

Company Registration No. 03716310

**Perenco Rang Dong Limited (previously
Conocophillips (U.K) Gama Limited)**

Annual Report and Financial Statements

31 December 2012



Perenco Rang Dong Limited

Annual Report and Financial Statements 2012

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Perenco Rang Dong Limited

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2012

Principal activities

The Company's objective is to hold interests in joint ventures involved in the exploration for, development of and production of oil and gas in Vietnam

During the year, on 8 March 2012, the Company was acquired by Perenco Overseas Holdings Limited. As a result of the acquisition, on 22 February 2013 the Company changed its name from Conocophillips (U K) Gama Limited to Perenco Rang Dong Limited

Results and Dividends

Revenue for the period was all derived from production from the Rang Dong field.

The profit after tax for the period ended 31 December 2012 amounted to \$60,037k (2011 \$89,103k). The gross profit margin has decreased to 59% (2011 70%) for the year.

The balance sheet on page 8 of the Annual Report and Financial Statements shows that the Company's overall equity at the end of the year has increased from \$204,081k at 31 December 2011 to \$240,457k at 31 December 2012. This increase is due to the profit for the year, partially offset by dividends of \$23,661k paid during the year.

Going Concern

The Company's business activities, key financial risks, performance and position are set out in this Report. The financial position of the Company is set out in the financial statements and related notes.

The Company is self-funding and therefore meets its day-to-day working capital requirements through net proceeds received from its oil and gas production.

On the basis of current financial projections and facilities available, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

Adoption of International Financial Reporting Standards (IFRS)

Perenco Rang Dong Limited has adopted IFRS during the year and is therefore reporting its financial results in accordance with IFRS with effect from 1 January 2011, the start of the previous reporting period. Comparative numbers for the period ended 31 December 2011 have been restated in accordance with the Company's new accounting policies. Details of the new accounting policies and the restatement of the prior periods accounts are available in the notes to the financial statements.

Perenco Rang Dong Limited

Directors' report (continued)

Directors and their interests

The directors who served during the year were as follows

P C Warwick (resigned 8 March 2012)
R H Anderson (resigned 8 March 2012)
J M Warrender (resigned 8 March 2012)
A D Hastings (resigned 8 March 2012)
C W Conway (resigned 8 March 2012)
F Poli (appointed 8 March 2012)
N J Fallows (appointed 8 March 2012)
A Eager (appointed 8 March 2012)
T Sandford (appointed 8 March 2012)
J Parr (appointed 8 March 2012)

Information to auditor

Each of the directors at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the auditor are unaware, and
- (2) the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



Director

Nicholas J Fallows
Perenco Rang Dong Limited
Company Registration No 03716310
14 October 2013

Perenco Rang Dong Limited

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Perenco Rang Dong Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERENCO RANG DONG LIMITED

We have audited the financial statements of Perenco Rang Dong Limited for the year ended 31 December 2012 which comprise the Income statement, Balance sheet, Statement of changes in equity, Cash flow statement and related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

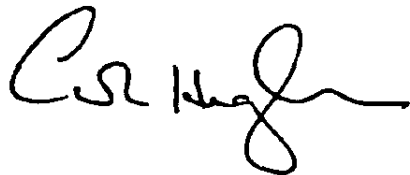
Perenco Rang Dong Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERENCO RANG DONG LIMITED (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Carl D Hughes (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, UK

14 October 2013

Perenco Rang Dong Limited

Income statement For the year ended 31 December 2012

	Notes	2012 \$'000s	2011 \$'000s
Continuing operations			
Revenue	3	222,787	234,771
Cost of sales			
Production and operating costs	4	(79,992)	(58,517)
Depreciation, depletion and amortisation	4, 10	(10,584)	(11,649)
Gross profit		<u>132,211</u>	<u>164,605</u>
Administrative expenses	6	(7,540)	(6,275)
Operating profit		<u>124,671</u>	<u>158,330</u>
Finance costs	7	(1,311)	(1,505)
Other financial gains and losses	8	1,921	597
Profit before taxation		<u>125,281</u>	<u>157,422</u>
Tax	9	(65,244)	(68,319)
Profit for the period attributable to shareholder		<u>60,037</u>	<u>89,103</u>

All transactions arise from continuing operations

There were no income or expenses in the periods presented other than disclosed above. Accordingly, no statement of comprehensive income has been prepared.

