

TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGES</u>
STATEMENT OF THE BOARD OF DIRECTORS	1 - 2
AUDITORS' REPORT	3 - 4
BALANCE SHEET	5 - 6
INCOME STATEMENT	7
CASH FLOW STATEMENT	8 - 9
NOTES TO THE FINANCIAL STATEMENTS	10 - 25

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STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of PetroVietnam Gas Corporation ("the Company") presents this report together with the Company's audited financial statements for the year ended 31 December 2009.

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 at the date of this report are as follows:

Board of Management

Mr. Le Minh Hong	Chairman (appointed on 4 January 2010)
Mr. Do Khang Ninh	Chairman (resigned on 4 January 2010)
Mr. Vu Dinh Chien	Vice Chairman
Ms. Nguyen Thi Lan	Member
Mr. Phan Quoc Nghia	Member

Board of Directors

Mr. Do Khanh Ninh	General Director (appointed on 4 January 2010)
Mr. Pham Viet Anh	General Director (appointed on 7 April 2009 and resigned on 4 January 2010)
Mr. Tran Van Vinh	General Director (resigned on 7 April 2009)
Mr. Nguyen Trung Dan	Deputy General Director
Mr. Bui Minh Tien	Deputy General Director
Mr. Tran Hung Hien	Deputy General Director
Mr. Pham Hong Linh	Deputy General Director (appointed on 26 February 2009)
Ms. Nguyen Thi Lan	Deputy General Director (appointed on 1 February 2009)
Mr. Pham Thanh Son	Deputy General Director (appointed on 1 February 2009)
Mr. Nguyen Thanh Nghi	Deputy General Director (appointed on 15 July 2009)
Mr. Nguyen Quoc Huy	Deputy General Director (appointed on 4 January 2010)
Mr. Duong Manh Son	Deputy General Director (appointed on 1 February 2009)

THE BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the financial statements of each year, which give a true and fair view of the financial position of the Company and of its results and cash flows for the year then ended. 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 consolidated 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 the financial statements so as to minimise errors and frauds.

STATEMENT OF THE BOARD OF DIRECTORS (Continued)

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 to ensure that the financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam. 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 fraud 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,



[Signature]
Đỗ Kiên Minh
General Director
6 May 2010

K. D. A. T. P.
C. O. R.
VI
C. O.
M. O. S.
T. A. N. B. I. N. H.

No. 2009 /Deloitte/AUDHCM-RE

AUDITORS' REPORT

To: The Boards of Management and Directors of PetroVietnam Gas Corporation

We have audited the accompanying balance sheet of PetroVietnam Gas Corporation ("the Company") as at 31 December 2009, and the related statements of income, cash flows and the notes to the financial statement for the year then ended. 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.

Respective Responsibilities of the Board of Directors and Auditors

As stated in the Statement of the Board of Directors on page 1 and 2, these financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of Opinion

Except as discussed in the following paragraphs, we conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Limitation of scope :

As discussed in note 13 of the notes to the financial statements, the Company has not recorded the profit distributable deriving from the Petroleum Processing and Distributing Business Cooperation Contract with PetroVietnam Oil Corporation. At the date of this report, we could not obtain sufficient information with regard to the profit of this contract for the year ended 31 December 2009. Therefore, we do not express our opinions on the completeness and valuation of the profit that should be recorded from this business cooperation contract.

As disclosed in note 9 of the notes to the financial statements, as at 31 December 2009, the Company temporarily recorded construction cost of certain gas projects based on the approved budgeted amount of VND 7,603,873,832,406 and depreciated when they are ready for use. Upon the completion of the construction audit, cost of these assets might be adjusted. Because of the nature of the financial statements audit, we do not express our opinions on the value of these constructions at 31 December 2009. The value of these constructions may change materially upon the construction audit approval.

During the year, the Company has provided provision for decommissioning cost for gas pipeline with the amount of VND 66,692,487,506. At the date of this report, the method and decommissioning cost budget have not been approved by relevant authorities. We could not obtain sufficient audit evidence to determine above expenses, thus, we do not express opinion for the said provision amount.

Qualified Opinion

In our opinion, except for necessary adjustments related to the matters described in the preceding paragraphs, the accompanying financial statements give a true and fair view of, in all material respects, the financial position of the Company as at 31 December 2009 and the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam.

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Without further qualification, we would like to draw the attention to the following issues:

- 1) Revenue from selling and transporting of Nam Con Son gas are recognized at the date of VAT invoices issuance in accordance with the Official Letter No.5110-TC/TCT dated 16 May 2003 issued by the Ministry of Finance. Accordingly, revenue and cost of goods sold of Nam Con Son gas incurred in November and December 2009 were recorded in 2010 with the amount of VND 2,925 billion and VND 2,127 billion, respectively (incurred in 2008 but recorded in 2009: VND 1,691 billion and VND 1,410 billion, respectively). The revenue's reduction of this activity in 2009 of VND 318 billions was also recorded in the income statement of 2010 (in 2008 : VND 245 billion).
- 2) As disclosed in note 19 of the notes to the financial statements, the Company made appropriation for investment and development fund, financial reserve fund, and bonus and welfare fund as regulated in the Circular No. 24/2007/TT-BTC dated 27 March 2007 by the Ministry of Finance and the Company's Financial management regulation with the total amount of VND 932,083,218,632. The Company temporarily recorded as payable to Vietnam Oil and Gas Group with the remaining profit of VND 1,827,455,556,430 and the investment and development fund of VND 929,993,598,160. At the date of this report, there were no official decision issued by Vietnam Oil and Gas Group concerning about using the remaining profit.
- 3) In our auditor's report No.225/Deloitte/AUDHN-RE dated 14 March 2009, we issued a qualified opinion due to the limitations of scope concerning the reconciliation of accounts payable and receivable between the Company and Viet nam Oil and Gas Group as well as determination of historical cost and accumulation depreciation of Nam Con Son Gas Pipeline Project. During the current year, Vietnam Oil and Gas Group has confirmed balance of accounts payable and receivable with the Company corresponding to reported amounts. Also in 2009, the finalization of Nam Con Son Gas Pipeline Project was approved and adjustment of historical cost has been made accordingly.
- 4) As disclosed in note 2, the notes to the financial statement are prepared to present the Company's financial position as at 31 December 2009, results of operations and cash flows for the year then ended as a single company; hence, investments in subsidiaries and joint-venture, associates are accounted for on historical cost basic.



