

**PETROVIETNAM GAS CORPORATION -
ONE MEMBER COMPANY LIMITED**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED FINANCIAL
STATEMENTS**

For the year ended 31 December 2010



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STATEMENT OF THE BOARD OF GENERAL DIRECTORS (Continued)

The Board of General Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Corporation and to ensure that the financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant regulations in Vietnam. The Board of General Directors is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of General Directors,



[Handwritten Signature]
Do Khang Ninh
General Director

23 March 2011

No.: 524/Deloitte-AUDHN-RE

AUDITORS' REPORT

**To: The Boards of Management and General Directors
Petrovietnam gas corporation - one member company Limited**

We have audited the accompanying balance sheet of Petrovietnam gas corporation - one member company Limited ("the Corporation") as at 31 December 2010, the related statements of income and cash flows for the year then ended, and the notes thereto (collectively referred to as "the financial statements"), as set out from page 5 to page 25. 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 General Directors and Auditors

As stated in the Statement of the Board of General Directors on page 1 and 2, these financial statements are the responsibility of the Corporation's Board of General 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 paragraph, we have 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

During the year, the Corporation has made provision for decommissioning cost for gas pipeline with the amount of VND 77,140,233,977 (accumulated amount up to 31 December 2010 was VND 578,774,423,056). At the date of this report, the method and cost for the decommissioning have not been approved by relevant authorities. We could not obtain sufficient appropriate audit evidence for above expenses, thus, we do not express opinion on the provision amount as well as the effects thereof on relevant items presented in the Corporations' financial statements .

Opinion

In our opinion, except for necessary adjustments related to the matters described in the preceding paragraph, the accompanying financial statements give a true and fair view of, in all material respects, the financial position of the Corporation as at 31 December 2010 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 relevant regulations in Vietnam.

We would like to draw the account users' attention to the following issue:

As presented in Note 23 of the Notes to the financial statements, revenue from selling and transporting of Nam Con Son gas are recognized at the issue date of value added tax invoices in accordance with Official Letter No.5110-TC/TCT dated 16 May 2003 issued by the Ministry of Finance. Accordingly, revenue and cost of sold and transported Nam Con Son gas incurred in November and December 2010 will be recorded in the income statement for the year 2011 with the amount of VND 2,640 billion and VND 2,590 billion, respectively (those incurred in 2009 but recorded in 2010: VND 2,607 billion and VND 2,127 billion, respectively).



Khúc Thị Lan Anh
Deputy General Director
CPA Certificate No. D.0036/KTV

Tran Huy Cong
Auditor
CPA Certificate No. 0891/KTV

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

23 March 2011
Hanoi, S.R. Vietnam



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BALANCE SHEET
 As at 31 December 2010

FORM B 01-DN
 Unit: VND

ASSETS	Codes	Notes	31/12/2010	31/12/2009
A. CURRENT ASSETS	100		14,271,540,514,034	9,420,755,167,839
(100=110+120+130+140+150)				
I. Cash and cash equivalents	110	5	4,277,069,453,652	1,734,018,069,294
1. Cash	111		2,492,069,453,652	1,734,018,069,294
2. Cash equivalents	112		1,785,000,000,000	-
II. Short-term financial investments	120		2,102,101,000,000	2,521,360,000,000
1. Short-term investments	121	6	2,102,101,000,000	2,521,360,000,000
III. Short-term receivables	130		6,678,349,934,107	3,450,536,462,961
1. Trade accounts receivable	131		5,561,003,744,962	2,652,657,097,707
2. Advances to suppliers	132		604,611,993,363	137,149,704,170
3. Inter-company receivables	133		46,763,079,934	70,903,982,510
4. Other receivables	135		465,971,115,848	590,677,687,888
5. Provision for short-term doubtful debts	139		-	(852,009,314)
IV. Inventories	140	7	501,813,021,984	941,055,913,322
1. Inventories	141		579,194,542,097	995,086,614,802
2. Provision for devaluation of inventories	149		(77,381,520,113)	(54,030,701,480)
V. Other short-term assets	150		712,207,104,291	773,784,722,262
1. Short-term prepayments	151		81,865,239,854	77,496,992,982
2. Value added tax deductibles	152		273,124,635,821	81,859,819,935
3. Taxes and other receivables from the State Budget	154	8	27,687,408,099	101,021,781,012
4. Other short-term assets	158		329,529,820,517	513,406,128,333
B. NON-CURRENT ASSETS	200		21,706,246,922,357	10,517,392,407,988
(200=220+250+260)				
I. Fixed assets	220		17,312,962,593,499	9,469,775,762,403
1. Tangible fixed assets	221	9	16,368,145,259,766	8,996,399,207,184
- Cost	222		23,906,722,367,370	17,161,623,262,578
- Accumulated depreciation	223		(7,538,577,107,604)	(8,165,224,055,394)
2. Intangible fixed assets	227	10	155,824,084,570	1,700,704,127
- Cost	228		161,845,333,203	5,939,217,918
- Accumulated amortisation	229		(6,021,248,633)	(4,238,513,791)
3. Construction in progress	230	11	788,993,249,163	471,675,851,092
II. Long-term financial investments	250		1,658,984,680,327	984,741,730,390
1. Investment in subsidiaries	251	12	454,571,698,783	480,923,641,390
2. Investments in joint-ventures and associates	252	13	533,175,801,544	326,721,689,000
3. Other long-term investments	258	14	671,237,180,000	405,846,400,000
4. Provision for diminution in value of long-term financial investments	259		-	(228,750,000,000)
III. Other long-term assets	260		2,734,299,648,531	62,874,915,195
1. Long-term prepayments	261	15	2,734,278,803,531	5,207,471,923
2. Deferred tax assets	262		-	57,187,500,000
3. Other long-term assets	268		20,845,000	479,943,272
TOTAL ASSETS (270 = 100 + 200)	270		35,977,787,436,391	19,938,147,575,827