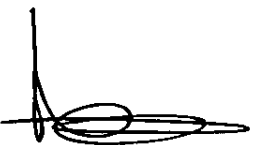
Perenco Rang Dong Limited

Balance sheet

At 31 December 2012

	Notes	2012 \$'000s	2011 \$'000s
Non-current assets			
Property, plant and equipment	10	48,409	54,521
Long-term receivables	11	37,382	31,629
		<u>85,791</u>	<u>86,150</u>
Current assets			
Inventories	12	4,503	9,680
Trade and other receivables	13	202,492	12,838
Cash and cash equivalents		8,479	157,148
		<u>215,474</u>	<u>179,666</u>
Total assets		<u>301,265</u>	<u>265,816</u>
Current liabilities			
Trade and other payables	14	<u>(31,773)</u>	<u>(10,946)</u>
Non-current liabilities			
Decommissioning provision	15	<u>(29,035)</u>	<u>(50,789)</u>
Total liabilities		<u>(60,808)</u>	<u>(61,735)</u>
Net assets		<u>240,457</u>	<u>204,081</u>
Equity			
Share capital	16	-	-
Share premium	16	156,231	156,231
Retained earnings		84,226	47,850
Total equity		<u>240,457</u>	<u>204,081</u>

These financial statements of Perenco Rang Dong Ltd (Company registration number 03716310)) were approved by the Board of Directors and authorised for issue on 14 October 2013


 Director *Nicholas J Fallows*

Perenco Rang Dong Limited

Statement of changes in equity Year ended 31 December 2012

	Share Premium \$'000s	Retained earnings \$'000	Total equity \$'000
At 1 January 2011	156,231	98,967	255,198
Profit for the period attributable to shareholder	-	89,103	89,103
Dividends paid	-	(140,220)	(140,220)
At 31 December 2011	156,231	47,850	204,081
Profit for the period attributable to shareholder	-	60,037	60,037
Dividends paid	-	(23,661)	(23,661)
At 31 December 2012	156,231	84,226	240,457

Perenco Rang Dong Limited

Cash flow statement For the year ended 31 December 2012

	Notes	2012 \$'000	2011 \$'000
Cash flows from operating activities	18	154,533	167,434
Income taxes paid		(64,864)	(68,319)
Net cash from operating activities		89,669	99,115
Cash flows from investing activities			
Expenditure on development and production assets		(24,639)	(19,523)
Contributions to the decommissioning fund		(4,050)	(6,268)
Interest received		218	597
Increase in cash pool with related parties		(186,205)	-
Net cash used in investing activities		(214,676)	(25,194)
Cash flows from financing activities			
Dividend paid		(23,661)	(140,220)
Net cash used in financing activities		(23,661)	(140,220)
Net decrease in cash and cash equivalents		(148,669)	(66,299)
Cash and cash equivalents at the beginning of the year		157,148	223,447
Cash and cash equivalents at the end of the year		8,479	157,148

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

1. Accounting policies

(a) General

Perenco Rang Dong Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is Anchor House, 15-19 Britten Street, London, SW3 3TY. The nature of the Company's operations and its principal activities are set out in the Directors' report.

During the year, on 8 March 2012, the Company was acquired by Perenco Overseas Holdings Limited. As a result of the acquisition, on 22 February 2013, the Company changed its name from Conocophillips (U.K.) Gama Limited to Perenco Rang Dong Limited.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, International Financial Reports Interpretation Committee (IFRIC) interpretations and the Companies Act 2006. As this is the first time these standards have been applied, special rules apply in converting the comparatives and opening balance sheet of the Company. A basis of preparation, as given below, details all the mandatory exceptions and optional exemptions which the Company has adopted.

The financial statements are prepared under the historical cost convention and have been prepared under a going concern basis as discussed in the Directors' report on page 2.

The previous set of financial statements for the 12 month period ended 31 December 2011 were prepared under United Kingdom Generally Accepted Accounting Practice (UK GAAP). Thus, the date of transition to IFRS was 1 January 2011. A reconciliation of the IFRS transition is included in note 24 of these financial statements. The financial statements for 2012 are prepared for the twelve month period ending 31 December 2012. The comparative figures relate to the twelve month period ended 31 December 2011. The accounting policies have been applied consistently in all periods presented.

Adoption of new and revised standards

The following new and revised Standards and Interpretations to published standards were adopted by the Company for the financial year beginning 1 January 2012.