Pham Van Thinh
Partner
CPA Certificate No D.0028/KTV
For and on behalf of
Deloitte Vietnam Company Limited
6 May 2010
Ho Chi Minh City, SR Vietnam

Nguyen Cao Nguyen
Auditor
CPA Certificate No 1184/KTV



BALANCE SHEET
 As at 31 December 2009

FORM B 01 - DN/HN
 Unit: VND

ASSETS	Codes	Notes	31/12/2009	31/12/2008
A. CURRENT ASSETS	100		9,420,755,167,839	7,015,597,989,748
I. Cash and cash equivalents	110	5	1,734,018,069,294	4,192,312,620,263
1. Cash	111		1,734,018,069,294	4,192,312,620,263
II. Short-term financial investments	120	6	2,521,360,000,000	200,000,000,000
1. Short-term investments	121		2,521,360,000,000	200,000,000,000
III. Short-term receivables	130		3,450,536,462,961	2,296,215,009,023
1. Trade accounts receivable	131		2,652,657,097,707	2,036,496,393,679
2. Advances to suppliers	132		137,149,704,170	106,644,289,328
3. Short-term intercompany receivable	133		70,903,982,510	-
4. Other receivables	135		590,677,687,888	153,900,935,801
5. Provision for doubtful debts	139		(852,009,314)	(826,609,785)
IV. Inventories	140	7	941,055,913,322	235,541,429,919
1. Inventories	141		995,086,614,802	243,708,012,173
2. Provision for devaluation of inventories	149		(54,030,701,480)	(8,166,582,254)
V. Other short-term assets	150		773,784,722,262	91,528,930,543
1. Short-term prepayments	151		77,496,992,982	62,424,490,168
2. VAT deductibles	152		81,859,819,935	5,001,943,649
3. Other receivable from State budget	154	8	101,021,781,012	-
4. Other short-term assets	158		513,406,128,333	24,102,496,726
B. NON-CURRENT ASSETS	200		10,517,392,407,988	9,492,264,802,270
I. Fixed assets	220		9,469,775,762,403	8,713,547,379,124
1. Tangible fixed assets	221	9	8,996,399,207,184	6,284,460,887,275
- Cost	222		17,161,623,262,578	13,590,912,179,934
- Accumulated depreciation	223		(8,165,224,055,394)	(7,306,451,292,659)
2. Intangible assets	227	10	1,700,704,127	1,929,404,428
- Cost	228		5,939,217,918	5,310,032,655
- Accumulated amortization	229		(4,238,513,791)	(3,380,628,227)
3. Construction in progress	230	11	471,675,851,092	2,427,157,087,421
II. Long-term financial investments	250		984,741,730,390	710,486,253,460
1. Investment in subsidiaries	251	12	480,923,641,390	372,717,843,411
2. Investment in joint-venture, associates	252	13	326,721,689,000	172,998,810,000
3. Other long-term investments	258	14	405,846,400,000	404,535,400,000
4. Provision for diminution in value of long-term investments	259	14	(228,750,000,000)	(239,765,799,951)
IV. Other non-current assets	260		62,874,915,195	68,231,169,686
1. Long-term prepayments	261		5,207,471,923	11,030,824,686
2. Deferred tax assets	262		57,187,500,000	57,187,500,000
3. Other non-current assets	268		479,943,272	12,845,000
TOTAL ASSETS	270		19,938,147,575,827	16,507,862,792,018

The notes set out on pages 10 to 25 are an integral part of these financial statements

BALANCE SHEET (Continued)
 As at 31 December 2009

FORM B 01 - DN
 Unit: VND

RESOURCES	Codes	Notes	31/12/2009	31/12/2008
A. LIABILITIES	300		12,313,929,358,998	10,920,871,976,703
I. Current liabilities	310		5,563,204,718,274	2,210,417,026,564
1. Short-term loans and liabilities	311		1,103,067,672,959	341,800,210,035
2. Trade accounts payable	312		2,834,443,247,429	281,280,805,908
3. Advances from customers	313		233,001,800,948	567,307,130,214
4. Taxes and amounts payable to the State budget	314	15	4,902,008,195	460,370,995,095
5. Payables to employees	315		52,149,271,130	32,808,608,756
6. Accrued expenses	316	16	100,377,747,237	268,035,150,635
7. Inter-company payables	317	17	492,382,364,325	120,557,729,652
8. Other current payables	319		742,880,606,051	138,256,396,269
II. Long-term liabilities	330		6,750,724,640,724	8,710,454,950,139
1. Long-term inter-company liabilities	332	17	1,629,670,994,116	2,111,748,574,809
2. Long-term loans and liabilities	334	18	5,034,921,142,439	2,213,557,892,874
3. Provision for severance allowance	336		19,440,016,663	18,901,454,533
4. Long-term provisions	337		66,692,487,506	4,366,247,027,923
B. EQUITY	400		7,624,218,216,829	5,586,990,815,315
I. Owner's equity	410	19	7,214,553,556,236	5,555,192,035,272
1. Charter capital	411		5,068,993,804,933	3,412,698,437,112
2. Foreign exchange reserves	416		(7,389,647,791)	-
3. Investment and development fund	417		828,683,347,149	929,993,598,160
4. Financial reserve funds	418		1,267,078,551,945	1,212,500,000,000
5. Retained earnings	420		57,187,500,000	-
II. Other resources and funds	430		409,664,660,593	31,798,780,043
1. Bonus and welfare funds	431		32,022,723,945	29,043,291,712
2. Funds for fixed assets acquisition	433		7,175,652,117	2,755,488,331
3. Science and technology funds	434		370,466,284,531	-
TOTAL RESOURCES	440		19,938,147,575,827	16,507,862,792,018



Đo Khang Ninh
 General Director
 6 May 2010

Mai Huu Ngan
 Chief Accountant

INCOME STATEMENT
 As at 31 December 2009

FORM B 02-DN/HN
 Unit: VND

ITEMS	Codes	Notes	2009	2008
1. Gross sales	01	20	28,331,690,125,845	23,573,200,009,560
2. Less deduction	02	20	(17,749,566,532)	(20,119,049,059)
3. Net sales	10		28,313,940,559,313	23,553,080,960,501
4. Cost of good sold	11	21	(23,224,215,251,765)	(17,889,794,000,721)
5. Gross profit	20		5,089,725,307,548	5,663,286,959,780
6. Financial income	21	22	589,640,657,664	446,227,163,004
7. Financial expense	22	23	(1,182,172,557,446)	(613,132,859,160)
8. Selling expense	24		(415,454,741,214)	(168,720,192,716)
9. General and administration expenses	25		(294,424,336,313)	(191,928,395,296)
10. Operating profit	30		3,787,314,330,239	5,135,732,675,612
11. Other income	31		31,364,676,644	138,846,224,805
12. Other expense	32		(18,159,331,392)	(1,394,502,604)
13. Profit from other activities	40		13,205,345,252	137,451,722,201
14. Accounting profit before tax	60		3,800,519,675,491	5,273,184,397,813
15. Current tax expense	61	24	(613,027,115,898)	(1,288,316,427,538)
16. Deferred tax income	62		-	57,187,500,000
17. Profit after tax	70		<u>3,187,492,559,593</u>	<u>3,927,680,470,275</u>



