

PETROVIETNAM TRANSPORTATION CORPORATION
(Incorporated in the Socialist Republic of Vietnam)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

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PETROVIETNAM TRANSPORTATION CORPORATION

384 Hoang Dieu Street, Ward 6, District 4,
Ho Chi Minh city, S.R. Vietnam

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of PetroVietnam Transportation Corporation (“the Parent Company”) presents this report together with the consolidated financial statements of the Parent Company and its subsidiaries (hereinafter referred as “the Group”) for the year ended 31 December 2010.

THE BOARDS OF MANAGEMENT AND DIRECTORS

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

Board of Management

Mr. Do Van Lien	Chairman
Mr. Pham Viet Anh	Member (appointed on 8 December 2010)
Mr. Ta Duc Tien	Member (resigned on 8 December 2010)
Mr. Nguyen Phung Hung	Member
Mr. Do Minh Toan	Member
Mr. Nguyen Minh Hoa	Member (resigned on 21 May 2010)
Mr. Dong Anh Tuan	Member (appointed on 21 May 2010)

Board of Directors

Mr. Pham Viet Anh	General Director (appointed on 8 December 2010)
Mr. Ta Duc Tien	General Director (resigned on 8 December 2010)
Mr. Nguyen Phung Hung	Deputy Director
Mr. Tran Tuan Nam	Deputy Director
Mr. Nguyen Anh Minh	Deputy Director
Mr. Dao Manh Tien	Deputy Director

THE BOARD OF DIRECTORS’ STATEMENT OF RESPONSIBILITY

The Board of Directors of the Group is responsible for preparing the consolidated financial statements of each year, which give a true and fair view of the financial position of the Group and of its results and cash flows for the year. In preparing these consolidated 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; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 minimize errors and frauds.

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

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

For and on behalf of the Board of Directors,

Pham Viet Anh
General Director
8 April 2011

No.: /2011/Deloitte-AUDHCM-RE

AUDITORS' REPORT

**To: The shareholders, the Board of Management and Directors of
PetroVietnam Transportation Corporation**

We have audited the accompanying consolidated balance sheet of PetroVietnam Transportation Corporation ("the Parent Company") and its subsidiaries (the Parent Company together with its subsidiaries referred as "the Group") as at 31 December 2010, the related consolidated 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 3 to page 25. The accompanying consolidated 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, these consolidated financial statements are the responsibility of the Group's Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Basis of Opinion

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 consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of, in all material respects, the financial position of the Group as at 31 December 2010 and the results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant regulations in Vietnam.

As stated in Notes 4 of the notes to the consolidated financial statements, the Company decides to recognise foreign exchange differences in accordance with Circular No.201/2009/TT-BTC dated 15 October 2009 issued by the Ministry of Finance ("Circular 201"). Should the Group apply the recognition foreign exchange differences in accordance with Vietnam Accounting Standard No.10 (VAS10) - Effects of changes in foreign exchange rates, the Group's profit before tax for the year ended 31 December 2010 decrease by VND 12,340,205,944 (2009: VND 112,826,981,715) and the Foreign exchange reserve account under Owner's equity section in the consolidated balance sheet of the Group as at 31 December 2010 and 31 December 2009 have a balance at zero.

Le Dinh Tu
Partner
CPA Certificate No.0488/KTV
For and on behalf of
Deloitte Vietnam Company Limited
8 April 2011
Ho Chi Minh City, SR Vietnam

Huynh Vu Dai Trong
Auditor
CPA Certificate No.1204/KTV

CONSOLIDATED 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		2,475,724,666,689	1,979,462,116,926
I. Cash and cash equivalents	110	5	1,098,494,491,090	1,017,523,153,456
1. Cash	111		354,247,536,490	131,969,911,658
2. Cash equivalents	112		744,246,954,600	885,553,241,798
II. Short-term financial investments	120	6	189,150,481,904	63,704,125,219
1. Short-term investments	121		192,952,454,984	66,869,816,219
2. Provision for diminution in value of investments	129		(3,801,973,080)	(3,165,691,000)
III. Short-term receivables	130		1,004,461,003,654	779,164,772,138
1. Trade accounts receivable	131		455,661,363,409	295,358,659,805
2. Advances to suppliers	132		463,340,257,044	458,519,351,793
3. Other receivables	135		105,762,293,002	34,001,927,866
4. Provision for doubtful debts	139		(20,302,909,801)	(8,715,167,326)
IV. Inventories	140	7	112,665,571,931	85,482,356,722
1. Inventories	141		112,665,571,931	85,482,356,722
V. Other short-term assets	150		70,953,118,110	33,587,709,391
1. Short-term prepayments	151		15,370,911,694	18,206,787,966
2. Value added tax deductibles	152		19,254,671,327	10,821,100,464
3. Other taxes and receivables from State budget	154		29,034,956,610	896,000
4. Other short-term assets	158		7,292,578,479	4,558,924,961
B. NON-CURRENT ASSETS	200		5,285,207,997,488	4,408,151,381,431
I. Fixed assets	220		5,018,515,385,914	4,200,348,904,163
1. Tangible fixed assets	221	8	4,500,373,684,007	3,705,536,058,963
- Cost	222		6,111,353,280,635	4,837,488,802,473
- Accumulated depreciation	223		(1,610,979,596,628)	(1,131,952,743,510)
2. Intangible assets	227	9	3,024,027,375	571,849,402
- Cost	228		3,642,376,520	916,446,520
- Accumulated amortization	229		(618,349,145)	(344,597,118)
3. Construction in progress	230	10	515,117,674,532	494,240,995,798
II. Investment property	240	11	8,511,460,000	8,511,460,000
1. Cost	241		8,511,460,000	8,511,460,000
III. Long-term financial investments	250		57,154,026,600	48,516,939,351
1. Investments in associates	252		-	24,679,264,151
2. Other long-term investments	258	12	57,154,026,600	23,837,675,200
IV. Goodwill	260		3,549,490,003	-
IV. Other non-current assets	270		197,477,634,971	150,774,077,917
1. Long-term prepayments	271	13	192,711,506,588	147,771,488,875
2. Deferred tax assets	272	14	697,860,545	795,317,042
3. Other non-current assets	273		4,068,267,838	2,207,272,000
TOTAL ASSETS	280		7,760,932,664,177	6,387,613,498,357

