	60,080,000	3. Other short-term assets	155	-	Reclassified
4. Other long-term receivables	218	-	4. Other long-term receivables	216	390,000,000	Reclassified and renamed
5. Other long-term investments	258	180,000,000,000	5. Held-to-maturity investments	255	180,000,000,000	Reclassified and renamed
6. Other non-current assets	268	390,000,000	6. Other non-current assets	268	-	Reclassified
II. Resources			II. Resources			
1. Accrued expenses	316	50,322,889,313	1. Short-term accrued expenses	315	8,304,062,718	Reclassified and renamed
2. Short-term provision	320	-	2. Short-term provision	321	42,018,826,595	Reclassified
3. Share capital	411	942,750,280,000	3. Owner's contributed capital	411	942,750,280,000	Renamed
4. Investment and development fund	417	-	4. Investment and development fund	418	5,401,849,150	Reclassified
5. Financial reserve fund	418	5,401,849,150	Included in "investment and development fund"		-	Reclassified
CASHFLOW STATEMENTS						
Items	Codes	2014 VND	Items	Codes	2014 VND	
1. (Increase)/Decrease in receivables	09	97,379,709,432	1. (Increase)/Decrease in receivables	09	97,165,445,432	Reclassified
2. Other cash outflows	16	(214,264,000)	2. Other cash outflows	17	-	Reclassified


Vo Thi Huong
Preparer


Nguyen Thai Dao
Chief Accountant



Le Manh Tuan
Director
19 March 2016