Do Khang Ninh
 General Director
 6 May 2010

Mai Huu Ngan
 Chief Accountant

CASH FLOW STATEMENT
 As at 31 December 2009

FORM B 03-DN/HN
 Unit: VND

ITEMS	Codes	2009	2008
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	3,800,519,675,491	5,273,184,397,813
2. Adjustments for:			
Depreciation and amortization	02	867,826,846,282	621,405,193,128
Provisions	03	35,412,280,934	241,289,743,978
Unrealized foreign exchange differences	04	299,251,565,498	93,859,106,799
Gain from investing activities	05	(395,057,365,038)	(377,733,936,729)
Interest expense	06	217,936,576,624	76,976,777,170
3. Operating profit before movements in working capital	08	4,825,889,579,791	5,928,981,282,159
Increase in receivables	09	(1,100,314,236,260)	(713,522,533,313)
Increase in inventories	10	(751,378,602,629)	(38,560,175,005)
Increase/(decrease) in accounts payable	11	2,837,330,253,481	(2,644,579,272,388)
(Increase)/decrease in prepaid expenses and other asset	12	(676,899,537,228)	102,369,913,105
Interest paid	13	(111,252,795,071)	(76,976,777,170)
Corporate income tax paid	14	(1,102,920,135,482)	(1,113,353,051,383)
Other cash inflows	15	17,531,595,450	-
Other cash outflows	16	(2,380,517,795,724)	(31,017,554,265)
Net cash from operating activities	20	1,557,468,326,328	1,413,341,831,740
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition of fixed assets and other long-term assets	21	(1,683,655,744,766)	(1,323,000,752,483)
2. Proceeds from sales of fixed assets and long-term assets	22	(535,121,213)	-
3. Net movement of short-term investments	23	-	5,000,000,000
4. Investments in other entities	25	(330,793,176,979)	(245,622,261,560)
5. Cash recovered from investments in other entities	26	51,599,261,682	44,683,879,827
6. Dividends, interest received	27	341,978,986,149	347,360,632,529
Net cash used in investing activities	30	(1,621,405,795,127)	(1,171,578,501,687)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from receiving capital from Petro Vietnam	31	-	176,198,623,391
2. Proceeds from borrowings	33	320,483,027,305	668,071,143,606
3. Repayments of borrowings	34	(350,565,739,530)	(474,508,805,295)
4. Dividends paid	36	(2,356,884,722,154)	-
Net cash (used in)/from financing activities	40	(2,386,967,434,379)	369,760,961,702
Net (decrease)/increase in cash and cash equivalents	50	(2,450,904,903,178)	611,524,291,755
Cash and cash equivalents at beginning of year	60	4,192,312,620,263	3,556,187,860,612
Effect of changes in foreign exchange rates	61	(7,389,647,791)	24,600,467,896
Cash and cash equivalents at end of year	70	1,734,018,069,294	4,192,312,620,263

The notes set out on pages 10 to 25 are an integral part of these financial statements

CASH FLOW STATEMENT (Continued)
As at 31 December 2009

FORM B 03-DN/HN
Unit: VND

Supplemental non-cash disclosures

Cash inflows from interest income excludes an amount of VND 54,032,617,207, representing interest incurred during the year which has not been received at 31 December 2009. Consequently, changes in accounts receivable have been adjusted by the same amount.

Cash outflows for interest expenses exclude an amount of VND 49,006,901,161, representing an interest expense incurred during the year that has not been paid at 31 December 2009. Consequently, changes in account payable have been adjusted by the same amount.

Cash receivable from charter capital exclude an amount of VND 1,656,345,367,821, representing an contributed capital from Vietnam Oil and Gas Corporation which was net off against other payables. Consequently, changes in account paybles have been adjusted by the same amount.



Đỗ Khang Ninh
General Director
6 May 2010

Mai Huu Ngan
Chief Accountant

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NOTES TO THE FINANCIAL STATEMENTS

FORM B 09 - DN/HN

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

1. GENERAL INFORMATION

Structure of ownership

The Company-PetroVietnam Gas Corporation ("the Company"), formerly known as of Petro Vietnam Gas Processing and Trading Company Limited, is a subsidiary of Vietnam Oil and Gas Group which was established in accordance with the Decision No. 2232/QĐ-DKVN dated on 18 July 2007 issued by Vietnam Oil and Gas Group.

The Company's headoffice allocates at 19A Cong Hoa Street, Tan Binh District, Ho Chi Minh City, S.R. Vietnam.

The number of employees as at 31 December 2009 was 1,085 (2008: 1,087).

The Company's branches including:

- Petro Vietnam Gas South East Transmission Company
- PetroVietnam Gas Vung Tau Processing Company
- PetroVietnam Gas Trading Company
- PetroVietnam Gas Services Company
- PetroVietnam Gas Projects Management Consultance Company
- Tay Nam Bo Gas Project Management
- Dong Nam Bo Gas Project Management
- PetroVietnam Ca Mau Gas Company
- Nam Con Son Pipelines Company ("NCSP")

Principal activities

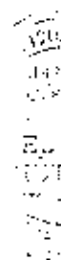
The principal activities of the Group are to collect, transport, store and process gas; distribute and trade dry gas related products, LNG, CNG, LPG and Condensate, etc....; to trade material, equipment and chemicals that are used in gas and gas-related products; to provide port and warehouse services; to invest in infrastructure, system for distributing dry and wet gas products in a synchronous manager, to purchase LPG from oil refinery plants and other subsidiaries of the Group; to provide consulting services in design, establishing construction projects; to manage, operate and provide repair and maintenance services of gas and gas related projects; to perform feasibility study in gas industry, design and rehabilitation of gas works; to provide services in gas industry, rehabilitation, maintenance and repair of engines and installation of converted facilities that are used in motor vehicles and gas-powered equipment and agriculture, forestry and pisciculture field; to import and export products of block gas, LNG, LPG and condensate; to import materials, equipment and motor vehicles that are used in gas industry; to take part in upper reaches gas investment projects to raise the pro-activity and effectiveness of trading and processing gas products; to invest in outsiders, trade and transfer investment, negotiate and sign contracts, projects, and assets, gas works; acquire international gas companies which will then become the members of the Company, sell the subsidiaries when necessary; and do business in other sectors in accordance with the regulations of law.