The accompanying notes set out on pages 8 to 25 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2010

FORM B 01-DN
 Unit: VND

A. LIABILITIES	300		4,651,765,894,006	4,253,170,255,127
I. Current liabilities	310		1,474,937,009,134	1,556,849,052,022
1. Short-term borrowings and liabilities	311	15	929,406,896,496	583,441,725,031
2. Trade accounts payable	312		312,826,305,910	514,872,940,868
3. Advances from customers	313		768,716,310	6,271,775,002
4. Taxes and amounts payable to State budget	314	16	29,173,964,617	21,463,994,191
5. Payables to employees	315		21,948,842,504	16,129,946,747
6. Accrued expenses	316		119,036,926,363	112,294,294,915
7. Other current payables	319		56,088,112,824	299,927,778,284
8. Bonus and welfare funds	323		5,687,244,110	2,446,596,984
II. Long-term liabilities	330		3,176,828,884,872	2,696,321,203,105
1. Other long-term payables	333		3,012,188,628	2,916,134,839
2. Long-term loans and liabilities	334	17	3,173,548,329,366	2,693,114,156,591
3. Provision for severance allowance	336		268,366,878	290,911,675
B. EQUITY	400		2,342,173,207,360	1,436,906,122,742
I. Shareholders' equity	410	18	2,342,173,207,360	1,436,906,122,742
1. Share's capital	411		2,326,000,000,000	1,476,000,000,000
2. Foreign exchange reserve	416		(125,167,187,659)	(112,826,981,715)
3. Investment and development funds	417		43,190,330,243	21,356,553,290
4. Financial reserve funds	418		16,885,683,047	4,749,579,524
5. Other shareholders' funds	419		2,406,590,870	1,199,727,349
6. Retained earnings	420		78,857,790,859	46,427,244,294
C. MINORITY INTEREST	500	19	766,993,562,811	697,537,120,488
TOTAL RESOURCES	600		<u>7,760,932,664,177</u>	<u>6,387,613,498,357</u>

Pham Viet Anh
General Director
 8 April 2010

Nguyen Thi Kim Anh
Chief Accountant

CONSOLIDATED INCOME STATEMENT
 For the year ended 31 December 2010

FORM B 02-DN
 Unit: VND

ITEMS	Codes	Notes	2010	2009
1. Gross sales	01		3,536,156,607,174	1,928,919,363,236
2. Less deductions	02		(54,394,663)	(6,711,948)
3. Net sales	10	20	3,536,102,212,511	1,928,912,651,288
4. Cost of sales	11	21	(3,169,989,461,537)	(1,779,774,239,534)
5. Gross profit	20		366,112,750,974	149,138,411,754
6. Financial income	21	22	160,464,651,832	128,222,242,580
7. Financial expenses	22	23	(348,038,778,444)	(186,075,586,111)
<i>In which: Interest expense</i>	23		(135,020,543,878)	(105,029,878,472)
8. Selling expenses	24		(4,680,215,160)	(3,518,959,810)
9. General and administration expenses	25		(112,726,040,417)	(89,899,299,690)
10. Operating profit/(loss)	30		61,132,368,785	(2,133,191,277)
11. Other income	31		39,371,662,692	13,952,811,083
12. Other expenses	32		(38,865,113,417)	(2,324,990,420)
13. Profit from other activities	40		506,549,275	11,627,820,663
14. Income from investment in joint ventures	50		61,638,918,060	9,494,629,386
15. Current income tax expense	51	24	(22,692,766,761)	(24,127,408,709)
16. Deferred tax	52	14	(97,456,497)	(2,199,540,621)
17. Profit/(Loss) before tax	60		38,848,694,802	(16,832,319,944)
<i>Attributable to:</i>			-	-
- <i>Minority interest</i>		19	(36,210,119,755)	(25,559,341,396)
- <i>The Group's shareholders</i>			75,058,814,557	8,727,021,452
18. Earnings per share	70	25	343	61

Pham Viet Anh
General Director
 8 April 2010

Nguyen Thi Kim Anh
Chief Accountant

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2010

FORM B 03-DN

Unit: VND

ITEMS	Codes	2010	2009
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	61,638,918,060	9,494,629,386
2. Adjustments for:			
Depreciation and amortization	02	423,686,636,981	339,576,059,866
Provisions	03	7,903,288,706	8,605,419,646
Foreign exchange differences	04	164,519,560,670	41,101,367,656
Gains from investing activities	05	(143,980,354,784)	(71,280,557,971)
Interest expense	06	135,020,543,878	105,029,878,472
3. Operating profit before movements in working capital	08	648,788,593,511	432,526,797,055
Increase in receivables	09	(190,442,150,274)	(142,149,641,054)
Increase in inventories	10	(27,183,215,209)	(61,749,732,707)
Increase in accounts payable	11	42,712,434,370	432,594,500,383
Increase in prepaid expenses	12	(42,104,141,441)	(144,451,967,348)
Interest paid	13	(212,166,073,079)	(166,142,906,581)
Corporate income tax paid	14	(53,880,328,381)	(36,309,800,795)
Other cash inflows	15	-	130,478,824,351
Other cash outflows	16	(2,743,832,090)	(2,637,055,404)
Net cash from operating activities	20	162,981,287,406	442,159,017,900
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition of fixed assets	21	(625,105,137,638)	(1,629,287,692,501)
2. Proceeds from sale, disposal of fixed assets	22	359,090,909	-
3. Cash outflows to investments in other entities	25	(1,189,820,189,523)	(157,991,530,219)
4. Cash recovered from investments in other entities	26	1,059,421,199,358	168,088,560,200
5. Interest income received, dividends paid	27	137,089,786,260	70,785,099,297
Net cash used in investing activities	30	(618,055,250,634)	(1,548,405,563,223)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from issuing stocks	31	350,205,340,000	-
2. Proceeds from borrowings	33	643,451,276,478	1,300,389,649,523
3. Repayments of borrowings	34	(457,994,004,109)	(1,173,695,600,135)
4. Dividends and profits paid	36	382,688,492	-
Net cash from financing activities	40	536,045,300,862	126,694,049,388
Net increase/(decrease) in cash	50	80,971,337,634	(979,552,495,935)
Cash and cash equivalents at beginning of year	60	1,017,523,153,456	1,997,075,649,391
Cash and cash equivalents at end of year	70	1,098,494,491,090	1,017,523,153,456

The accompanying notes set out on pages 8 to 25 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT (Continued)

Supplemental non-cash disclosures

Cash inflows for issuance share exclude an amount of VND 499,794,660,000, representing an capital contribution by offsetting liabilities. Consequently, changes in accounts payable have been adjusted by the same amount.