IFRS 7 (amended) Disclosures – Transfers of Financial Assets in the current year

The adoption of these Standards and Interpretations has not had any significant impact of the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective and therefore not adopted:

IFRS 7 (amended)	Offsetting of Financial Assets and Financial Liabilities (effective 1 January 2013)
IFRS 9	Financial Instruments (effective 1 January 2015)
IFRS 10	Consolidated Financial Statements (effective 1 January 2014)
IFRS 10, IFRS 12, IAS 27 (amended)	Investment entities (effective 1 January 2014)
IFRS 11	Joint Arrangements (effective 1 January 2014)
IFRS 12	Disclosure of Interests in Other Entities (effective 1 January 2014)
IFRS 13	Fair Value Measurement (effective 1 January 2013)
IAS 27 (revised)	Separate Financial Statements (effective 1 January 2014)
IAS 19 (amended)	Employee Benefits (effective 1 January 2013)
IAS 28 (revised)	Investments in Associates and Joint Ventures (effective 1 January 2014)
IAS 32 (amended)	Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

1. Accounting policies (continued)

The Directors expect that the adoption of these standards, which are all effective from 1 January 2013 (unless stated), will have an impact on the financial statements of the Company as follows

IFRS 9 will impact both the measurement and disclosures of items within the financial statements,

IFRS 11 may impact the accounting for joint arrangements,

IFRS 12 may result in additional disclosures regarding the Group's interests in subsidiaries and joint arrangements and other entities, and

IFRS 13 will impact the measurement of fair value for certain assets and liabilities as well as the associated disclosures

The Directors do not expect that the adoption of the other Standards or Interpretations listed above will have a material impact on the financial statements of the Company in future periods

Adoption of IFRS

In preparing these financial statements in accordance with IFRS 1 *First time adoption of International Financial Reporting Standards* ("IFRS 1"), the Company has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS

Mandatory exceptions from full retrospective application applied by the Company

The Company has applied the following mandatory exception from retrospective application, as set out in IFRS 1.

1 Estimates exception

Estimates under IFRS at 1 January 2011 and 31 December 2011 are consistent with estimates made for the same dates under previous UK GAAP, unless there is evidence that those estimates were in error

Optional exemptions from full retrospective application elected by the Company

The Company has made the following choices in respect of the optional exemptions from full retrospective application, as set out in IFRS 1

1 Assets and liabilities of subsidiaries, associates, and joint ventures

The Company has elected to apply IFRS 1 on a stand-alone basis rather than use the carrying amounts of its assets and liabilities included in the consolidated financial statements of its parent

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank. The carrying amounts of cash in hand and cash at bank approximate to their fair values

(c) Decommissioning fund

When the Company is required to hold cash in restricted bank accounts in order to cover decommissioning expenditure, this is disclosed as restricted cash within cash and cash equivalents. When the Company is required to maintain decommissioning funds in order to cover decommissioning expenditure, these are separately disclosed within long-term receivables, as disclosed in note 11

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

1. Accounting policies (continued)

(d) Oil and gas assets

The Company uses the full cost method of accounting for exploration, evaluation, development and production expenditure in relation to oil and gas assets, having regard to the requirements of IFRS 6 '*Exploration for and Evaluation of Mineral Resources*'. These costs are capitalised in separate geographical costs pools ("full cost pools") having regard to the operational structure of the Company

Oil and gas assets exploration and evaluation

Exploration and evaluation ("E&E") costs are initially capitalised as 'intangible assets', in accordance with IFRS 6. Such E&E costs may include costs of licence acquisition, technical services and studies, seismic acquisitions and exploration drilling and testing

Tangible assets used in E&E activities are classified as property, plant and equipment

Intangible E&E assets are not depreciated and are carried forward until the existence (or otherwise) of proved reserves has been determined. If proved reserves have been discovered, the relevant E&E assets are then reclassified as development and production assets within property, plant and equipment and depreciated using the method described below. Intangible E&E assets that are determined not to have resulted in the discovery of proved reserves and cannot be associated with an established full cost pool are written-off at the date of determination, whereas those that are associated with an established pool are carried forward and amortised over the total reserves of the pool, subject to there being no impairment of the pool as a whole

Oil and gas assets development and production

Development and production assets are accumulated under the principle of full cost accounting on a field-by-field basis and represent the cost of developing proved reserves discovered and bringing them into production, together with the exploration and evaluation expenditures incurred in finding proved reserves

The net book values of producing assets are depreciated on a field-by-field basis using the unit of production method by reference to the ratio of production in the period to the related proved reserves of the field

Impairment of oil and gas assets (ceiling test)

A ceiling test is carried out if there is a significant reason for the directors to believe that impairment could have occurred. This test is to assess whether the carrying amount of each field or full cost pool (as applicable) exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell, and its value in use as defined by IAS 36 '*Impairment of assets*'. The fair value less cost to sell is determined by discounting the anticipated post-tax net cash flows at a risk adjusted discount rate using proved and probable reserves. Where a fair value less cost to sell method is used, the carrying amount includes any deferred tax asset or liability associated with the capitalised costs in the cost pool. Any deficiency arising under this comparison is recognised in the income statement. An impairment test for an exploration and evaluation asset is conducted on a full cost pool basis. An impairment test of a development or production asset is undertaken for the particular cash generating unit which is generally the field.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased. The reversal is recorded in the income statement