2. ACCOUNTING CONVENTION AND FISCAL 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, Vietnamese Accounting System and prevailing accounting regulations in Vietnam.

The financial statements are prepared to present the Company's financial position as at 31 December 2009, results of operations and cash flows for the year then ended as a single entity.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09 - DN/HN

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

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.

Fiscal year

The Company's financial year begins on 1 January and ends on 31 December.

3. ADOPTION OF NEW GUIDANCE

On 15 October 2009, the Ministry of Finance issued Circular No. 201/2009/TT-BTC guiding the recognition of foreign exchange differences in enterprises. The recognition of foreign exchange differences arising from revaluation of monetary items at the balance sheet date in accordance with Circular No. 201/2009/TT-BTC differs from that as regulated in Vietnamese Accounting Standard No. 10 (VAS 10) - Effects of changes in foreign exchange rates. According to Circular No. 201/2009/TT-BTC, accounting treatments of foreign exchange differences are as follows:

- Foreign exchange differences arising from revaluation of monetary items, short-term receivables and payables denominated in foreign currencies at the balance sheet date are not recorded in the income statement for the reporting period but are recorded in the balance sheet under the account "foreign exchange reserves" in the Owner's equity section.
- Foreign exchange differences arising from revaluation of long-term receivables and payables are recorded in the income statement for the year. In case the Company makes a loss, it may allocate part of foreign exchange losses within 5 subsequent years after deducting the foreign exchange difference incurred during the reporting period corresponding to the current portion of long-term loans.

The Company's management decides to apply guidelines at Circular 201/2009/TT-BTC and believe that this application as well as full disclosure of difference with VAS 10 shall give financial statement's reader enough information. The adoption of Circular No 201/2009/TT-BTC resulted in an increase of VND 7,389,647,791 in the Company's profit for the year ended 31 December 2009 and a debit balance in the "foreign exchange reserves" account under Owner's equity section in the consolidated balance sheet as at 31 December 2009 with same amount in comparison with VAS10 adoption.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Below are accounting policies applied by the Company in preparation of financial statement :

Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 changes in value.



PETROVIETNAM GAS CORPORATION

19A Cong Hoa street, Tan Binh District

Ho Chi Minh City, Viet Nam

Financial Statement

For the year ended 31 December 2009

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09 - DN/HN

*These notes are an integral part of and should be read in conjunction with the financial statements***Short-term financial investments**

Short-term financial investments are recognized on cost, including time deposit with term less than twelve months and a trust corresponding to the result of trust fund management activities.

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. Costs comprise direct materials and where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average 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.

Provision for inventory's devaluation is made for obsolete, damaged, or sub-standard inventories which have a book value higher than net realizable value as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of purchased tangible fixed assets comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use. Tangible fixed assets are depreciated using the straight line method over estimated useful life, as following:

Gas constructions	5 - 20 years
Buildings	4 - 15 years
Machinery and equipment	3 - 7 years
Motor vehicles	2 - 7 years
Office equipments	3 - 5 years
Other assets	3 - 7 years

Costs of gas constructions are recorded based on the approved budget to temporarily calculate their depreciation expenses when putting in use. Upon obtaining approval, the costs of those gas works will be adjusted.

Repair, maintenance and replacement expenses to maintain normal working conditions of assets are charged to the income statement during the year. Cost of overhaul or replacements which change the features and capacity of the assets are capitalized as cost of relevant assets.

Intangible assets and amortization

Intangible assets represent software which is stated at cost less accumulated amortization. Software is amortized within 3 years.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for the purposes not yet determined, are carried at cost. Cost includes professional fees, and for qualifying assets, borrowing costs dealt with in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09 - DN/HN

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

Long-term financial investments

Long-term investments represent investment in joint venture, associates and other long-term financial investments are recognized at cost including direct cost related to these investments. On next accounting period, these investment is recognized on cost less diminution in value of investments.

Operating lease

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor 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. Initial direct costs incurred in negotiating and arranging an operating lease are amortized on a straight-line basis over the lease term.

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. Foreign exchange differences arising from these transactions are recognized in the income statement. Differences on foreign exchange rate arising from revaluation foreign currency at year ended are recognized based on accounting policy presented in note 3.

Revenue recognition

Revenue is recognized when the outcome of such transactions can be measured reliably and it is probable that the economic benefits associated with the transactions will flow to the Company. Sales of goods are recognized when goods are delivered and the ownership has passed.

In accordance with the letter No.5110-TC/TCT dated 16 May 2003 issued by the Ministry of Finance, selling and transporting of Nam Con Son gas revenue are recorded at the date of issuing VAT invoice.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest applicable rate. Dividend income from investments is recognized when the Company's right to receive payment has been established.

Borrowing costs

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.

All other borrowing costs are recognized in the income statement when incurred.

Provisions

Provisions are recognized 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 at the balance sheet date.

Taxation

Corporate 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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09 - DN/HN

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

deductible in other years (including loss carried forward, if any) and it further excludes items that are non-taxable income or non-deductible expense.

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using balance sheet liability 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 utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. 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 and deferred tax is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and its ultimate determination depends on the results of tax authorities' examination.

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

5. CASH

	31/12/2009	31/12/2008
	<u>VND</u>	<u>VND</u>
Cash on hand	825,716,471	2,424,452,012
Cash in bank	1,733,192,352,823	4,178,888,168,251
Cash in transit	-	11,000,000,000
	<u>1,734,018,069,294</u>	<u>4,192,312,620,263</u>

6. SHORT-TERM FINANCIAL INVESTMENT

	31/12/2009	31/12/2008
	<u>VND</u>	<u>VND</u>
12-month time deposit	2,121,360,000,000	5,000,000,000
Trusted fund at PVFC	400,000,000,000	195,000,000,000
	<u>2,521,360,000,000</u>	<u>200,000,000,000</u>

Time deposits represent deposits with terms ranging from 6 to 12 months and earns interest with rate ranging from 7.3% to 10.2% per annum.