Cash outflows for purchases of fixed assets and construction in progress during the year exclude an amount of VND 61,733,742,231, representing an addition in fixed assets during the year that has not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount

Pham Viet Anh
General Director
8 April 2010

Nguyen Thi Kim Anh
Chief Accountant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FORM B 09-DN***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 Parent Company*

The Parent Company is a joint stock company established in Vietnam in accordance with the Business Registration Certificates No. 4103006624 dated 7 May 2008 issued by the Department of Planning and Investment of Ho Chi Minh City, and amendments.

The number of employees as at 31 December 2010 is 360 (31 December 2009: 258).

The principal activities of the Parent Company are to transport crude oil and gas products, provide marine services, repair vessels and floating vehicles, rent vessels and other vehicles.

The Subsidiaries

Vung Tau PetroVietnam Transportation Company (hereinafter referred as “PV Trans Vung Tau”) is a limited liability company established in Vietnam in accordance with Business Registration Certificate No.4904000171 issued by the Department of Planning and Investment of Ba Ria Vung Tau Province on 8 October 2007 as amended. The principal activities of PV Trans Vung Tau are to transport crude oil and gas products, to provide marine services, to repair vessel and floating vehicles, to lease vessel and other vehicles. As at 31 December 2010, the percentage of the Parent Company’s commitment capital, voting right and actual contributed capital in PV Trans Vung Tau is 95%, 100% and 100%, respectively.

Hanoi PetroVietnam Transportation (hereinafter referred as “PV Trans Hanoi”) is a limited liability company established in Vietnam in accordance with Business Registration Certificate No. 4904000171 issued by the Department of Planning and Investment of Ha Noi City on 23 October 2008. The principal activities of PV Trans Hanoi are to transport crude oil and gas products, to provide marine services, to repair vessel and floating vehicles, to lease vessel and other vehicles; to trade equipment materials, to provide oil and gas technical services; to trade gasoline and other oil and gas products. As of 31 December 2010, the percentage of the Parent Company’s commitment capital, voting right and actual contributed capital in PV Trans Hanoi were 97.25%, 100% and 100%, respectively.

Southern Petroleum Transportation Joint Stock Company (hereinafter referred as “Southern Petro Trans JSC”) is a joint stock company established in Vietnam in accordance with the Business Registration Certificate No.4103009978 issued by the Department of Planning and Investment of Ho Chi Minh City on 11 April 2009, as amended. The principal activities of Southern Petro Trans JSC are to transport crude oil and gas products, to provide marine services, to repair vessel and floating vehicles, to lease rent vessel and other vehicles. As of 31 December 2010, the percentage of the Parent Company’s commitment capital, voting right and actual contributed capital in Southern Petro Trans JSC was 53,75%.

Pacific Petroleum Transportation Joint Stock Company (hereinafter referred as “PV Trans Pacific JSC”) is a joint stock company established in Vietnam in accordance with the Business Registration Certificate No.4103009251 issued by the Department of Planning and Investment of Ho Chi Minh City on 28 January 2009. The principal activities of PV Trans Pacific JSC are to transport crude oil and gas products, to provide marine services, to repair vessel and floating vehicles, to lease vessel and other vehicles. As of 31 December 2010, the percentage of the Parent Company’s commitment capital, voting right and actual contributed capital in Trans Pacific - JSC were 51%, 51% and 64,92%, respectively.

International Gas Product Shipping Joint Stock Company (hereinafter referred as “Gas Shipping JSC”) is a joint stock company established in Vietnam in accordance with the Business Registration

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

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

Certificate No. 4103008857 issued by the Department of Planning and Investment of Ho Chi Minh City on 24 December 2008, as amended. The principal activities of Gas Shipping JSC are trade motor vehicles, to lease vessel, to provide transportation services by car, internal waterway and ocean; to provide shipping agent services, to repair vessel at port, to provide forwarding and training services. As of 31 December 2010, the percentage of the Parent Company's commitment capital, voting right and actual contributed capital in Gas Shipping JSC were 70%, 65% and 73%, respectively. On 22 December 2010, Gas Shipping JSC acquired 51% share of Vietsun Logistics Corporation, which was translated from limited liability company in accordance with the Business Registration Certificate No. 0308515724 issued by the Department of Planning and Investment of Ho Chi Minh City on 22 September 2010 and the amendment on 22 December 2010.

Indochina Petroleum Transportation Joint Stock Company (hereinafter referred as "PetroTrans JSC") is a joint stock company established on 25 July 2008 in Vietnam in accordance with the Business Registration Certificate No. 0103018667 issued by the Department of Planning and Investment of Ha Noi City which its charter capital is VND 100,000,000,000. The principal activities of PetroTrans JSC are provide taxi services, to transport liquefied petroleum gas and gasoline and to lease luxurious automobiles. As of 31 December 2010, the percentage of the Parent Company's commitment capital, voting right and actual contributed capital in PetroTrans JSC were 39%, 73% and 39%, respectively.

Cuu Long Petro Gas Service Transportation Joint Stock Company (hereinafter referred as "CGT JSC") is a joint stock company established in Vietnam in accordance with the Business Registration Certificate No. 4103006914 issued by the Department of Planning and Investment of Ho Chi Minh City on 4 June 2008, as amended. The principal activities of CGT JSC are to provide taxi services, to provide transportation services, to lease luxurious automobiles, trading goods, liquefied petroleum gas and tourism. As of 31 December 2010, the percentage of the Parent Company's commitment capital, voting right and actual contributed capital in CGT JSC were 23%, 60% and 23%, respectively.