(e) Joint venture accounting policy

The Company is engaged in oil and gas exploration, development and production through joint ventures. The Company accounts for its share of the result and net assets of these joint ventures as jointly controlled assets

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

1. Accounting policies (continued)

(f) Decommissioning provisions

A provision for the cost of decommissioning of an asset and for site restoration at the end of the asset's producing life is recognised as that asset is installed. The amount provided is the discounted amount of the estimated cost of the future decommissioning event. That amount is capitalised as part of the cost of the oil and gas assets and depleted in accordance with the oil and gas assets' accounting policy above. Periodically the discounted value of the provision is re-assessed. Any adjustment arising from the re-assessment of the estimated cost of decommissioning is capitalised whilst the adjustment arising from the unwinding of the discount is taken to the income statement.

(g) Revenue recognition

Revenue represents the value of sales of oil and with sales value of the oil allocated to the Vietnamese Government in payment of taxes and gas arising from upstream operations and is recognised at market value when the oil has been lifted or the gas has been delivered and title has passed.

Interest income is recognised when it is probable that the economic benefits will flow to the Company, and the amount of revenue can be measured reliably. Interest income in the Company relates to interest received on bank deposits.

(h) Foreign currencies

Effective 1 January 2012, the Company changed its presentation currency from Pound Sterling to United States dollars ('US dollars') as the majority of the Company's revenues, expenses and cash flows are denominated in US dollars. The change in presentational currency is to align the functional currency (US dollar) to the presentational currency and to better reflect the Company's business activities. Prior to 1 January 2012, the Company's financial statements were presented in Pound Sterling.

In making this change in presentational currency, the Company followed the recommendations set out in IAS 21, The Effects of Change in Foreign Exchange Rates. All comparative financial information has been restated to reflect the Company's results as if they had been historically reported in US dollars. The effect on the consolidated financial statements resulted in the elimination of historical exchange differences (resulting from the translation from US dollar functional currency to Pound Sterling presentational currency). These exchange differences had previously been recognised within retained earnings under UK GAAP.

A reconciliation between Pound Sterling and US dollars of the Income Statement for the year ended 31 December 2011 and the Balance Sheet as at 1 January 2011 and 31 December 2011 provided in Note 24.

Transactions denominated in foreign currency are translated into the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the rate of exchange ruling on the balance sheet date, with exchange differences being reflected in the income statement.

(i) Taxation

The tax expense represents the sum of the charges and credits for current and deferred tax.

Current tax 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 non-taxable or deductible. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

1. Accounting policies (continued)

(i) Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the 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 the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, 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.

Other taxes, which include value added tax and sales tax, represent the amount receivable or payable to local authorities in the countries where the Company operates and are charged to the income statement.

(j) Financial instruments

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes party to contractual provisions of the instrument. The Company has not entered into any derivative financial instruments during the year presented.

1) Trade receivables

Trade receivables represent amounts owed for the sale of oil and gas. The carrying value of these assets is approximate to their fair value.

2) Cash and cash equivalents

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank.

3) Trade payables

Trade payables principally comprise amounts outstanding for trade purchase and ongoing costs. The carrying amounts of trade payables approximate their fair values.

(k) Inventories

Crude oil inventory is carried at market value in accordance with specific exclusions applicable to mineral products under IAS 2 'Inventory'.

Underlifts and overlifts of entitlement to crude oil production are recorded within inventories, both measured at market value, consistent with the crude oil inventory valuation policy.

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

1. Accounting policies (continued)

(k) Inventories (continued)

Materials, supplies and all other non-mineral inventories are stated at the lower of weighted average cost and net realisable value. The Company reviews annually the stock of material for obsolescence and a provision on obsolete stock is made accordingly.

(l) Revenue recognition

Revenue represents the value of sales exclusive of related sales taxes of oil and gas arising from upstream operations and with sales value of the oil allocated to the Vietnamese Government in payment of taxes, and is recognised at market value when the oil has been lifted or the gas has been delivered and the title has passed.

Interest income is recognised as the interest accrues using the effective interest method (applying the rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset).

(m) Operating leases

Rentals payable for assets under operating lease are charged to the income statement on a straight-line basis over the lease term.