Trust Fund Management Agreement between the Company and PetroVietnam Finance Joint Stock Company with the term of 6 month which earns interest at rate ranging from 7.3% to 7.7% per annum.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09 - DN/HN

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

7. INVENTORIES

	31/12/2009	31/12/2008
	<u>VND</u>	<u>VND</u>
Goods in transit	29,107,446,546	-
Raw materials	655,560,487,513	192,333,365,211
Tools and supplies	2,660,503,118	3,474,009,712
Work in progress	1,985,115,260	825,366,850
Finished goods	74,786,879,081	30,384,751,133
Merchandise	230,986,183,284	16,690,519,267
	<u>995,086,614,802</u>	<u>243,708,012,173</u>
Provision for devaluation of inventories	<u>(54,030,701,480)</u>	<u>(8,166,582,254)</u>
	<u>941,055,913,322</u>	<u>235,541,429,919</u>

8. OTHER RECEIVABLES FROM THE STATE BUDGET

Other receivables from State budget represent income tax which the Company overpaid to the State Budget at the balance sheet date.

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PETROVIETNAM GAS CORPORATION
19A Cong Hoa street, Tan Binh District
Ho Chi Minh City, Viet Nam

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

9. TANGIBLE FIXED ASSETS

	Gas constructions VND	Buildings VND	Machinery, equipment VND	Motor vehicles VND	Office equipments VND	Others VND	Total VND
COST							
As at 1/1/2009	13,399,292,823,827	38,758,583,791	68,566,855,618	38,838,457,818	36,879,983,199	8,575,475,681	13,590,912,179,934
Purchasing	-	3,528,295,920	5,516,170,086	11,918,429,245	8,811,754,762	8,987,250,747	38,761,900,760
Transfer from construction in progress	3,182,224,027,933	56,115,978,665	282,934,478	20,282,912,315	7,679,683,585	37,009,698,916	3,303,595,235,892
Adjustment per finalization	236,416,816,369	-	-	-	-	-	236,416,816,369
Disposals	-	(1,757,462,850)	(1,848,562,089)	(2,476,039,182)	(1,811,154,904)	(10,185,000)	(7,903,404,025)
Other decreases	-	227,609,849	(162,502,550)	-	(31,872,742)	(192,700,909)	(159,466,352)
As at 31/12/2009	16,817,933,668,129	96,873,005,375	72,354,895,543	68,563,760,196	51,528,393,900	54,369,539,435	17,161,623,262,578
ACCUMULATED DEPRECIATION							
As at 1/1/2009	7,178,864,046,972	23,974,686,434	54,328,234,119	25,585,070,232	16,789,639,483	6,909,615,419	7,306,451,292,659
Charge for the year	821,211,892,575	6,803,320,145	7,232,792,578	6,116,716,119	11,490,107,796	13,909,634,750	866,764,483,963
Eliminate from disposals	-	(1,757,462,850)	(1,773,708,506)	(2,476,039,182)	(1,804,719,933)	(10,185,000)	(7,822,115,471)
Reclassify	-	-	-	-	(9,704,792)	(159,900,965)	(169,605,757)
As at 31/12/2009	8,000,075,939,547	29,020,543,729	59,787,318,191	29,225,747,169	26,465,322,554	20,649,184,204	8,165,224,055,394
NET BOOK VALUE							
As at 31/12/2009	8,817,857,728,582	67,852,461,646	12,567,577,352	39,338,013,027	25,063,071,346	33,720,355,231	8,996,399,207,184
As at 31/12/2008	6,220,428,776,855	14,783,897,357	14,238,621,499	13,253,387,586	20,090,343,716	1,665,860,262	6,284,460,887,275

As at 31 December 2009, the cost of the Company's tangible fixed assets includes VND 5,173,872,863,726 (2008: VND 5,178,962,011,160) of assets which were fully depreciated but are still in use, in which, the cost of assets intend to be disposed amounting to VND 1,996,487,612 (2008: VND 6,956,823,497).

Gas constructions as at 31 December 2009 include constructions with cost of VND 7,603,873,832,406 which are recorded based on the approved budgeted cost to temporarily calculate their depreciation expenses when putting in use. Upon the approval of final construction audit, construction cost will be adjusted accordingly.

Adjusted per finalization represents the different amount between temporarily recorded amount and final approved cost of Nam Con Son Pipeline Project. Based on the finalization, in 2009, the Company has adjusted recorded cost equalled to 51% ownership of the project. Moreover, the difference between recorded construction cost and approved construction cost amounting to VND 33,901,707,471 is charged to the Company's income statement for 2009.

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 financial statements

10. INTANGIBLE ASSETS

	Software VND
COST	
As at 1/1/2009	5,310,032,655
Additions	3,345,205,986
Disposals	<u>(2,716,020,723)</u>
As at 31/12/2009	<u>5,939,217,918</u>
ACCUMULATED AMORTIZATION	
As at 1/1/2009	3,380,628,227
Charge for the year	2,367,087,744
Eliminate from disposals	<u>(1,509,202,180)</u>
As at 31/12/2009	<u>4,238,513,791</u>
NET BOOK VALUE	
As at 31/12/2009	<u>1,700,704,127</u>
As at 31/12/2008	<u>1,929,404,428</u>

11. CONSTRUCTION IN PROGRESS

	31/12/2009 VND	31/12/2008 VND
Phu My- Ho Chi Minh City Gas Pipelines System	-	1,153,816,604,474
Su Tu Vang- Rang Dong Gas Pipelines System	-	725,957,907,071
Nam Con Son Gas Pipelines System	-	270,318,523,840
Low Pressure Gas Distribution System- Phase 2	-	87,809,266,256
Lot B - O Mon Gas Pipelines	133,681,791,366	64,619,747,859
Thi Vai Gas Station	60,758,621,218	34,749,997,393
LPG Warehouse/ LPG Dung Quat Warehouse	3,191,553,729	-
Hai Su Trang/Te Giac Trang Gas Pipelines Project	6,592,269,738	-
Vom Bac- Bach Ho Gas Collection	43,440,638,892	-
Dragon City Project	157,697,490,313	-
Other projects	66,313,485,836	89,885,040,528
	<u>471,675,851,092</u>	<u>2,427,157,087,421</u>

12. INVESTMENT IN SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2009 are as follows:

Name of subsidiary	Proportion of ownership and voting rights(%)	31/12/2009 VND	31/12/2008 VND	Principal activity
Vietnam LPG Company Limited	79,13	118,699,000,000	118,699,000,000	Distribute LPG
PetroVietnam Northern Gas JSC	73,75	210,880,560,000	210,880,560,000	Distribute LPG
PetroVietnam Southern Gas JSC	55,00	43,138,283,411	43,138,283,411	Distribute LPG
PetroVietnam Cylinder Factory	75,72	50,989,080,000		- Manufacture gas cylinder
PetroVietnam Gas Investment and Construction JSC	51,00	51,156,438,571		- Provide pipe & - packaging service
Petroleum Sport and Culture JSC	60,00	6,060,279,408		- Sport and Culture
		<u>480,923,641,390</u>	<u>372,717,843,411</u>	

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 financial statements

In 2009, the Group acquired interest portion of PetroVietnam General Services Corporation in PetroVietnam Cylinder Factory amounting to VND 51,156,438,57. The date of transfer of ownership was determined at 1 September 2009, and accordingly, PetroVietnam Cylinder Factory becomes the Group's subsidiary since this date.