Phuong Dong Viet Oil Shipping Joint Stock Company (hereinafter referred as "PV Oil Shipping"), the former is Phuong Dong Crude Oil Product Shipping Joint Stock Company, established in Vietnam in accordance with the Business Registration Certificate No. 4103006478 issued by the Department of Planning and Investment of Ho Chi Minh City on 20 April 2007, as amended. The principal activities of PV Oil Shipping are to provide sea transportation services, transportation services by car, internal waterway and ocean; to provide shipping agent services, to repair vessel at port (not at head office), to provide shipping, car and mechanical lease, exploiting rock, sand, gravel, and clay, forwarding and training services. As of 31 December 2010, the percentage of the Parent Company's commitment capital, voting right and actual contributed capital in PV Oil Shipping were 54%.

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

The accompanying consolidated 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.

Fiscal year

The Group's fiscal year begins on 1 January and ends on 31 December.

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

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

3. NEW ACCOUNTING GUIDANCE IN ISSUE NOT YET ADOPTED

On 6 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 Directors is considering the extent of impact of the adoption on the Company’s financial statements for future accounting periods.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent Company and enterprises controlled by the parent Company up to 31 December each year. Control is achieved where the parent Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the parent Company and subsidiaries. All inter-company transactions and balances between group enterprises are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group’s equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority’s share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority’s interest in the subsidiary’s equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition.

The interest of minority shareholders is initially measured at the minority’s proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

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

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

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Interests in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate

Goodwill

Goodwill represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and is amortised on the straight-line basis over its estimated period of benefit of ten years.

Investment property

Investment properties, which are composed of land used rights for sale held by the Group to earn rentals or for capital appreciation or both, are stated at cost less accumulated depreciation. The cost of purchased investment properties comprises its purchase price and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs. Land use rights with indefinite term is not amortized.

Other long-term investments

Other long-term investments represent investments in other companies which the Group has no power to control, joint-control or significantly influence. Long-term investments are initially measured at cost including directly attributable transaction costs. At the subsequent reporting dates, long-term investments are measured at cost, less the amount of diminution in value of long-term investments.

Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam requires the Group's 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.

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, bankruptcy, or in similar difficulties.

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.

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

These notes are an integral part of and should be read in conjunction with the consolidated 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. Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	10 years
Machinery and equipment	3 - 10 years
Motor vehicles	6 - 15 years
Office equipment	2 - 8 years

During the year, the management of PV Trans Pacific JSC decide to change the depreciation period of transporting ships from ten to fifteen years. The management believes that this depreciation period reflect more accurately the time of utilizing those assets.

Intangible assets and amortization

Intangible assets represent computer software that is stated at cost less accumulated amortization. Computer software is amortized on a straight-line basis over three 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 Group'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.

Investments in securities

Investments in securities are recognized on a trade date basis and are initially measured at cost including directly attributable transaction costs. At the subsequent reporting dates, investments in securities are measured at cost, less the amount of diminution in value of investments in securities.

Provision for diminution in value of investments in security investments is made for freely traded securities whose book value is higher than market price as at the balance sheet date.

Long-term prepayments

Long-term prepayments comprise prepaid repair, land rentals, ship insurance fee and other types of long-term prepayments which are expected to provide future economic benefits to the Group for more than one year. Long-term prepayments are amortized on a straight-line basis from one to three years when occurred.

Revenue recognition

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

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
 - (b) the Company 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 Company;
- and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the consolidated financial statements*

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 Company;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably;
- and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

Dividend income from investments is recognised when the Company's right to receive payment has been established.

Foreign currencies

The Company 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. Foreign exchange losses that are not recorded in the income statement are allocated to expenses within a maximum of 05 subsequent years.

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. Should the Group apply the recognition foreign exchange differences in accordance with Vietnam Accounting Standard No.10 (VAS10) - Effects of changes in foreign exchange rates, the Group's profit before tax for the year ended 31 December 2010 decrease by VND 12,340,205,944 (2009: VND 112,826,981,715) and the Foreign exchange reserve account under Owner's equity section in the consolidated balance sheet of the Group as at 31 December 2010 and 31 December 2009 have a balance at zero.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the consolidated financial statements*

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

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation 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. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

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 Group 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 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.

5. CASH AND CASH EQUIVALENTS

	31/12/2010	31/12/2009
	<u>VND</u>	<u>VND</u>
Cash on hand	2,717,984,051	4,418,218,728
Cash in bank	351,529,552,439	127,551,692,930
Cash equivalents	744,246,954,600	885,553,241,798
	<u>1,098,494,491,090</u>	<u>1,017,523,153,456</u>

Cash equivalent represents the time deposit with the term less than three months under Vietnam Dong with the interest rate ranging from 12% to 14% per annual.

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

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

6. SHORT-TERM FINANCIAL INVESTMENTS

	31/12/2010	31/12/2009
	<u>VND</u>	<u>VND</u>
Short-term investments in securities	91,343,170,080	6,853,396,000
Other short-term investments	101,609,284,904	60,016,420,219
Provision for diminution in value of investments	(3,801,973,080)	(3,165,691,000)
	<u>189,150,481,904</u>	<u>63,704,125,219</u>

Other short-term investments represent time deposit with the term from four to twelve months at banks and financial institutions at the interest rate ranging from 11% to 12.8% per annual.

7. INVENTORIES

	31/12/2010	31/12/2009
	<u>VND</u>	<u>VND</u>
Raw materials	99,322,590,948	80,012,099,151
Tools and supplies	1,942,998,059	1,169,742,099
Work in progress	1,863,061,917	986,065,029
Merchandise	9,536,921,007	3,314,450,443
	<u>112,665,571,931</u>	<u>85,482,356,722</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN
These notes are an integral part of and should be read in conjunction with the consolidated financial statements