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

2. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in note 1, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below)

a) Recoverability of production and development assets

Under the full cost method of accounting for production and development costs, such costs are capitalised by reference to appropriate cost pools, and are assessed for impairment when circumstances suggest that the carrying amount may exceed its recoverable value. This assessment involves judgement as to (i) the likely life of the field, (ii) future revenues and operating costs with which the asset in question is associated, (iii) the discount rate to be applied to such revenues and costs for the purpose of deriving a recoverable value, (iv) the oil price assumption. Note 10 discloses the carrying amounts of the Company's production and development assets.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

a) Reserves

Development and production assets within property, plant and equipment are depreciated on a unit of production basis at a rate calculated by reference to proved developed producing reserves estimated using the standards required by the US Securities Exchange Commission ("SEC"). Proved reserves' estimates are based on a number of underlying assumptions, including oil and gas prices, future costs, oil and gas in place and reservoir performance, which are inherently uncertain. Proved reserves' estimates are supported by reserves' reports for the Company which are reviewed by independent petroleum reservoir engineers.

The level of estimated commercial reserves is also a key determinant in assessing whether the carrying value of any of the Company's development and production assets has been impaired.

The carrying amount of development and production assets at 31 December 2012 is shown in note 10.

b) Decommissioning

The provision for decommissioning obligations depends on the cost and timing of decommissioning works, legal requirements and the discount rate to be applied to such costs. The directors have conducted an internal review of these factors, based on information currently available, in the calculation of this provision.

The carrying amount of the decommissioning provisions at 31 December 2012 are shown in note 15.

c) Impairment of assets

Assets are carried at cost in the balance sheet provided they will result in an economic benefit. When external factors indicate the loss of economic benefit, a ceiling test is carried out to measure whether impairment is necessary. The ceiling test compares an estimation of the future cash inflows with the original investment. No impairment has been recognised in 2012 or 2011.

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

3. Revenue

	2012 \$'000	2011 \$'000
Oil sales	221,502	223,888
Gas sales	1,285	2,569
Other revenues	-	8,314
Total revenue	<u>222,787</u>	<u>234,771</u>

4. Cost of sales

	2012 \$'000	2011 \$'000
Operating costs	(79,992)	(58,517)
Depletion, depreciation and amortisation (note -10)	(10,584)	(11,649)
Total cost of sales	<u>(90,576)</u>	<u>(70,166)</u>

5. Staff costs

None of the directors are employees of the Company and the directors received no remuneration from the Company during the period or the precedent period. Perenco manages its operation at a segmental and geographical level. For this reason the directors believe that it is not practicable to allocate their remuneration between their services for the Company during the period and their services for other Perenco group companies.

6. Administrative expenses

	2012 \$'000	2011 \$'000
General administration costs	(7,540)	(6,275)
	<u>(7,540)</u>	<u>(6,275)</u>

Fees payable to Deloitte LLP for the audit of the company's annual accounts were \$23k in 2012.

Fees payable to Deloitte LLP for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

7 Finance costs

	2012 \$'000	2011 \$'000
Unwinding of discount on decommissioning provisions (note 15)	(1,311)	(1,501)
Other finance costs	-	(4)
	<u>(1,311)</u>	<u>(1,505)</u>

8. Other financial gains and losses

	2012 \$'000	2011 \$'000
Gains from decommissioning fund deposit	1,704	597
Interest earned from related parties (note 22)	217	-
	<u>1,921</u>	<u>597</u>

9. Taxation

	2012 \$'000	2011 \$'000
Corporation tax		
UK Tax	-	79
Adjustments in relation to prior periods	65,244	68,240
Total tax on ordinary activities	<u>65,244</u>	<u>68,319</u>
Effective tax rate	52%	43%

The effective tax rate of 52% (2011 43%) reflects the 50% foreign taxes payable in Vietnam. The Operator pays corporation tax on behalf of the Company.

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

9. Taxation (continued)

	Year ended 2012 \$'000	Year ended 2011 \$'000
Profit before tax on continuing operations	125,281	157,422
Tax at the UK corporation tax rate of 24.5 % (2011: 26.5 %)	30,693	41,717
Effect of different tax rates of operations in other jurisdictions	34,551	26,602
Tax expense for the year	65,244	68,319

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

10. Property, plant and equipment

	Development and production assets \$' 000
Cost	
Balance at 1 January 2011	609,250
Additions	19,521
Change in estimate of decommissioning provision (note 15)	<u>5,128</u>
Balance at 1 January 2012	633,899
Additions	27,537
Change in estimate of decommissioning provision (note 15)	<u>(23,065)</u>
Balance at 31 December 2012	<u>638,371</u>
Depletion and depreciation	
Balance at 1 January 2011	(567,729)
Charge for the year (note 4)	<u>(11,649)</u>
Balance at 1 January 2012	(579,378)
Charge for the year (note 4)	<u>(10,584)</u>
Balance at 31 December 2012	<u>(589,962)</u>
Net book value	
Balance at 1 January 2011	<u>41,521</u>
Balance at 31 December 2011	<u>54,521</u>
Balance at 31 December 2012	<u>48,409</u>

In accordance with the Company's policy, the cost of decommissioning the Development and production assets was reviewed during the year. Changes in estimates of the expected timing of costs of the decommissioning obligations are dealt with by recording an adjustment to the provision (note 15), and a corresponding adjustment to the Development and production asset cost.