The notes set out on pages 9 to 25 are an integral part of these financial statements

BALANCE SHEET (Continued)
 As at 31 December 2010

FORM B 01-DN
 Unit: VND

RESOURCES	Codes	Notes	31/12/2010	31/12/2009
A. LIABILITIES (300 = 310+330)	300		13,998,332,127,843	12,716,418,367,474
I. Current liabilities	310		7,852,429,704,622	5,595,227,442,219
1. Short-term loans and liabilities	311	16	1,549,505,727,859	1,103,067,672,959
2. Trade accounts payable	312		3,432,722,562,786	2,834,443,247,429
3. Advances from customers	313		13,483,753,232	233,001,800,948
4. Taxes and amounts payable to the State budget	314	17	190,585,636,668	4,902,008,195
5. Payables to employees	315		52,943,061,635	52,149,271,130
6. Accrued expenses	316	18	349,199,859,641	100,377,747,237
7. Inter-company payables	317		-	492,382,364,325
8. Other current payables	319	19	2,240,302,827,195	742,880,606,051
9. Bonus and welfare funds	323		23,686,275,606	32,022,723,945
II. Long-term liabilities	330		6,145,902,423,221	7,121,190,925,255
1. Long-term inter-company liabilities	332	20	44,265,687,854	1,629,670,994,116
2. Long-term loans and liabilities	334	21	4,534,443,706,946	5,034,921,142,439
3. Provision for severance allowance	336		19,674,450,032	19,440,016,663
4. Provision for long-term provision	337		578,774,423,056	66,692,487,506
5. Scientific and technological development fund	339		968,744,155,333	370,466,284,531
B. EQUITY	400		21,979,455,308,548	7,221,729,208,353
(400=410+430)				
I. Owners' equity	410	22	21,974,577,750,144	7,214,553,556,236
1. Owner's contributed capital	411		10,455,050,754,975	5,068,993,804,933
2. Assets revaluation reserve	415		6,710,919,929,696	-
3. Foreign exchange reserve	416		(2,418,845,980)	(7,389,647,791)
4. Investment and development fund	417		1,412,917,207,300	828,683,347,149
5. Financial reserve fund	418		1,745,891,310,113	1,267,078,551,945
6. Retained earnings	420		1,652,217,394,040	57,187,500,000
II. Other resources and funds	430		4,877,558,404	7,175,652,117
1. Funds for fixed assets acquisition	433		4,877,558,404	7,175,652,117
TOTAL RESOURCES (440 = 300+ 400)	440		35,977,787,436,391	19,938,147,575,827

OFF BALANCE SHEET ITEMS

	31/12/2010	31/12/2009
1. Bad debts written off	3,394,214,263	3,371,892,815
2. Foreign currencies		
USD	9,706,879.69	7,415,276.72
Other	28.80	-



[Signature]
 Do Khang Ninh
 General Director

23 March 2011

[Signature]
 Mai Huu Ngan
 Chief Accountant

The notes set out on pages 9 to 25 are an integral part of these financial statements

CASH FLOW STATEMENT

As at 31 December 2010

FORM B 03-DN
 Unit: VND

ITEMS	Codes	2010	2009
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	5,556,650,682,778	3,800,519,675,491
2. Adjustments for:			
Depreciation and amortisation	02	1,640,754,633,224	867,826,846,282
Provisions	03	22,498,809,319	35,412,280,934
Unrealized foreign exchange loss	04	266,954,223,613	299,251,565,498
(Gain) from investing activities	05	(624,771,970,893)	(395,057,365,038)
Interest expense	06	230,085,688,101	217,936,576,624
3. Operating profit before movements in working capital	08	7,092,172,066,142	4,825,889,579,791
(Increase) in receivables	09	(2,754,585,336,034)	(1,100,314,236,260)
Decrease/(Increase) in inventories	10	437,248,960,776	(751,378,602,629)
Increase in accounts payable (not including accrued interest and corporate income tax payable)	11	2,993,280,323,336	2,837,330,253,481
(Increase) in prepaid expenses and others	12	(3,241,900,180)	(676,899,537,228)
Interest paid	13	(194,739,486,318)	(111,252,795,071)
Corporate income tax paid	14	(682,841,443,775)	(1,102,920,135,482)
Other cash inflows	15	-	17,531,595,450
Other cash outflows	16	(73,349,632,911)	(2,380,517,795,724)
Net cash from operating activities	20	6,813,943,551,036	1,557,468,326,328
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(3,140,177,575,716)	(1,683,655,744,766)
2. Proceeds from sales, disposal of fixed assets	22	-	(535,121,213)
3. Cash outflow for lending, buying debt instruments of other entities	23	(4,113,067,180,000)	(330,793,176,979)
4. Cash recovered from lending, selling debt instruments of other entities	24	4,219,259,000,000	51,599,261,682
5. Investment in other entities	25	(456,991,960,000)	-
6. Cash recovered from investment in other entities	26	403,250,311,650	-
7. Interest earned, dividends and profits received	27	537,828,841,594	341,978,986,149
Net cash (used in) investing activities	30	(2,549,898,562,472)	(1,621,405,795,127)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	2,755,978,667,815	320,483,027,305
2. Repayments of borrowings	34	(3,083,428,927,195)	(350,565,739,530)
3. Dividends and profits paid	36	(1,400,000,000,000)	(2,356,884,722,154)
Net cash (used in) financing activities	40	(1,727,450,259,380)	(2,386,967,434,379)
Net increase/(decrease) in cash	50	2,536,594,729,184	(2,450,904,903,178)
Cash and cash equivalents at the beginning of the year	60	1,734,018,069,294	4,192,312,620,263
Effect of changes in foreign exchange rates	61	6,456,655,174	(7,389,647,791)
Cash and cash equivalents at the end of the year	70	4,277,069,453,652	1,734,018,069,294



23 March 2011

Mai Huu Ngan
 Chief Accountant

The notes set out on pages 9 to 25 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FORM B 09-DN

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

1. GENERAL INFORMATION

Structure of ownership

Petrovietnam gas corporation - one member company Limited ("the Corporation"), 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/QD-DKVN dated on 18 July 2007 issued by Vietnam Oil and Gas Group and the first Business Registration Certificate No. 3500102710 dated 17 January 2007 and the sixth amended Business Registration Certificate dated 12 May 2010.