8. TANGIBLE FIXED ASSETS

	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
COST					
As at 1/1/2010	808,674,836	3,974,483,543	4,826,250,985,458	6,454,658,636	4,837,488,802,473
Additions	545,454,545	792,387,364	639,700,290,916	1,169,230,420	642,207,363,245
Transfer from construction in progress	245,341,846	1,322,337,273	19,208,604,992	316,623,779	21,092,907,890
Additions from consolidation	-	35,400,000	616,194,537,853	456,365,967	616,686,303,820
Disposals	-	-	(524,040,855)	-	(524,040,855)
Adjustments from State auditor	-	-	(4,177,025,324)	-	(4,177,025,324)
Other adjustments	-	(1,058,063,000)	-	(362,967,614)	(1,421,030,614)
As at 31/12/2010	<u>1,599,471,227</u>	<u>5,066,545,180</u>	<u>6,096,653,353,040</u>	<u>8,033,911,188</u>	<u>6,111,353,280,635</u>
ACCUMULATED DEPRECIATION					
As at 1/1/2010	(111,374,150)	(805,777,351)	(1,128,010,161,133)	(3,025,430,876)	(1,131,952,743,510)
Charge for the year	(186,450,174)	(843,905,187)	(420,943,183,987)	(1,482,012,275)	(423,455,551,623)
Additions from consolidation	-	(5,162,500)	(56,193,169,837)	(291,804,262)	(56,490,136,599)
Eliminated from disposals	-	-	147,386,492	-	147,386,492
Adjustments from State auditor	-	-	481,261,456	-	481,261,456
Other adjustments	-	244,334,990	269,230,960	(223,378,794)	290,187,156
As at 31/12/2010	(297,824,324)	(1,410,510,048)	(1,604,248,636,049)	(5,022,626,207)	(1,610,979,596,628)
NET BOOK VALUE					
As at 31/12/2010	<u>1,301,646,903</u>	<u>3,656,035,132</u>	<u>4,492,404,716,991</u>	<u>3,011,284,981</u>	<u>4,500,373,684,007</u>
As at 31/12/2009	<u>697,300,686</u>	<u>3,168,706,192</u>	<u>3,698,240,824,325</u>	<u>3,429,227,760</u>	<u>3,705,536,058,963</u>

As described in note 15 and 17, at 31 December 2010, the Group has pledged certain of its motor vehicles with cost and remaining value of VND 2,390,988,586,101 and VND 1,912,989,596,303, respectively, (31 December 2009: VND 1,653,005,935,425 and VND 1,152,142,340,019) to secure for its loans.

At 31 December 2010, the cost of motor vehicles and office equipments include VND 17,428,571, VND 5,707,206,948 and VND 2,321,646,281, respectively, with respects to assets have been fully depreciated but are still in use (at 31 December 2009: VND 5,613,362,893 and VND 1,620,486,432, respectively).

From 1 January 2010, the management of PV Trans Pacific JSC has changed its depreciation rate of motor vehicles as stated in note 4. The management believe this application will reflect more accurately the productivity and the time of utilization of those assets. In case of the former depreciation rate, the depreciation expense in 2010 would increase by VND 35,293,412,504.

Furthermore, during in 2010, PV Trans Pacific JSC has adjusted the cost and depreciation of Athena vessel according to the State audit Minute dated 28 July 2010 due to reallocate insurance premium of loans and capitalize borrowing costs. Consequently, the cost of Athena decrease by VND 7,187,409,517 and accumulated depreciation decrease by VND 681,953,736.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN
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9. INTANGIBLE FIXED ASSETS

	Computer software VND
COST	
As at 1/1/2010	916,446,520
Additions	2,661,930,000
Additions from consolidation	64,000,000
As at 31/12/2010	<u>3,642,376,520</u>
ACCUMULATED AMORTIZATION	
As at 1/1/2010	(344,597,118)
Charge for the year	(231,085,358)
Additions from consolidation	(42,666,669)
As at 31/12/2010	<u>(618,349,145)</u>
NET BOOK VALUE	
As at 31/12/2010	<u><u>3,024,027,375</u></u>
As at 31/12/2009	<u><u>571,849,402</u></u>

As at 31 December 2010 and 31 December 2009, the cost of computer software includes VND 264,085,150 in respect of asset has been fully amortized but is still in use.

10. CONSTRUCTION IN PROGRESS

	31/12/2010 VND	31/12/2009 VND
- Purchasing new oil vessel project	249,996,825	-
- Dung Quat port project	3,240,314,292	2,537,968,051
- Building new oil vessel project	500,721,457,345	432,650,813,871
- Purchasing LPG tank truck	-	4,742,743,041
- Station project	-	2,098,281,321
- Station for fuel supplies	2,011,201,352	153,130,909
- Purchasing taxi car project	7,558,077,996	50,938,235,441
- Station for LPG supplies	1,213,772,722	774,615,774
- Other projects	122,854,000	345,207,390
	<u><u>515,117,674,532</u></u>	<u><u>494,240,995,798</u></u>

PETROVIETNAM TRANSPORTATION CORPORATION384 Hoang Dieu Street, Ward 6, District 4,
Ho Chi Minh city, S.R. Vietnam**Consolidated Financial Statements**
For the year ended 31 December 2010**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the consolidated financial statements***11. INVESTMENT PROPERTY**

Investment properties represent value of the Group's three land lots at Phuoc Long A Residential Area, Bac Rach Chiec, District 9, Ho Chi Minh City. The Group's management believed that market value of these properties are equivalent to book value, therefore no provision for devaluation is provided for.

12. OTHER LONG-TERM FINANCIAL INVESTMENTS

	31/12/2010	31/12/2009
	<u>VND</u>	<u>VND</u>
Huu Nghi Hospital	1,205,259,300	1,826,675,200
PetroVietnam IDICO Long Son Industrial Zone	10,011,000,000	10,011,000,000
PV KEEZ Pte. Ltd.	45,937,767,300	-
Time deposit	-	12,000,000,000
	<u>57,154,026,600</u>	<u>23,837,675,200</u>

The investment in Huu Nghi Hospital in Ha Noi city represents contributed capital to to buy 64-slices computerized tomography scanner under Capital Contract No. 04/HDGV-2006 in Ha Noi. The Group has the right to participate in all financial and operating policy decision of related to the asset in proportion with its contributed capital.

The investment in PetroVietnam IDICO Long Son Industrial Zone Investment Joint Stock Company ("IDICO Long Son") represents capital contribution under the Letter No. 3845/BB- DKVN dated 3 July 2008 issued by Petro Vietnam to incorporate IDICO Long Son. As at 31 December 2010, the Group had contributed VND 10,011,000,000 equaled to 1% of the investee's capital.