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

11. Long-term receivables

	2012 \$'000	2011 \$'000
Decommissioning fund	37,382	31,629
	<u>37,382</u>	<u>31,629</u>

When the Company is required to maintain decommissioning funds in order to cover decommissioning expenditure, these are separately disclosed within long-term receivables, including the interest accrued

12. Inventories

	2012 \$'000	2011 \$'000
Material stock	4,503	4,837
Oil stock	-	4,843
	<u>4,503</u>	<u>9,680</u>

13. Trade and other receivables

	2012 \$'000	2011 \$'000
Trade debtors	10,037	9,498
Amounts receivable from Joint Venture partners	5,150	2,469
Amounts receivable from related parties	186,205	-
Other receivables	1,100	871
	<u>202,492</u>	<u>12,838</u>

Amounts receivable from related parties relates to cash paid to related parties under a cash pooling treasury agreement. Amounts are paid in US dollars and interest is calculated on a weekly basis using the 1 week US Dollar London Interbank Offered Rate (1W LIBOR)

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

14. Trade and other payables

	2012 \$'000	2011 \$'000
Trade payables	(22,613)	(5,861)
Accruals	(2,956)	(1,155)
Amounts owed to parent company	(54)	-
Taxation	-	(10)
Other payables	(6,150)	(3,920)
	<u>(31,773)</u>	<u>(10,946)</u>

Amounts owed to parent company are repayable on demand and are non interest bearing

15. Decommissioning provision

The decommissioning costs relating to the decommissioning provision provided for are expected to be incurred in April 2023

The recognised provision is the discounted value of the directors estimates using existing technology, at current prices. Any adjustment arising from the re-assessment of the estimated cost of decommissioning is capitalised (see note 10), whilst the adjustment arising from the unwinding of the discount is taken to the income statement as a finance cost (note 7).

	2012 \$'000	2011 \$'000
Balance at the beginning of the year	50,789	44,160
Change in estimate (note 10)	(23,065)	5,128
Unwinding of discount (note 7)	1,311	1,501
	<u>29,035</u>	<u>50,789</u>

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

16. Equity

Called-up share capital

	No. of shares	\$
Ordinary shares		
<i>Authorised shares of £1 each</i>		
At 31 December 2011 and 31 December 2012	90	160
<i>Allotted, called-up and fully paid</i>		
At 31 December 2011 and 31 December 2012	90	160
Share premium		
		31 Dec 2012 \$'000
At 31 December 2011 and 31 December 2012		156,231

17. Financial instruments

Financial risk management

The Company monitors and manages the financial risks relating to its operations on a continuous basis. These include natural gas price risk, credit, and liquidity risks. The Company's significant financial instruments are trade and other receivables and trade payables.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern whilst maximising return to shareholders.

The Company had no external borrowings at 31 December 2012 (2011: \$ nil).

Oil and gas price risk

The most significant financial risks to which the Company is exposed are movements in oil and gas prices. The Company considers that volatility in oil and gas prices is a regular part of its business environment, therefore the Company does not hedge through financial instruments to mitigate these risks.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company.

The Company controls credit risk by requiring systematically a letter of credit as part of the sale agreement, except for customers with a good credit history (major international oil groups and national oil companies).

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk without taking account of any collateral obtained.

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

17. Financial instruments (continued)

Liquidity risk

The Company is dependent on its parent undertaking, Perenco Overseas Holdings Ltd, to provide liquid resources

18. Notes to the cash flow statement

Reconciliation of operating profit to cash generated by operations

	2012 \$'000	2011 \$'000
Cash flows from operating activities:		
Operating profit	124,671	158,330
Adjustments for:		
Depreciation, depletion and amortisation	10,584	11,649
Operating cash flow prior to working capital changes	135,865	169,979
Decrease/ (increase) in stock	5,176	(4,499)
Increase in debtors	(3,068)	(2,013)
Increase in creditors	17,170	3,967
Net cash from operating activities	154,533	167,434

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term liquid investments with a maturity of three months or less

19. Capital commitments

The Company is committed to its share of future exploration, development and operating costs beyond 2012 under the terms of its joint venture agreements