The Corporation undertook an IPO on 17 November 2010 and currently, has been in the process of transformation from a state-owned enterprise into a joint stock company.

The Corporation's head office is located at 19A Cong Hoa Street, SCEPTA Building, Tan Binh District, Ho Chi Minh City, S.R. Vietnam.

The number of employees as at 31 December 2010 was 1,115 (31 December 2009: 1,085).

The Corporation's branches including:

- PetroVietnam 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
- Dong Nam Bo Gas Project Management
- PetroVietnam Ca Mau Gas Company
- Nam Con Son Gas Pipeline Company

Principal activities

The principal activities of the Corporation 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 manner, 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 Corporation, sell the subsidiaries when necessary; and do business in other sectors in accordance with the regulations of law.

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

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 relevant regulations in Vietnam.

Accounting period

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

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

3. NEW ACCOUNTING GUIDANCE IN ISSUE NOT YET ADOPTED

On 06 November 2009, the Ministry of Finance issued Circular No.210/2009/TT-BTC ("Circular 210") guiding the application of International Financial Reporting Standards on presentation of financial statements and disclosures of financial instruments. The adoption of Circular 210 requires disclosures of certain financial instruments as well as the effect thereof on the financial statements. This Circular is effective for the financial year ending on or after 31 December 2011. The Board of General Directors is considering the extent of impact of the adoption on the Corporation's financial statements for future accounting periods.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant 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 financial year. 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.

Short-term financial investments

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

Receivables and 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 realisable value. Cost comprises direct materials and where applicable, direct labour 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 realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

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

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.

The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

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

	<u>2010</u> Years
Buildings and structures	4 - 15
Machinery and equipment	3 - 7
Motor vehicles	2 - 7
Office equipment	3 - 5
Other assets	3 - 20

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 fixed assets and amortization

Intangible assets represent land use rights and computer software which are stated at cost less accumulated amortization. Land use rights are granted for a long term, therefore, no amortisation is recognised. 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 Corporation'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.

Long-term financial investments

Long-term investments represent investment in subsidiaries, joint ventures, associates and other long-term financial investments and are recognized at cost including directly by attributable costs related to these investments. In the next accounting periods, these investments shall be recognized at cost less diminution in value of investments (if any).

Long-term prepayments

Long-term prepayments comprise business privilege and other types of long-term prepayments.

Business privilege presents the value of advantage in doing business arising from revaluation of the Corporation's net asset for equitization. Business privilege is allocated to the income statement when the Corporation has officially been changed to joint stock company.

Other types of long-term prepayments comprise costs of small tools, supplies and spare parts issued for consumption which are expected to provide future economic benefits to The Corporation for more than one year. These expenditures have been capitalised as long-term prepayments, and are allocated to the income statement using the straight-line method over the period of three years in accordance with the current prevailing accounting regulations.

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

Revenue recognition

Sale of products

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

- (a) The Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) The Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to The Corporation; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In accordance with Official Letter No.5110-TC/TCT dated 16 May 2003 issued by the Ministry of Finance, revenue from selling and transporting Nam Con Son gas is recorded at the issue date of issuing value added tax invoices.

Sale of services

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

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

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

Foreign currencies

The Corporation applies the method of recording foreign exchange differences in accordance with Circular No.201/2009/TT-BTC dated 15 October 2009 issued by the Ministry of Finance. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing on the balance sheet date and are accounted for 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 recorded in the balance sheet in the "foreign exchange reserve" item under the Owner's equity section.
- Foreign exchange differences arising from revaluation of long-term receivables are recorded in the income statement for the reporting period.
- Foreign exchange differences arising from revaluation of long-term payables are recorded in the income statement for the reporting period.

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***Foreign currencies (Continued)**

The recognition of foreign exchange differences 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 VAS 10, all foreign exchange differences arising from revaluation of balances denominated in foreign currencies at the balance sheet date are recognized in the income statement. The Board of Directors has decided to recognise foreign exchange differences as guided in Circular No.201/2009/TT-BTC and believes that such application and disclosure of differences at the same time, in the case where the Corporation would apply VAS 10, may provide more information to users of the financial statements. Accordingly, the adoption of Circular No.201/2009/TT-BTC in recording foreign exchange differences makes the Corporation's profit before tax for the year ended 31 December 2010 increase by VND 2,418,845,980 (2009: VND 7,389,647,791) and the "Foreign exchange reserve" item under Owner's equity section in the balance sheet as at 31 December 2010 decrease by the same amount in comparison with the VAS 10 adoption.

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 Corporation has a present obligation as a result of a past event, and it is probable that the Corporation 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

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

5. CASH AND CASH EQUIVALENTS

	31/12/2010	31/12/2009
	VND	VND
Cash on hand	625,140,054	825,716,471
Cash in bank	2,491,444,313,598	1,733,192,352,823
Cash equivalents (i)	1,785,000,000,000	-
	<u>4,277,069,453,652</u>	<u>1,734,018,069,294</u>

(i) Cash equivalents represent time deposits of lower than or equal to 3 months at commercial banks.