According to Certificate of investment in oversea issued by Ministry of Planning and Investment dated 16 July 2010, the Group is allowed to make joint-venture with three oversea companies to establish PV KEEZ PTE. LTD in Singapore with the purpose of providing container ship and producing raw petroleum for Chim Sao and Dua oil field. The total investment capital of this project is 405 billion USD, in which the local investment capital in oversea is nine billion USD. On 31 December 2010, the Group has contributed with the amount of USD 2,389,343.

13. LONG-TERM PREPAYMENT

	31/12/2010	31/12/2009
	<u>VND</u>	<u>VND</u>
Reparing expense for fixed assets	178,655,744,261	135,868,888,152
Prepaid expense for tools	3,949,372,707	6,041,689,662
Other long-term prepayments	10,106,389,620	5,860,911,061
	<u>192,711,506,588</u>	<u>147,771,488,875</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN
These notes are an integral part of and should be read in conjunction with the consolidated financial statements

14. DEFERRED TAX ASSETS

The following are the major deferred tax liabilities and assets recognized by the Group, and the movements thereon, during the current and prior reporting years:

	Accruals and other provisions VND	Unrealised foreign exchange gains VND	Tax losses VND	Total VND
As at 1/1/2009	2,120,105,616	874,752,047	-	2,994,857,663
Charge to profit or loss for the year	(1,553,210,338)	(874,752,047)	228,421,764	(2,199,540,621)
As at 31/12/2009	566,895,278	-	228,421,764	795,317,042
Charge to profit or loss for the year	130,965,267	-	(228,421,764)	(97,456,497)
As at 31/12/2010	697,860,545	-	-	697,860,545

15. SHORT-TERM BORROWINGS AND LIABILITIES

	31/12/2010 VND	31/12/2009 VND
Short-term loans	339,665,376,000	349,659,257,177
Current portion of long-term loans (note 17)	589,741,520,496	233,782,467,854
	929,406,896,496	583,441,725,031

Short-term loans at 31 December 2010 represent short-term loan agreements with commercial banks and financial institutions for maximum amounts of USD 12,510,000 and VND 111 billion with the interest rate ranging from 6.8% to 10.5% per annum for loans by Vietnam Dong and non-interest rate for loans by US Dollar. The other loans are unsecured. As at 31 December 2010, The outstanding principal as at 31 December 2010 were 102,826,056,000 and USD 12,510,000.

16. TAXES AND AMOUNTS PAYABLE TO STATE BUDGET

	31/12/2010 VND	31/12/2009 VND
Value added tax	9,595,763,259	8,310,015,873
Corporate income tax	8,712,665,122	10,892,081,628
Other taxes	10,865,536,236	2,261,896,690
	29,173,964,617	21,463,994,191

17. LONG-TERM LOANS AND LIABILITIES

The Group had entered into long-term loan agreements with several commercial banks and other credit institutions with total credit limit of VND 113,584,166,800, USD 181,166,702 and JPY 15,697,500,000 (equivalent to USD 183,973,519). These loans are secured by the Group's motor vehicles, revenue from shipping cost of Southern Petro Trans JSC and the Group's shares in this company. The loans in USD bears interest rates ranging from 4.34% to 6.15% per annum, and the loans in VND bears floating interest rate equaled to twelve-months time deposit rate plus 2.88% per annum or fixed interest rate ranging from 10.5% to 15.4% per annum. The outstanding principal as at 31 December 2010 were VND 75,092,864,045 and USD 194,812,856.

PETROVIETNAM TRANSPORTATION CORPORATION384 Hoang Dieu Street, Ward 6, District 4,
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Long-term loans are repayable as follows:

	31/12/2010	31/12/2009
	<u>VND</u>	<u>VND</u>
On demand or within one year	589,741,520,496	233,782,467,854
In the second year	594,956,415,297	410,739,244,186
In the third to fifth years inclusive	1,518,752,355,183	1,143,988,833,758
After five years	<u>1,059,839,558,886</u>	<u>1,138,386,078,647</u>
	<u>3,763,289,849,862</u>	<u>2,926,896,624,445</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(589,741,520,496)</u>	<u>(233,782,467,854)</u>
Amount due for settlement after twelve months	<u>3,173,548,329,366</u>	<u>2,693,114,156,591</u>

18. SHAREHOLDERS' EQUITY

	31/12/2010	31/12/2009
Authorized shares	232.600.000	147.600.000
Shares issued and fully paid	232.600.000	147.600.000
Par value - VND/share	<u>10.000</u>	<u>10.000</u>

The Group has one class of ordinary share which carry no right to fixed income with par value of VND 10,000 per share. The shareholders of ordinary shares are entitles to receive dividends as declared from time to time and are entitled to one vote per share at the Group's shareholders meetings.

According to the Resolution No. 03/VTDK-DHDCD dated 8 September 2009, the Group's shareholders have approved to issue additional 85,000,000 shares, in which 81,180,000 shares for existing shareholders and 3,820,000 shares for the Group's employees in accordance with the Group's Selected Employee Program. As of 17 March 2010, the Group's additional shares have been fully paid by its shareholders. The issuance of additional share has been approved by the State Securities Committee of Vietnam in its Decision No. 460/UBCK-GCN dated 1 December 2009. As at 31 December 2010, the Group's shareholders has contributed fully.

Details of main shareholders at the balance sheet date as follows:

	31/12/2010		31/12/2009	
	<u>VND</u>	<u>%</u>	<u>VND</u>	<u>%</u>
PetroVietnam	1.358.499.460.000	58,4	867.730.000.000	59
PetroVietnam Finance Corporation	<u>193.485.380.000</u>	<u>8,3</u>	<u>150.873.700.000</u>	<u>10</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN**
These notes are an integral part of and should be read in conjunction with the consolidated financial statements

Movement of shareholders' equity during the year was as follows:

	Charter capital	Foreign exchange differences	Investment and development funds	Financial reserve funds	Other funds	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND
As at 1/1/2009	720.000.000.000	(41.228.063.000)	1.113.048.267	1.051.390.410	2.268.817	67.129.523.462	748.068.167.956
Capital increase	756.000.000.000	-	-	-	-	-	756.000.000.000
Profit for the year	-	-	-	-	-	8.727.021.452	8.727.021.452
Foreign exchange differences	-	(71.598.918.715)	-	-	-	-	(71.598.918.715)
Funds distribution	-	-	20.243.505.023	3.698.189.114	1.427.458.532	(29.429.300.620)	(4.060.147.951)
Other decrease	-	-	-	-	(230.000.000)	-	(230.000.000)
As at 31/12/2009	1.476.000.000.000	(112.826.981.715)	21.356.553.290	4.749.579.524	1.199.727.349	46.427.244.294	1.436.906.122.742
Capital increase	850.000.000.000	-	-	-	-	-	850.000.000.000
Profit for the year	-	-	-	-	-	75.058.814.557	75.058.814.557
Allocation to income statement	-	132.486.409.386	-	-	-	-	132.486.409.386
Revaluation of foreign exchange differences at the end of year	-	(140.046.443.568)	-	-	-	-	(140.046.443.568)
Other increase	-	-	-	-	-	382.688.492	382.688.492
Funds distribution	-	-	21.833.776.953	12.136.103.523	1.217.042.093	(43.010.956.484)	(7.824.033.915)
Other decrease	-	(4.780.171.762)	-	-	(10.178.572)	-	(4.790.350.334)
As at 31/12/2010	2.326.000.000.000	(125.167.187.659)	43.190.330.243	16.885.683.047	2.406.590.870	78.857.790.859	2.342.173.207.360

19. MINORITY INTEREST

Minority interest presents the minor shareholders portion in net assets and income statement of the Group's subsidiaries. Rate of minority interest was calculated as follows:

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Minority interest was calculated as follow:

	Southern Petro Trans	Pacific	Gas Shipping	Dong Duong	Cuu Long	Oil Shipping	Nhat Viet	Total
	VND	VND	VND	VND	VND	VND	VND	VND
As at 31 December 2009								
Distributed capital of Minority interest	82.368.000.000	330.750.280.000	114.051.000.000	61.330.000.000	177.962.280.000	-	-	766.461.560.000
Foreign exchange differences	(30.991.824.003)	(14.656.990.126)	295.087.762	-	-	-	-	(45.353.726.367)
Investment and development Funds	-	-	2.535.739.450	-	-	-	-	2.535.739.450
Financial reserve funds	-	-	1.267.869.726	-	-	-	-	1.267.869.726
Bonus and welfare funds	-	-	800.251.241	-	-	-	-	800.251.241
Retained earnings	(55.848.900.067)	18.372.866.643	12.787.894.677	179.861.345	(3.666.296.160)	-	-	(28.174.573.562)
	(4.472.724.070)	334.466.156.517	131.737.842.856	61.509.861.345	174.295.983.840	-	-	697.537.120.488
Tại ngày 31 tháng 12 năm 2010								
Distributed capital of Minority interest	176.933.079.405	330.750.280.000	81.676.000.000	61.330.000.000	177.962.280.000	64.025.130.000	24.500.000.000	917.176.769.405
Share premium	-	-	-	-	-	228.661.179	-	228.661.179
Foreign exchange differences	(42.764.744.492)	(9.478.266.446)	-	-	-	(19.486.142.529)	-	(71.729.153.467)
Investment and development Funds	-	9.760.852.607	2.398.413.405	-	-	-	-	12.159.266.012
Financial reserve funds	-	1.315.480.435	1.199.206.703	-	-	-	-	2.514.687.138
Other owner's capital	-	657.740.218	-	-	-	-	-	657.740.218
Retained earnings	(87.661.084.949)	7.628.738.579	7.592.675.989	339.696.679	35.512.877	(27.711.788.797)	5.761.841.948	(94.014.407.674)
	46.507.249.964	340.634.825.393	92.866.296.097	61.669.696.679	177.997.792.877	17.055.859.853	30.261.841.948	766.993.562.811

Minority interest in operating result during the year:

	Southern Petro Trans	Pacific	Gas Shipping	Dong Duong	Cuu Long	Oil Shipping	Nhat Viet	Total
	VND	VND	VND	VND	VND	VND	VND	VND
Year 2009								
Profit/(loss) during the year	(129,831,746,923)	35,005,692,330	34,748,983,838	1,117,564,720	4,121,925,475	-	-	(54,837,580,560)
Minority interest of operating result	(63,617,555,992)	17,152,789,242	17,030,476,979	685,402,442	3,189,545,933	-	-	(25,559,341,396)
Year 2010								
Profit/(loss) during the year	(80,061,480,363)	21,744,487,808	36,977,197,736	280,615,253	4,783,938,196	(46,655,957,597)	1,218,645,438	(61,732,553,529)
Minority interest of operating result	(37,027,750,375)	7,628,738,579	10,067,165,341	159,835,335	3,701,567,603	(21,336,812,503)	597,136,265	(36,210,119,755)

20. NET SALES

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	2010	2009
	<u>VND</u>	<u>VND</u>
Transportation service	2,500,433,273,956	1,513,242,729,100
Floating storage offloading service	184,273,843,479	62,845,433,616
Trading revenue	756,034,461,872	239,127,914,752
Others	95,360,633,204	113,696,573,820
	<u>3,536,102,212,511</u>	<u>1,928,912,651,288</u>

21. COST OF SALES

	2010	2009
	<u>VND</u>	<u>VND</u>
Transportation service	2,196,643,258,747	1,385,598,384,738
Floating storage offloading service	159,658,765,621	54,979,564,458
Trading revenue	733,800,020,481	281,367,840,842
Others	79,887,416,688	57,828,449,496
	<u>3,169,989,461,537</u>	<u>1,779,774,239,534</u>

22. FINANCIAL INCOME

	2010	2009
	<u>VND</u>	<u>VND</u>
Bank and loan interest	137,825,365,838	60,046,450,878
Securities investment income	83,100,000	155,310,000
Dividend received	1,453,274,000	5,460,770,000
Realized foreign exchange gain	16,466,733,594	56,325,841,617
Other financial income	4,636,178,400	6,233,870,085
	<u>160,464,651,832</u>	<u>128,222,242,580</u>