During the year, the Company acquired 51% of charter capital of PetroVietnam Gas Investment and Construction Joint Stock Company and become the parent company of this company from 13 October 2009.

Petroleum Sport and Culture Company was established in accordance with the Business Registration Certificate No.0103034607 dated 14 January 2009 issued by the Department of Planning and Investment of Ha Noi City on 14 January 2009. PSCC has six founding shareholders in which the Company hold 60% of total charter capital equalled to 60% of voting rights.

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13. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	31/12/2009 VND	31/12/2008 VND
PetroVietnam Urban Development JSC	20,000,000,000	-
PetroVietnam Southern Building Development and Management JSC	11,000,000,000	-
Dragon City Project	131,787,379,000	-
Thang Long LPG Joint- Venture	19,734,310,000	19,734,310,000
Hoa Cam Industrial Zone Investment	17,800,000,000	17,500,000,000
PetroVietnam Low Pressure Gas	59,400,000,000	59,400,000,000
International Gas Product Shipping JSC	-	40,000,000,000
CNG JSC	-	22,864,500,000
LPG Warehouse JSC	-	6,000,000,000
City Gas JSC	67,000,000,000	7,500,000,000
	<u>326,721,689,000</u>	<u>172,998,810,000</u>

Details of the Company's capital contributions to its associates and joint-ventures as at 31 December 2009 were as follows:

Name of company	Place of incorporation and operation	Proportion of ownership and interest (%)	Principal activity
PetroVietnam Urban Development JSC	Vietnam	20 %	Constructing civil and industrial works
PetroVietnam Southern Building Development and Management JSC	Vietnam	20%	Construction
Dragon City Project	Vietnam	70%	Real estate
Thang Long LPG Joint- Venture	Vietnam	24.17%	Distributing LPG
Hoa Cam Industrial Zone Investment	Vietnam	35.10%	Lease infrastructure
PetroVietnam Low Pressure Gas		50%	Distribute low pressure gas
International Gas Product Shipping JSC	Vietnam	20%	Transporting gas
City Gas JSC	Vietnam	44.67%	Trading gas

After the balance sheet date, the Company sold its ownership at Hoa Cam Industrial Zone Investment JSC and Thanh Long LPG Joint-Venture.

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 financial statements

In addition, the Company has jointly controlled asset under business corporation contract ("BCC") with PetroVietnam Construction JSC and Phu Long Real Estate JSC to build an office building on 7.441 m² area at Lot 8, Dragon City Project, Phuoc Kien Ward, Nha Be District, in which, the Company is Operator and contributes 70% of invested capital. In contract, BCC partners earn profit portion from the results of operations of the project equalled to their ownership proportion in the BCC. At 31 December 2009, construction works' value of this project was recorded as construction in progress in the Company's balance sheet.

The Company entered into a business co-operation contract with Vietnam Oil Corporation to produce and trade gasoline made from condensate. In 2009, the Company has not estimated or recognized the profit distributed derived from this business cooperation.

14. OTHER LONG-TERM INVESTMENTS

	31/12/2009	31/12/2008
	<u>VND</u>	<u>VND</u>
Investment in securities	400,270,000,000	375,270,000,000
Investment in bonds	<u>5,576,400,000</u>	<u>29,265,400,000</u>
	<u>405,846,400,000</u>	<u>404,535,400,000</u>
Provision for diminution in value of long-term investments	<u>(228,750,000,000)</u>	<u>(239,765,799,951)</u>
	<u>177,096,400,000</u>	<u>164,769,600,049</u>

Investment in securities includes investment in South East Asia Commercial Joint Stock Bank with amount of VND 311,250,000,000. As at 31 December 2009, the Company made provision for this investment with amount of VND 228,750,000,000.

15. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	31/12/2009	31/12/2008
	<u>VND</u>	<u>VND</u>
Value added tax	1,727,200,376	50,973,389,806
Import and export duties	2,104,164,565	2,754,228,363
Corporate income tax	-	399,628,992,607
Other taxes	<u>1,070,643,254</u>	<u>7,014,384,319</u>
	<u>4,902,008,195</u>	<u>460,370,995,095</u>

16. ACCRUALS

	31/12/2009	31/12/2008
	<u>VND</u>	<u>VND</u>
Expense of Nam Con Son Project's operator	51,028,840,128	63,107,406,958
Accruals for gas purchases	-	141,653,025,531
Accrued maintenance expenses	1,648,396,859	-
Accruals for loan interest	47,700,510,250	5,186,526,087
Accruals for wet gas purchases	-	58,088,192,059
	<u>100,377,747,237</u>	<u>268,035,150,635</u>

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 financial statements

17. SHORT-TERM AND LONG-TERM INTER-COMPANY PAYABLES

Short-term inter-company payables as at 31 December 2009 included payable of appropriated profit and other payables to PetroVietNam.

Long-term inter-company payables on 31 December 2009 is payable to PetroVietnam for capital received for Nam Con Son Pipeline Project with the amount of VND 1,629,670,994,116.

18. LONG-TERM LOANS AND LIABILITIES

	31/12/2009 VND	31/12/2008 VND
Long-term loan	6,137,988,815,398	2,555,358,102,909
Less: Due of long-term loan	<u>(1,103,067,672,959)</u>	<u>(341,800,210,035)</u>
	<u>5,034,921,142,439</u>	<u>2,213,557,892,874</u>

Long-term loan includes long term loans from domestic and oversea commercial bank, and PetroVietnam Finance Joint Stock Corporation with the total amount of VND 469,971,023,242 and USD 435,171,256. The outstanding loan principals as at 31 December 2009 were VND 265,974,296,849 and USD 265,812,767. These loans have terms of from 3 to 11 years and bears interest rates ranging from 1.8% to 6.5% per annum for loans in USD and from 5.7% to 12% per annum for loans in VND. The loans are used to sponsor the Company's construction works. Several loans are guaranteed by the Ministry of Finance or PetroVietnam.