6. SHORT-TERM FINANCIAL INVESTMENT

	31/12/2010	31/12/2009
	VND	VND
Time deposits of no more than 12 months	1,614,627,180,000	2,121,360,000,000
Short-term trusted fund management	487,473,820,000	400,000,000,000
	<u>2,102,101,000,000</u>	<u>2,521,360,000,000</u>

7. INVENTORIES

	31/12/2010	31/12/2009
	VND	VND
Goods in transit	-	29,107,446,546
Raw materials	232,847,623,079	655,560,487,513
Tools and supplies	3,497,217,019	2,660,503,118
Work in progress	10,470,809,184	1,985,115,260
Finished goods	45,962,179,627	74,786,879,081
Merchandise	286,416,713,188	230,986,183,284
Total cost of inventories	<u>579,194,542,097</u>	<u>995,086,614,802</u>
Provision for devaluation of inventories	(77,381,520,113)	(54,030,701,480)
Net realisable value of inventories	<u>501,813,021,984</u>	<u>941,055,913,322</u>

8. TAXES AND OTHER RECEIVABLES FROM THE STATE BUDGET

	31/12/2010	31/12/2009
	VND	VND
Import, export duties	8,899,075,455	-
Corporate income tax	18,788,332,644	101,021,781,012
	<u>27,687,408,099</u>	<u>101,021,781,012</u>

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9. TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery, Equipment VND	Motor Vehicles VND	Office Equipment VND	Other fixed assets VND	Total VND
COST						
As at 01/01/2010	96,873,005,375	72,354,895,543	68,563,760,196	51,528,393,900	16,872,303,207,564	17,161,623,262,578
Purchases for the year	11,352,688,781	6,854,241,710	27,502,915,284	12,025,623,628	20,640,115,490	78,375,584,893
Transfer from construction in progress	85,811,869,490	1,392,539,982	-	15,337,149	2,296,838,186,103	2,384,057,932,724
Increase as revaluated for equitization	6,912,005,998	-	5,233,077,226	-	4,313,735,256,957	4,325,880,340,181
Other increases	-	-	-	65,418,388	-	65,418,388
Decrease as revaluated for equitization	(4,188,717,525)	(60,746,717)	-	(2,104,441,191)	(398,850,404)	(6,752,755,837)
Disposals	-	-	(537,442,813)	-	-	(537,442,813)
Adjustment per finalization	-	4,104,914	-	-	(35,365,939,455)	(35,361,834,541)
Other decreases	(200,364,549)	-	-	(175,723,936)	(252,049,718)	(628,138,203)
As at 31/12/2010	196,560,487,570	80,545,035,432	100,762,309,893	61,354,607,938	23,467,499,926,537	23,906,722,367,370
ACCUMULATED DEPRECIATION						
As at 01/01/2010	29,020,543,729	59,787,318,191	29,225,747,169	26,465,322,554	8,020,725,123,751	8,165,224,055,394
Charge for the year	439,897,623,280	47,978,324,200	16,169,249,552	15,477,015,391	1,118,976,713,931	1,638,498,926,354
Increase as revaluated for equitization	-	-	-	-	100,860,943	100,860,943
Other additions	-	23,469,105	635,346,301	3,100,082	-	661,915,488
Decrease as revaluated for equitization	(433,575,357,617)	(51,211,552,394)	(9,089,696,641)	(7,425,050,858)	(1,748,090,621,552)	(2,249,392,279,062)
Disposals	-	(200,364,549)	-	(102,949,162)	-	(303,313,711)
Adjustment per finalization	-	1,505,764	-	-	(6,827,591,089)	(6,826,085,325)
Other decreases	(221,926,957)	(2,110,285)	-	(18,671,002)	(9,144,264,233)	(9,386,972,477)
As at 31/12/2010	35,120,882,435	56,376,590,032	36,940,646,381	34,398,767,005	7,375,740,221,751	7,538,577,107,604
NET BOOK VALUE						
As at 31/12/2010	161,439,605,135	24,168,445,400	63,821,663,512	26,955,840,933	16,091,759,704,786	16,368,145,259,766
As at 31/12/2009	67,852,461,646	12,567,577,352	39,338,013,027	25,063,071,346	8,851,578,083,813	8,996,399,207,184

As at 31 December 2010, the cost of the Corporation's tangible fixed assets includes VND 20,546,772,315 (2009: VND 5,173,872,863,726) of assets which were fully depreciated but are still in use, in which, the cost of assets intend to be disposed amounting to VND 3,235,414,418 (2009: VND 1,996,487,612).

Gas constructions as at 31 December 2010 are presented in "Other fixed assets" group include constructions at cost of VND 5,183,293,694,915 which are recorded temporarily based on the actual expenses for the purpose of depreciation calculation when constructions go into operation. Upon the approval of final construction audit, construction cost will be adjusted accordingly.

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10. INTANGIBLE ASSETS

	Land use rights VND	Computer software VND	Total VND
COST			
As at 01/01/2010	-	5,939,217,918	5,939,217,918
Increases	152,316,000,000	3,590,115,285	155,906,115,285
As at 31/12/2010	152,316,000,000	9,529,333,203	161,845,333,203
ACCUMULATED AMORTIZATION			
As at 01/01/2010	-	4,238,513,791	4,238,513,791
Charge for the year	-	2,255,706,870	2,255,706,870
Decrease as equitilization	-	(472,972,028)	(472,972,028)
As at 31/12/2010	-	6,021,248,633	6,021,248,633
NET BOOK VALUE			
As at 31/12/2010	152,316,000,000	3,508,084,570	155,824,084,570
As at 31/12/2009	-	1,700,704,127	1,700,704,127

11. CONSTRUCTION IN PROGRESS

	31/12/2010 VND	31/12/2009 VND
Block B - O Mon Gas Pipelines System	74,713,934,650	133,681,791,366
LPG Warehouse	23,421,977,190	3,191,553,729
Hai Su Trang/Te Giac Trang - Bach Ho Gas Pipelines System	228,417,497,948	6,592,269,738
Vom Bac- Bach Ho Gas Gathering Pipeline Construction Project	-	43,440,638,892
Thi Vai LPG Filling Station	-	60,758,621,218
Dragon Tower Project (i)	306,893,194,595	157,697,490,313
PVGAS Vung Tau Seaport Expansion Project	42,386,681,914	-
Gas Pipelines System for Ca Mau Fertilizer Plant	33,282,518,193	-
Nam Con Son Gas Pipelines System Part 2	14,513,863,444	-
Others	65,363,581,229	66,313,485,836
	788,993,249,163	471,675,851,092