23. FINANCIAL EXPENSES

	2010	2009
	<u>VND</u>	<u>VND</u>
Interest expense	135,020,543,878	105,029,878,472
Realized foreign exchange loss	51,866,680,995	35,618,928,859
Unrealized foreign exchange loss	164,519,560,670	41,101,367,656
Provision for decline in value of investments	(3,684,003,769)	4,325,411,124
Other financial expense	315,996,670	-
	<u>348,038,778,444</u>	<u>186,075,586,111</u>

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24. CURRENT INCOME TAX EXPENSES

	2010	2009
	<u>VND</u>	<u>VND</u>
Profit before tax	61,638,918,060	9,494,629,386
Less: non-assessable income	(104,246,505,412)	(17,755,557,164)
Add back: losses from subsidiaries	126,717,437,960	134,491,714,708
Add back: non-deductible expenses	<u>12,548,275,616</u>	<u>2,188,030,093</u>
Assessable income	<u>96,658,126,224</u>	<u>128,418,817,023</u>
Loss carried forward from the prior year	<u>(5,887,059,181)</u>	<u>(6,256,263,605)</u>
Adjusted assessable income	<u>90,771,067,043</u>	<u>122,162,553,418</u>
Tax rate	25%	25%
Income tax expense	<u>22,692,766,761</u>	<u>30,540,638,354</u>
Tax credit	-	(6,413,229,645)
	<u><u>22,692,766,761</u></u>	<u><u>24,127,408,709</u></u>

25. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to common share holders of the Group is based on the following data:

	2010	2009
	<u>VND</u>	<u>VND</u>
Profit/(Loss) for the year	38,848,694,802	(16,832,319,944)
Attributable to :		
- Minority shareholders	(36,210,119,755)	(25,559,341,396)
- The Group's shareholders	<u>75,058,814,557</u>	<u>8,727,021,452</u>
Earnings for the purposes of basic earnings per share	71,305,873,829	8,290,670,379
Weighted average number of ordinary shares for the purposes of basic earnings per share	207,672,377	136,415,342
Earnings per share	<u><u>343</u></u>	<u><u>61</u></u>

Earnings for the purposes of calculating basic earnings per share in 2010 exclude the appropriation of bonus and welfare funds as estimated at 5% of profit after tax. The final amount will be approved by shareholders in Annual General Shareholder Meeting in 2011.

26. CAPITAL COMMITMENTS

On 14 February 2007, the Group entered into a contract with Dung Quat Shipbuilding Industry Corporation (Dung Quat Shipyard), ("Sellers"), directly under PetroVietnam, to design and build 3 Aframax vessels weighted 105.000 DWT with cost of USD 63,841,000 per vessel. The Group had paid the first advance for the Sellers to prepare to build the first vessel. However, as Sellers did not ensure the time line as agreed, the Group has acquired one new vessel in 2009 and built two ones only. At 31 December 2010, two new vessels has not been built completely.

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27. OPERATING LEASE COMMITMENTS

	2010	2009
	<u>VND</u>	<u>VND</u>
Minimum lease payments under operating leases recognised in the income statement for the year	<u>194,949,520,016</u>	<u>35,361,209,259</u>

At the balance sheet date, the Company had outstanding commitments under non-cancelable operating leases, which fall due as follows::

	31/12/2010	31/12/2009
	<u>VND</u>	<u>VND</u>
Within one year	102,997,746,217	75,897,285,943
In the second to fifth years inclusive	357,762,052,735	197,869,569,574
Sau năm năm	286,930,892,976	-
	<u>747,690,691,928</u>	<u>273,766,855,517</u>

Operating lease payments represent total rental payable for leasing office premises, warehouse and ship for the Group and subsidiaries. The office and warehouse leases were negotiated for the terms of from three to seven years. Ship lease was negotiated for the term of ten years.

28. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Group entered into the following transactions with related parties:

	2010	2009
	<u>VND</u>	<u>VND</u>
Provided services		
PetroVietnam Group's subsidiaries	<u>2,091,704,994,837</u>	<u>844,753,343,722</u>
Capital contributed		
PetroVietnam	490,769,460,000	-
PetroVietnam Finance Corporation	<u>42,611,680,000</u>	<u>-</u>

The remuneration paid to the Board of Management and Directors during the year were as follows:

	2010	2009
	<u>VND</u>	<u>VND</u>
Salary	3,152,387,809	2,850,656,043
Benefits in kind	<u>1,343,523,000</u>	<u>229,149,095</u>
	<u>4,495,910,809</u>	<u>3,079,805,138</u>

Related party balances at the balance sheet date were as follows:

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	31/12/2010	31/12/2009
	<u>VND</u>	<u>VND</u>
Receivables		
PetroVietnam Group's subsidiaries	<u>346,418,187,579</u>	<u>208,544,156,152</u>
Payables		
PetroVietnam Group's subsidiaries	<u>97,186,626,131</u>	<u>569,009,678,581</u>
Loans		
PetroVietnam Group's subsidiaries	<u>878,660,260,825</u>	<u>375,906,146,813</u>

29. SUBSEQUENT EVENTS

On 11 February 2011, the State Bank of Vietnam announced to increase the Inter-bank average exchange rate from 18,932 VND/USD to 20,693 VND/USD, equaled to the increase of 9.3%. Furthermore, the petroleum rate increase two times ranging VND 16,400 to VND 21,300 from 24 December 2011 to 29 March 2011. The Group's management believe that the change in exchange rate and petroleum rate make no significant impact on the Group's business activities as the service rate is determined by US Dollar and the Group is negotiating to increase the service rate following to the petroleum rate.

30. COMPARATIVE FIGURES

Certain reclassifications on the balance sheet statement at 31 December 2009 have been made to the prior year's figures to enhance their comparability with the figures on the balance sheet statement at 31 December 2010, details as follow:

	Before reclassified	After reclassified	Differences
	<u>VND</u>	<u>VND</u>	<u>VND</u>
Current assets			
Advances to suppliers	37.889.043.873	458.519.351.793	420,630,307,920
Other receivables	1.751.202.535.796	149.024.961.311	(1.602.177.574.485)
Non-current assets			
Other long-term receivables	-	1.602.177.574.485	1.602.177.574.485
Construction in progress	<u>914.871.303.718</u>	<u>494.240.995.798</u>	<u>(420,630,307,920)</u>

Pham Viet Anh
General Director
8 April 2010

Nguyen Thi Kim Anh
Chief Accountant