Long-term loans and liabilities are repayable as follows:

	31/12/2009 VND	31/12/2008 VND
On demand or within one year	1,103,067,672,959	341,800,210,035
In the second year	1,095,688,565,420	455,995,829,470
In the third to fifth year inclusive	2,503,952,577,019	1,101,824,364,159
After five years	<u>1,435,280,000,000</u>	<u>655,737,699,245</u>
	<u>6,137,988,815,398</u>	<u>2,555,358,102,909</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(1,103,067,672,959)</u>	<u>(341,800,210,035)</u>
Amount due for settlement after 12 months	<u>5,034,921,142,439</u>	<u>2,213,557,892,874</u>

19. OWNER'S EQUITY

	Charter capital VND	Construction funds VND	Investment and development funds VND	Financial reserves VND	Foreign exchange reserves VND	Retained earnings VND	Total VND
As at 1/1/2008	801,810,757,319	2,245,883,773,809	1,534,114,901,445	1,052,292,467,687	13,318,546,133	812,325,801,965	6,459,746,248,358
Capital provided by PetroVietnam	411,008,541,905	176,248,623,391	-	-	-	-	587,257,165,296
Profit for the year	-	-	929,993,598,160	160,207,532,313	-	4,042,055,470,275	4,042,055,470,275
Profit distribution	666,110,178,421	-	(413,429,902,054)	-	(13,318,546,133)	(1,797,119,523,145)	(40,808,214,251)
Funds adjustment	1,534,658,838,915	(1,107,910,308,728)	(939,021,823,102)	-	-	-	-
Payable to PetroVietnam	-	(1,316,890,634,471)	(181,663,176,289)	-	-	(2,176,760,017,488)	(4,432,672,475,041)
Paid to State Budget	(889,877,448)	2,068,635,999	-	-	-	(880,501,731,627)	(1,062,164,907,916)
Other adjustment	-	-	-	-	-	-	1,778,748,551
As at 31/12/2008	<u>3,412,498,497,312</u>	<u>-</u>	<u>929,993,598,160</u>	<u>1,212,500,000,000</u>	<u>-</u>	<u>-</u>	<u>5,556,192,035,272</u>
Capital provided by PetroVietnam	1,656,293,367,821	-	-	-	-	-	1,656,293,367,821
Profit for the year	-	-	-	54,748,451,233	-	3,187,492,559,593	3,187,492,559,593
Profit distribution	-	-	228,083,347,149	-	-	(1,302,349,503,163)	(419,117,704,781)
Payable to PetroVietnam	-	-	(929,993,598,160)	-	-	(1,827,453,536,430)	(3,757,449,134,590)
Reserve fund for management	-	-	-	-	-	(300,000,000)	(300,000,000)
Expenditure from funds	-	-	-	(169,899,288)	-	-	(169,899,288)
Foreign exchange reserves	-	-	-	-	(7,389,647,791)	-	(7,389,647,791)
As at 31/12/2009	<u>5,068,993,864,333</u>	<u>-</u>	<u>131,883,347,149</u>	<u>1,267,278,351,343</u>	<u>(7,389,647,791)</u>	<u>57,187,598,909</u>	<u>7,114,833,564,234</u>

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 financial statements

The Company made appropriation for investment and development fund, financial reserve fund, and bonus and welfare fund as regulated in the Circular No. 24/2007/TT-BTC dated 27 March 2007 by the Ministry of Finance and the Company's Financial Management policy with the total amount of VND 932,083,218,632. The Company temporarily recorded as payable to Petro Vietnam with the remaining profit of VND 1,827,455,556,430 and the investment and development fund of VND 929,993,598,160. At the date of this report, there were no official decision issued by Petro Vietnam concerning about the use of remaining profit.

In year 2009, the Company provided for science and technology development fund equalled to 10% of profit before tax amounting to VND 370,466,284,531.

20. REVENUE

	2009 <u>VND</u>	2008 <u>VND</u>
Sales of gas	18,458,920,606,948	15,276,815,944,188
Sales of LPG, Bupro and others	8,230,833,809,726	6,743,127,940,172
Gas transportation revenue	<u>1,641,935,709,171</u>	<u>1,553,256,125,200</u>
	28,331,690,125,845	23,573,200,009,560
Deductions		
Special consumption tax	<u>(17,749,566,532)</u>	<u>(20,119,049,059)</u>
Net sales	<u>28,313,940,559,313</u>	<u>23,553,080,960,501</u>

Revenue from selling and transporting of Nam Con Son gas are recognized at the date of VAT invoices issuance in accordance with the Official Letter No.5110-TC/TCT dated 16 May 2003 issued by the Ministry of Finance. Accordingly, revenue and cost of goods sold of Nam Con Son gas incurred in November and December 2009 were recorded in 2010 with the amount of VND 2,925 billion and VND 2,127 billion, respectively (incurred in 2008 but recorded in 2009: VND 1,691 billion and VND 1,410 billion, respectively). The revenue's reduction of this activity in 2009 of VND 318 billions was also recorded in the income statement of 2010 (in 2008 : VND 245 billion).

21. COST OF GOODS SOLD

	2009 <u>VND</u>	2008 <u>VND</u>
Cost of gas sold	16,458,581,987,787	13,295,070,516,873
Cost of LPG, Bupro and others	6,388,291,852,965	4,280,574,623,700
Cost of transportation of gas	<u>377,341,411,013</u>	<u>314,148,860,148</u>
	<u>23,224,215,251,765</u>	<u>17,889,794,000,721</u>

22. FINANCIAL INCOMES

	2009 <u>VND</u>	2008 <u>VND</u>
Deposit and loan interest	341,111,474,181	305,346,912,822
Realized foreign exchange gain	183,827,650,523	35,920,768,583
Unrealized foreign exchange gain	-	31,136,111,465
Bonds interest, dividends	55,524,629,175	72,387,023,907
Other financial income	<u>9,176,903,785</u>	<u>1,436,346,227</u>
	<u>589,640,657,664</u>	<u>446,227,163,004</u>

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 financial statements

23. FINANCIAL EXPENSES	2009 <u>VND</u>	2008 <u>VND</u>
Interest expenses	217,936,576,624	76,976,777,170
Realized foreign exchange loss	674,421,476,957	147,012,979,156
Unrealized foreign exchange loss	299,251,565,498	149,337,427,883
Provision for diminution in value of short-term and long-term investments	-	239,765,799,951
Reversal financial reserves	(9,719,405,953)	-
Others	282,344,320	39,875,000
	<u>1,182,172,557,446</u>	<u>613,132,859,160</u>