- (i) The Corporation has jointly controlled assets under business cooperation contract with PetroVietnam Construction JSC and Phu Long Real Estate JSC to construct an office bulding on 7.441 m² area at Lot 8, Dragon City Project, Phuoc Kien Ward, Nha Be District, Ho Chi Minh City. In which, the Corporation is the Operator and contributes 70% of investment capital. As per contract, partners shall earn a share of profits based on the Operator's working performance in accordance with their capital contribution ratio. As 31 December 2010, the costs of the construction work were recorded as construction in progress in the Corporation's balance sheet.

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12. INVESTMENT IN SUBSIDIARIES

Details of The Corporation's subsidiaries are as follows:

Name of company	Place of incorporation	Proportion of ownership interest	Proportion of voting right power held	Principal activity	Investment as at 31/12/2010 VND	Investment as at 31/12/2009 VND
PetroVietnam Southern Gas JSC	HCM City	54%	54%	Distribute LPG	97,388,238,335	118,699,000,000
PetroVietnam Northern Gas JSC	Hanoi	62%	62%	Distribute LPG	193,322,789,168	210,880,560,000
Vietnam LPG Company Limited (i)	Dong Nai	0%	0%	Distribute LPG	-	43,138,283,411
PetroVietnam Gas Cylinder JSC	Dong Nai	82%	91%	Manufacture gas cylinders	50,699,840,000	50,989,080,000
PetroVietnam Gas Investment and Construction JSC	Vung Tau	51%	51%	Provide pipe packaging service	107,089,080,000	51,156,438,571
Petroleum Sport and Culture JSC	Hanoi	60%	60%	Sports and Cultural activities	6,071,751,280	6,060,279,408
					454,571,698,783	480,923,641,390

(i) Investment in Vietnam LPG Company Limited had been transferred to PetroVietnam Southern Gas JSC under transfer contract dated 13 July 2010.

13. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	31/12/2010 VND	31/12/2009 VND
PetroVietnam Low Pressure Gas Distribution JSC	316,175,801,544	59,400,000,000
Gas City Investment and Development JSC	67,000,000,000	67,000,000,000
Petrovietnam Pipe Manufacturing JSC	150,000,000,000	-
PetroVietnam Urban Development JSC	-	20,000,000,000
PetroVietnam Southern Building Development and Management JSC	-	11,000,000,000
Dragon Tower Project	-	131,787,379,000
Thang Long LPG Joint Venture Company	-	19,734,310,000
Hoa Cam Industrial Zone Investment JSC	-	17,800,000,000
	533,175,801,544	326,721,689,000

Details of The Corporation's capital contributions to its associates and joint ventures as at 31 December 2010 were as follows:

Name of company	Place of incorporation and operation	Proportion of voting power held	Principal activity
PetroVietnam Low Pressure Gas JSC	Vietnam	48.12%	Distribute low pressure gas
Gas City Investment and Development JSC	Vietnam	35.51%	Trading gas
Petrovietnam Pipe Manufacturing JSC	Vietnam	32.97%	Manufacturing steel pipe

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14. OTHER LONG-TERM INVESTMENTS

	31/12/2010	31/12/2009
	VND	VND
Investment in securities (i)	358,170,000,000	400,270,000,000
Long-term trusted fund management	313,067,180,000	-
Bond investment	-	5,576,400,000
	<u>671,237,180,000</u>	<u>405,846,400,000</u>

- (i) Investment in securities includes investment in South East Asia Commercial Joint Stock Bank with amount of VND 311,250,000,000. Due to securities transfer restriction and the Corporation's long-term securities holding intention, no provision for devaluation of the investment was made.

15. LONG-TERM PREPAYMENTS

	31/12/2010	31/12/2009
	VND	VND
Business privilege	2,729,738,580,027	-
Others long-term prepayments	4,540,223,504	5,207,471,923
	<u>2,734,278,803,531</u>	<u>5,207,471,923</u>

- (i) Business privilege presents the value of advantage in doing business arising from revaluation of the Corporation's net asset value for equitization. Business privilege is allocated to the income statement when the Corporation has officially been changed to joint stock company.

16. SHORT-TERM LOANS AND LIABILITIES

	31/12/2010	31/12/2009
	VND	VND
Short-term borrowings (i)	156,656,320,896	-
Current portion of long-term loan (Note 21)	1,392,849,406,963	1,103,067,672,959
	<u>1,549,505,727,859</u>	<u>1,103,067,672,959</u>

- (i) Short-term borrowings represent loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam. These loans are unsecured and interest rate is specified in each withdrawal.

17. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	31/12/2010	31/12/2009
	VND	VND
Value added tax	184,502,248,199	-
Import, export duties	-	2,104,164,565
Special consumption tax	2,136,945,844	1,727,200,376
Others	3,946,442,625	1,070,643,254
	<u>190,585,636,668</u>	<u>4,902,008,195</u>

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18. ACCRUED EXPENSES

	31/12/2010 VND	31/12/2009 VND
Expenses for Nam Con Son Project's operator	54,880,344,256	51,028,840,128
Expenses for Rong Doi Moi and Vom Bac Bach Ho fields' operator	66,165,414,580	-
Interest expense	83,046,712,033	47,700,510,250
Accrual for gas system repairing	136,051,323,285	-
Others	9,056,065,487	1,648,396,859
	<u>349,199,859,641</u>	<u>100,377,747,237</u>

19. OTHER CURRENT PAYABLES

	31/12/2010 VND	31/12/2009 VND
Cash received from the IPO payable to Vietnam Oil and Gas Group	1,886,949,950,000	-
Other payables	353,352,877,195	742,880,606,051
	<u>2,240,302,827,195</u>	<u>742,880,606,051</u>

20. LONG-TERM INTER-COMPANY PAYABLES

	31/12/2010 VND	31/12/2009 VND
Long-term inter-company payables	44,265,687,854	1,629,670,994,116
	<u>44,265,687,854</u>	<u>1,629,670,994,116</u>

Long-term inter-company payables as at 31 December 2010 represent payables to Vietnam Oil and Gas Group of the capital granted to Dong Nam Bo Gas Project Management Board (a branch of the Corporation) which is used to carry out the Project Rong - Doi Moi Gas Gathering Pipeline Construction with the amount of VND 44,265,687,854.