20. Operating lease

The Company has certain operating lease payment obligations in relation to the hire of a Floating Storage and Offloading vessel in Vietnam

At 31 December 2012 the following payments were committed to be made in respect of non-cancellable operating leases

	2012 \$'000	2011 \$'000
Operating lease commitments due		
within in one year	5,734	5,711
between two and five years	22,198	23,077
after five years	-	4,855
	27,932	33,643

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

21. Joint ventures

The Company holds a 36% share in a joint venture with operations in Vietnam. The other joint venture partners are Vietnam Oil and Gas Corporation and Japan Vietnam Petrol Company Limited (JVPC). JVPC is the Operator.

22. Related parties

The following table provides the total amounts of transactions which have been entered into with related parties for the relevant financial year.

	Charge for 2012 \$'000	Charge for 2011 \$'000	Debtor / (Creditor) 2012 \$'000	Debtor / (Creditor) 2011 \$'000
<i>Charged by affiliated companies</i>				
Perenco Holdings	-	-	243	-
	-	-	243	-
<i>Charged to affiliated companies</i>				
Perenco SA	(217)	-	186,393	-
	(217)	-	186,393	-

23. Controlling party

Perenco Rang Dong Limited is a 100% subsidiary of Perenco Overseas Holdings Ltd.

Perenco Overseas Holdings Ltd is a company incorporated in the United Kingdom and registered in England and Wales, and is the immediate parent company and the smallest group of undertakings of which Perenco Rang Dong Limited is a member, and for which group financial statements are prepared. The address at which Perenco Rang Dong Limited financial statements are available is Anchor House, 15-19 Britten Street, London, SW3 3TY.

Perenco International Limited, a company incorporated in The Bahamas, is the ultimate controlling party and the largest group of undertakings for which group financial statements are prepared and is owned and controlled by the Perodo family and trusts for their benefit.

The financial statements of Perenco International Limited are not available to the public.

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

24. IFRS transition reconciliations

The following reconciliations provide a quantification of the effect of Perenco Rang Dong Limited's transition to IFRS. The following two reconciliations provide details of the impact of the transition on

- the income statement for the period ended 31 December 2011, and
- equity and net assets at 1 January 2011 and 31 December 2011

As the Company was not required to present a cash flow statement under UK GAAP, no reconciliation has been shown in this note.

The impact of the adoption of IFRS on the results and the financial position of Perenco Rang Dong Limited is addressed separately for each reconciliation.

The basis of preparation and accounting policies for these statements is the same as given on pages 11 to 16.

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

24. IFRS transition reconciliations (continued)

Income Statement Reconciliation Period ended 31 December 2011

	UK GAAP year ended 31 December 2011 £'000	UK GAAP year ended 31 December 2011 \$'000	UK GAAP to IFRS Adjustments \$'000		IFRS year ended 31 December 2011 \$'000
Revenue	146,381	234,771	-		234,771
Cost of sales	(48,250)	(77,386)	77,386	d	-
Production and operating costs	-	-	(58,517)	a,d	(58,517)
Depreciation, depletion and amortisation	-	-	(11,649)	d	(11,649)
Gross profit	98,131	157,385	7,220		164,605
Administrative expenses	-	-	(6,275)	d	(6,275)
Operating profit	98,131	157,385	945		158,330
Finance costs	(938)	(1,505)	-		(1,505)
Other financial gains and losses	372	597	-		597
Profit before taxation	97,565	156,477	945		157,422
Tax	(42,597)	(68,319)	-		(68,319)
Profit for the period attributable to the shareholder	54,968	88,158	945		89,103

The UK GAAP £'000 column represents the numbers previously reported under UK GAAP in Pounds Sterling presentation currency. The UK GAAP \$'000 column represents previously reported UK GAAP financial statements retranslated to US dollar presentation currency. The presentation has been amended to restate the UK GAAP balances to US dollar presentation currency (as described in note 1 to the accounts).

There are no items of other comprehensive income under UK GAAP or IFRS. As such no reconciliation has been shown.