24. CORPORATE INCOME TAX	2009 <u>VND</u>	2008 <u>VND</u>
Net profit before tax	3,800,519,675,491	5,273,184,397,812
Less: Non-assessable income	(155,712,923,694)	(62,956,414,671)
Add back: Non-deductible expense	98,141,968,311	363,094,718,175
Provision for science and technology fund (10%)	(370,466,284,531)	-
Assessable income	3,372,482,435,577	5,573,322,701,316
Assessable income at rate of 10%	1,188,319,885,111	1,196,942,188,108
Assessable income at rate of 20%	1,036,910,204,601	709,554,187,142
Assessable income at rate of 25%	1,147,252,345,865	3,666,826,326,066
Current corporate income tax expense	<u>613,027,115,898</u>	<u>1,288,316,427,538</u>

The Company is obliged to pay corporate income tax at the rate of 25% of its assessable income. The Company is entitled to corporate income tax incentive at the rate of 20% for Phu My Gas Distribution Station Project according to the Investment Incentive Certificate No.8898-BKH/DN dated 31 December 2001; Nam Con Son Condensate Transportation Project according to the Investment Incentive Certificate No.3399-BKH/DN dated 28 May 2002 and Nam Con Son Pipeline Project according to Investment Incentive Certificate No.6011-BKH/DN dated 18 September 2002 issued by the Ministry of Planning and Investment. Moreover, the Company is entitled to a corporate income tax exemption for the first three years and a reduction of 50% in the following seven years from first profit making year of Nam Con Son Pipeline Project.

25. COMMITMENTS

i) Capital commitments

As at 31 December 2009, the Company had commitments relating to the construction contract which are being performed but had not finished:

	<u>VND</u>
Thi Vai LPG Loading Station Project	420,482,839,654
Hai Su Trang/Te Giac Trang Project	374,759,587,327
Mo Rong - Doi Moi Project	538,307,618,500
Lot B-O Mon Pipeline Project	1,119,483,473,512
Vom Bac- Bach Ho Gas Collection Project	69,615,655,368
	<u>2,522,649,174,361</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

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ii) Other commitments

The following commitments related to gas sales and transportation:

Purchasing commitments:

in accordance with appendix of GSPA contract on 15 December 2000 of block 06.1, signed between BP Exploration Operating Limited Company (on behalf of the gas owners) and ONGC Limited Company and PetroVietnam (represented by PetroVietnam Gas Corporation), the Company undertakes to purchase a minimum gas quantity of 3,6 billion m³ per annum from 1 July 2009 to 31 December 2010, and 4 billion m³ per annum for the period from 1 January 2011 to 31 December 2014.

Under the GSPA dated 19 April 2005 signed between Korea National Oil Company and PetroVietnam (on behalf of gas owners) and PetroVietnam (represented by PetroVietnam Gas Corporation) for a term of 23 years, the Company undertakes to purchase a minimum gas quantity of 1,216 billion m³ per annum at the price of 3,023491 USD/1 million BTU.

According to PM3 CAA upper reaches gas sales agreement (UGSA PM3 CAA) dated 10 February 2000, signed between the Company with The contractors, namely PM3 CAA and Petronas for the term of 23 years, the Company undertakes to purchase from contractors a annual fixed gas quantity of 1.5 billion m³. Gas price is defined based on average price of FO (MFOC) in a month.

According to the gas sales agreement of Block 46 Cai Nuoc dated 23 July 2003, between the Company with contractors of the Block 46 Cai Nuoc for the term of 23 years, the Company undertakes to purchase from gas owners a annual fixed gas quantity of 0.206 billion m³. Gas price is defined based on average price of FO (MFOC) in a month.

Selling Commitments:

According to Nam Con Son Gas Sales agreement dated 16 October 2001, signed between Vietnam Oil and Gas Group (represented by PetroVietnam Gas Corporation) and Vietnam Electricity (EVN) for the term of 20 years, the Company commit to sell a annual fixed gas quantity of 1,85 billion m³ to EVN. Gas prices are defined based on the regulated prices in the GSPA plus gas distribution fee (at a fixed rate of USD0.15/1 million BTU.

According to Nam Con Son Gas Sales agreement dated 22 May 2001, signed between PetroVietnam (represented by PetroVietnam Gas Corporation) and Phu My 3 BOT Power Plant (PM3), the Company commits to supply an annual fixed quantity of 0.85 billion m³ of gas until 2023. Gas prices are defined based on the regulated prices in the GSPA plus gas distribution fee (at a fixed rate of USD0.15/1 million BTU per the issue of 2001).

According to Nam Con Son Gas Sales agreement dated 18 September 2001, signed between Vietnam Oil and Gas Group (represented by PetroVietnam Gas Corporation) and MeKong Energy Company, ("PM2.2"), the Company commits to supply an annual fixed quantity of 0.85 billion m³ of gas until 2023.

According to Cuu Long Gas Sales and purchase agreement dated 26 December 2006 between the Company and Phu My Thermo-electric One Member Limited Company, the Company commits to supply an gas quantity of 1,4 billion m³ in 2010 at gas price of 3,55 USD/MMBTU from 1 April 2010.

According to PM3 and Plot 46 Cai Nuoc gas sales and purchase agreement dated in May 2007, signed between Petro Vietnam (represented by PetroVietnam Gas Corporation) and Ca Mau PetroVietnam Power Company, the Company commits to supply an annual fixed gas quantity of 1,5 billion m³ until 2023. Gas prices are defined based on the regulated prices in the GSA plus gas distribution fee of USD 1.17/1 million BTU.

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 financial statements

Payables		
PetroVietnam Southern Gas JSC	152,517,700	78,625,650
Petroleum Trading Services Company Limited	-	1,356,704,695
VietsovPetro Joint Venture	1,934,461,892	40,006,732,322
PetroVietnam Construction JSC	7,299,129,058	11,464,456,063
PetroVietnam Oil Corporation	175,704,000	-
Research and Development Centre for Petroleum Safety and Environment	152,546,384	82,060,217
Petrovietnam Technical Services Corporation	-	65,603,011
PetroVietnam Exploration and Production Corporation	-	942,784,300,083
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Loans		
PetroVietNam Finance JSC	875,320,514,182	865,195,570,965
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Đỗ Khang Ninh
 General Director
 6 May 2010

Mai Huu Ngan
 Chief Accountant