21. LONG-TERM LOANS AND LIABILITIES

	31/12/2010 VND	31/12/2009 VND
Long-term loans	5,927,293,113,909	6,137,988,815,398
Less: Current portion of long-term loans	(1,392,849,406,963)	(1,103,067,672,959)
	<u>4,534,443,706,946</u>	<u>5,034,921,142,439</u>

Details of some significant long-term loans as at 31 December 2010:

- Loan from Vietcombank - Vung Tau Branch with the limit amount of USD 70 million and interest rate of 6-month LIBOR plus 1.85% per annum. The loan has duration of 10 years, principal and interest are paid on a 6-month basis, from the 36th month from the first withdrawal and used for investment in Nam Con Son Gas Pipeline Project. The loan has balance of USD 8,900,000 as at 31 December 2010 (as at 31 December 2009: USD 18,300,000).

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21. LONG-TERM LOANS AND LIABILITIES (Continued)

- The loan from European Investment Bank with the limit amount of USD 65 million and interest rate of 4.48% per annum. This loan has duration of 10 years. The principal and interest are paid on a 6-month basis under the payment schedule from June 2004. The loan is used for investment in Nam Con Son Gas Pipeline Project. This loan is guaranteed by the Ministry of Finance. The loan has balance of USD 27,365,609 as at 31 December 2010 (as at 31 December 2009: USD 33,482,184).
- The loans under trust from SeA Bank with the amounts of USD 42,802,270 and VND 95,543,447,716 as at 31 December 2010 and interest rate of Sibor 6 month plus 1.95% per year and 11.4% per year respectively. These loans have durations of 7 years and are used for constructions. The principals and interests are paid on a 6-month basis after 24 month grace-period from the first withdrawal.
- The loans under trust from Bank for Investment and Development of Vietnam (BIDV) with the amounts of USD 144,000,000 as at 31 December 2010 and interest rate of deposit interest rate of 6-month of BIDV plus 0.5% per year. These loans have durations of 11 years and are used for investment in PM3-Ca Mau Gas Pipeline System Project. The principals and interests are paid on a 6-month basis after 12 month grace-period from the first withdrawal.
- The loans from Calyon Bank with the amounts of USD 22,727,273 as at 31 December 2010 and interest rate of Sibor 6 month plus 1.3% per year. These loans have durations of 7 years and are used for investment in PM3-Ca Mau Gas Pipeline System Project. This loan is guaranteed by the Ministry of Finance. The principals and interests are paid on a 6 month basis after 24 month grace-period from the first withdrawal.
- The loans from Ho Chi Minh City Housing Development Commercial Joint Stock Bank (HD Bank) with the balances of USD 180,562,958,000 as at 31 December 2010 and interest rate as stated in each withdrawal agreement. These loans have durations of 5 years and are used for investment in Dragon Tower project. The principals and interests are paid on a 6-month basis from the first withdrawal.
- The loan from Standard Chartered Bank with the limit amount of USD 133,000,000 and interest rate of Sibor 6-month plus 2.5% per annum. This loan has duration of 5 years and is used for investment in Hai Su Trang/Te Giac Trang - Bach Ho Gas Pipelines, Doi Moi Dragon and other projects. The principal and interest are paid from the 12th month from the contract signing date of 01 December 2010. The loan has balance of USD 7,829,562 as at 31 December 2010.
- Loans from PVFC including loans with the balances of USD 27,309,865 and VND 170,163,550,122 as at 31 December 2010 and bear interest rate as stated in each loan agreements. These loans have durations from 4 to 7 years and are used for constructions. The loans are secured by Vietnam Oil and Gas Corporation.

Long-term loans and liabilities are repayable as follows:

	31/12/2010	31/12/2009
	VND	VND
On demand or within one year	1,392,849,406,963	1,103,067,672,959
In the second year	1,180,175,778,598	1,095,688,565,420
In the third to the fifth years inclusive	2,036,382,960,261	2,503,952,577,019
After five years	1,317,884,968,087	1,435,280,000,000
	<u>5,927,293,113,909</u>	<u>6,137,988,815,398</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	1,392,849,406,963	1,103,067,672,959
Amount due for settlement after 12 months	<u>4,534,443,706,946</u>	<u>5,034,921,142,439</u>

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22. OWNER'S EQUITY

Movement in owner's equity:

	Owner's contributed capital VND	Assets revaluation differences VND	Investment and development funds VND	Financial reserve fund VND	Foreign exchange reserve VND	Retained earnings VND	Total VND
As at 01/01/2009	3,412,698,437,112	-	929,993,598,160	1,212,500,000,000	-	-	5,555,192,035,272
Contribution from PetroVietnam	1,656,295,367,821	-	-	-	-	-	1,656,295,367,821
Profit in the year	-	-	-	-	-	3,187,492,559,593	3,187,492,559,593
Profit distribution	-	-	828,683,347,149	54,748,451,233	-	(1,302,549,503,163)	(419,117,704,781)
Distributed to PetroVietnam	-	-	(929,993,598,160)	-	-	(1,827,455,556,430)	(2,757,449,154,590)
Bonus 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	5,068,993,804,933	-	828,683,347,149	1,267,078,551,945	(7,389,647,791)	57,187,500,000	7,214,553,556,236
Capital increase	2,323,297,613,085	-	-	-	-	-	2,323,297,613,085
Profit in the year	-	-	-	-	-	4,802,334,517,670	4,802,334,517,670
Change as revaluation for equitization (i)	3,063,186,755,069	6,710,919,929,696	-	-	-	-	9,774,106,684,765
Profit distribution (ii)	-	-	1,412,489,789,188	481,656,652,444	-	(1,963,849,130,396)	(69,702,688,764)
Distributed to PetroVietnam (iii)	-	-	(828,683,347,149)	-	-	(1,200,000,000,000)	(2,028,683,347,149)
Bonus fund for management	-	-	-	-	-	(500,000,000)	(500,000,000)
Foreign exchange reserves	-	-	-	-	4,970,801,811	-	4,970,801,811
Others	(427,418,112)	-	427,418,112	(2,843,894,276)	-	(42,955,493,234)	(45,799,387,510)
As at 31/12/2010	10,455,050,754,975	6,710,919,929,696	1,412,917,207,300	1,745,891,310,113	(2,418,845,980)	1,652,217,394,040	21,974,577,750,144

- (i) Changes as revaluation equitization represent the increase in state owned equity invested in the Corporation as under Decision No. 1201/QD-DKVN dated 25 May 2010 issued by Board of Management of Vietnam Oil and Gas Group on the approval of the value of the Corporation for equitization.
- (ii) During the year, the Corporation has temporarily distributed retained earnings to funds including: Investment and development fund, financial reserve fund, bonus and welfare funds and bonus for management fund with the total amount of VND 1,964,349,130,396.
- (iii) The Corporation has paid Vietnam Oil and Gas Group the 2009 profit distributed to Investment and development fund with the amount of VND 828,683,347,149 and temporarily paid the 2010 profit with the amount of VND 1,200 billion. The final profit payable to Vietnam Oil and Gas Group will be approved in 2011.

23. REVENUE

	2010 VND	2009 VND
Gross sales	42,730,248,814,414	28,331,690,125,845
Sales of gas	28,033,980,271,575	18,458,920,606,948
Sales of LPG, Bupro and others	12,364,146,988,880	8,230,833,809,726
Gas transportation revenue	2,332,121,553,959	1,641,935,709,171
Less deductions	20,609,392,742	17,749,566,532
Special consumption tax, export tax	20,609,392,742	17,749,566,532
Net sales	42,709,639,421,672	28,313,940,559,313

Revenue from selling and transporting Nam Con Son gas is recognized at the issue date of value added tax invoices in accordance with Official Letter No. 5110-TC/TCT dated 16 May 2003 issued by the Ministry of Finance. Accordingly, revenue and cost of sold and transported Nam Con Son gas incurred in November and December 2010 were recorded in the income statement for the year 2011 with the amount of VND 2,640 billion and VND 2,590 billion, respectively (those incurred in 2009 but recorded in 2010: VND 2,607 billion and VND 2,127 billion, respectively).

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24. COST OF SALES

	2010	2009
	VND	VND
Cost of gas sold	25,034,219,185,182	16,458,581,987,787
Cost of LPG, Bupro and others	10,378,355,258,675	6,388,291,852,965
Cost of gas transportation	402,719,073,630	377,341,411,013
	<u>35,815,293,517,487</u>	<u>23,224,215,251,765</u>

25. FINANCIAL INCOME

	2010	2009
	VND	VND
Bank and loan interest	369,887,544,237	341,111,474,181
Realized foreign exchange gain	180,896,418,736	183,827,650,523
Profit and dividends received	100,308,901,734	55,524,629,175
Gain from selling investments	154,809,654,024	-
Other financial income	5,717,831,894	9,176,903,785
	<u>811,620,350,625</u>	<u>589,640,657,664</u>

26. FINANCIAL EXPENSE

	2010	2009
	VND	VND
Interest expense	230,085,688,101	217,936,576,624
Realized foreign exchange loss	560,862,510,120	674,421,476,957
Unrealized foreign exchange loss	266,954,223,613	299,251,565,498
Reversal financial reserves	-	(9,719,405,953)
Other financial expenses	8,732,976,086	282,344,320
	<u>1,066,635,397,920</u>	<u>1,182,172,557,446</u>

27. OTHER INCOME

	2010	2009
	VND	VND
Reimbursement from contract penalties	245,032,664,791	-
Reimbursement of pre-operating expense from partners of Block B - O Mon project	80,216,852,928	-
Reimbursement from recovery of Su Tu Vang - Rang Dong's leakage incidents	17,210,909,091	-
Others	19,142,006,077	31,364,676,644
	<u>361,602,432,887</u>	<u>31,364,676,644</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

28. OTHER EXPENSES

	2010	2009
	VND	VND
Pre-operating expenses for Block B - O Mon joint contract	71,783,976,428	-
Expenses for recovery of Su Tu Vang - Rang Dong's leakage incidents	15,392,473,047	-
Others	3,649,521,617	18,159,331,392
	90,825,971,092	18,159,331,392

29. CORPORATE INCOME TAX

	2010	2009
	VND	VND
Profit before tax	5,556,650,682,778	3,800,519,675,491
Less: Non-assessable income	(100,308,901,734)	(155,712,923,694)
Add back: Non-deductible expense	78,043,414,266	98,141,968,311
Provision for scientific and technological development fund which was not deducted from 2009 assessable income	-	(370,466,284,531)
Assessable income	5,534,385,195,310	3,372,482,435,577
Assessable income taxes at rate of 0%	1,265,549,424,381	-
Assessable income taxes at rate of 10%	1,755,623,169,152	1,188,319,885,111
Assessable income taxes at rate of 20%	997,391,483,515	1,036,910,204,601
Assessable income taxes at rate of 25%	1,515,821,118,262	1,147,252,345,865
Corporate income at current tax rate	753,995,893,184	613,027,115,898
Additional corporate income tax arised from effects of non-deductible expenses in 2009	320,271,924	-
Corporate income tax	754,316,165,108	613,027,115,898
<i>In which:</i>		
Additional corporate income tax in 2009 recognized in 2010 profit and loss accounts adjusted as requirement of State Audit	37,791,361,446	-
Corporate income tax from 2010 operating profit	716,524,803,662	-

The Corporation is obliged to pay corporate income tax at the rate of 25% of its assessable income.