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

24. IFRS transition reconciliations (continued)

Reconciliation of equity and net assets at 31 December 2011

	UK GAAP as at 31 December 2011 £'000	UK GAAP as at 31 December 2011 \$'000	UK GAAP to IFRS Adjustments \$'000		IFRS as at 31 December 2011 \$'000
Non-current assets					
Property, plant and equipment	35,145	54,521	-		54,521
Long term receivable	-	-	31,629	b	31,629
	35,145	54,521	31,629		86,150
Current assets					
Inventories	3,737	5,797	3,883	a	9,680
Trade and other receivables	7,828	12,142	696	c	12,838
Cash and cash equivalents	101,750	157,844	(696)	c	157,148
	113,315	175,783	3,883		179,666
Total assets	148,460	230,304	35,511		265,816
Current liabilities					
Trade and other payables	(7,387)	(10,946)	-		(10,946)
Non-current liabilities					
Decommissioning provision	(12,352)	(19,160)	(31,629)	b	(50,789)
Total liabilities	(19,739)	(30,106)	(31,629)		(61,735)
Net assets	128,721	200,198	3,883		204,081
Capital and reserves					
Share capital	-	-	-		-
Share premium	88,000	156,231	-		156,231
Retained earnings	40,721	43,967	3,883	a	47,850
Total equity	128,721	200,198	3,883		204,081

The UK GAAP £'000 column represents the numbers previously reported under UK GAAP in Pounds Sterling presentation currency. The UK GAAP \$'000 column represents previously reported UK GAAP financial statements retranslated to US dollar presentation currency. The presentation has been amended to restate the UK GAAP balances to US dollar presentation currency (as described in note 1 to the accounts).

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

24. IFRS transition reconciliations (continued)

Reconciliation of equity and net assets at 1 January 2011

	UK GAAP As at 1 January 2011 £'000	UK GAAP As at 1 January 2011 S'000	UK GAAP to IFRS Adjustments S'000		IFRS As at 1 January 2011 S'000
Non-current assets					
Property, plant and equipment	26,752	41,521	-		41,521
Long term receivable	-	-	25,361	b	25,361
	26,752	41,521	25,361		66,882
Current assets					
Inventories	1,108	1,721	3,460	a	5,181
Trade and other receivables	6,975	10,826	-		10,826
Cash and cash equivalents	143,964	223,447	-		223,447
	152,047	235,994	3,460		239,454
Total assets	178,799	277,515	28,821		306,336
Current liabilities					
Trade and other payables	(4,493)	(6,980)	-		(6,980)
Non-current liabilities					
Decommissioning provision	(12,113)	(18,800)	(25,361)	b	(44,160)
Total liabilities	(16,606)	(25,778)	(25,361)		(51,139)
Net assets	162,193	251,737	3,460		255,198
Capital and reserves					
Share capital	-	-	-		-
Share premium	88,000	156,231	-		156,231
Retained earnings	74,193	95,507	3,460	a	98,967
Total equity	162,193	251,738	3,460		255,198

The UK GAAP £'000 column represents the numbers previously reported under UK GAAP in Pounds Sterling presentation currency. The UK GAAP S'000 column represents previously reported UK GAAP financial statements retranslated to US dollar presentation currency. The presentation has been amended to restate the UK GAAP balances to US dollar presentation currency (as described in note 1 to the accounts).

Perenco Rang Dong Limited

Notes to the financial statements Year ended 31 December 2012

24. IFRS transition reconciliations (continued)

- (a) **Oil inventory** - Under UK GAAP, crude oil inventory was held at the lower of production cost and net realisable value. Upon transition to IFRS, to be consistent with the Company's IFRS accounting policy, crude oil inventory was revalued to market value using the price of Brent prevailing at relevant balance sheet date. This adjustment resulted in an increase in the value of crude oil inventory at 1 January 2011 and 31 December 2011, and an increase to cost of sales (production and operation costs) for the year ended 31 December 2011. The movement in oil inventory is included within production and operation costs in line with the Company's accounting policy.
- (b) **Decommissioning fund** - Under UK GAAP, the decommissioning fund was presented net against the decommissioning provision. The joint venture partners are required by the Operator to pay into an abandonment (decommissioning) fund throughout the operation of the field and the Company has therefore been making the required contributions into such a fund. In accordance with IFRIC 5 - *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*, the Company is required to recognise its obligation to pay decommissioning costs as a liability and recognise its interest in the fund separately unless the contributor is not liable to pay decommissioning costs even if the fund fails to pay. Because all of the joint venture partners still have a liability at the end of the operatorship to make up any shortfall, the payments into the fund are recognised as other assets, to be disclosed separately in the financial statements under IFRS. This has no net impact on the balance sheet.
- (c) **Reclassification of cash to debtors** - This adjustment reclassifies a debtor balance that was recognised within cash in 2011 under UK GAAP. This has no net impact on the balance sheet.
- (d) **Reclassification of cost of sales** - This adjustment reclassifies administrative expenses out of cost of sales into admin expenses in accordance with IAS1 Presentation of financial statements and also discloses Production and operating costs and Depreciation, depletion and amortisation within Cost of sales in order to improve the understandability of Cost of sales.