The Corporation 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 Corporation is entitled to a corporate income tax exemption for the first three years and a reduction of 50% in the seven years thereafter from the first profit making year of Nam Con Son Pipeline Project.

The Corporation is entitled to a corporate income tax exemption for three years and a reduction of 50% in the seven years thereafter from the first profit making year of Thi Vai LPG Filling Station Project according to the Investment Incentive Certificate No.49221000055 dated 10 August 2007. The Corporation has registered to apply this incentive from 2010.

The Corporation is entitled to a corporate income tax exemption for the first three years and a reduction of 50% in the seven years thereafter from the first profit making year of low pressure gas distribution system - project phase 2 according to the Investment Incentive Certificate No.49221000047 dated 02 July 2007. The Corporation has registered to apply this incentive from 2010.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

29. CORPORATE INCOME TAX (Continued)

The Corporation is entitled to a corporate income tax exemption for the first year and a reduction of 50% in the two years thereafter from the first profit making year of Su Tu Den/Su Tu Vang - Rang Dong Gas Pipelines Project according to Investment Incentive Certificate No.492210000102 dated 08 May 2008. The Corporation has registered to apply this incentive from 2010.

The Corporation is entitled to a corporate income tax exemption for the first two year and a reduction of 50% in the three years thereafter from the first profit making year of PM3 - Ca Mau Gas Pipeline System Project according to Investment Incentive Certificate No.61101000095 dated 09 February 2010. The Corporation has registered to apply this incentive from 2010.

30. COMMITMENTS

i) Capital commitments

As at 31 December 2010, the Corporation had commitments relating to some construction contracts which are being performed but had not been finished:

	31/12/2010 VND
LPG Warehouse	397,060,862,464
Hai Su Trang/Te Giac Trang - Bach Ho Gas Pipelines System	146,342,089,379
Rong - Doi Moi Gas collection Project	708,110,363,535
Block B - O Mon Gas Pipelines System	570,936,571,491

ii) Other commitments

The following commitments related to gas sales and transportation:

Purchasing commitments:

In accordance with the GSPA Contract Block 06.1 dated 15 December 2000 and additional agreement of GSPA Block 06.1 dated 30 September 2009 signed between gas owners Block 06.1 (BP Exploration Operating Limited Company, ONGC Videsh Limited Company and Vietnam Oil and Gas Group) and Vietnam Oil and Gas Group (represented by the Corporation), the Corporation commits to purchase a minimum gas volume of 3,6 billion m³ per annum from 01 July 2009 to 31 December 2010, and 4 billion m³ per annum for the period from 01 January 2011 to 30 June 2014.

Under the GSPA contract dated 19 April 2005 signed between gas owners Block 11.2 (Korea National Oil Company and Vietnam Oil and Gas Group) and Vietnam Oil and Gas Group (represented by the Corporation) for a term of 23 years, The Corporation commits to purchase a minimum gas volume of 1,216 billion m³ per annum.

According to PM3 CAA upper reaches gas sales contract (contract UGSA PM3 CAA) dated 10 February 2000, signed between Vietnam Oil and Gas Group (represented by the Corporation) with the contractors of Block PM3 CAA and Petronas for a term of 23 years, the Corporation commits to purchase from contractors an annual fixed gas volume of 1.5 billion m³.

According to the gas sales contract of Block 46 Cai Nuoc dated 23 July 2003 between the Corporation with contractors of the Block 46 Cai Nuoc for the term of 23 years, the Corporation commits to purchase from gas owners an annual fixed gas volume of 0.206 billion m³.

PETROVIETNAM GAS CORPORATION - ONE MEMBER CO., LTD.

19A Cong Hoa street, Tan Binh District
Ho Chi Minh City, S.R.Vietnam

Financial Statement
For the year ended 31 December 2010

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30. COMMITMENTS (Continued)

Selling Commitments:

According to Nam Con Son Gas Sales Contract dated 16 December 2001, signed between Vietnam Oil and Gas Group (represented by the Corporation) and Vietnam Electricity Group (EVN) for a term of 20 years, the Corporation commit to sell an annual fixed gas volume of 1,85 billion m³ to EVN until the end of stabilization period as per GSA contract.

According to Nam Con Son Gas Sales Contract dated 22 May 2001, signed between Vietnam Oil and Gas Group (represented by the Corporation) and Phu My 3 BOT Power Plant (PM3), the Corporation commits to supply an annual fixed gas volume of 0.85 billion m³ until 2023.

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


According to Cuu Long Gas Sales and Purchase Contract dated 26 December 2006 between the Corporation and Ba Ria Thermo-Electric Company Limited, the Corporation commits to supply gas to Ba Ria Thermo-Electric Company Limited for operating Thermo-Electric Plant. The contract was renewed up to 23 February 2011.

According to PM3 CAA and Block 46 Cai Nuoc Gas Sales and Purchase Contract dated in May 2007 between Vietnam Oil and Gas Group (represented by the Corporation) and Ca Mau PetroVietnam Power Company, the Corporation commits to supply an annual fixed gas volume of 1,5 billion m³ until 2023.

31. COMPARATIVE FIGURES

The figures presented in the audited financial statements of the Corporation for the year ended 31 December 2009.




Do Khang Ninh
General Director

23 March 2011


Mai Huu Ngan
Chief Accountant