

**Ma San Group Corporation and
its subsidiaries**

Consolidated financial Statements for
year ended 31 December 2011

**Ma San Group Corporation
Corporate Information**

Business Registration Certificate No 0303576603

20 October 2010

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 20 October 2010. The Certificate and its amendments were issued by the Ministry of Planning and Investment. The initial Business Registration Certificate No. 4103002877 dated 18 November 2004.

Board of Management

Dr Nguyen Dang Quang	Chairman
Mr Ho Hung Anh	Vice Chairman
Mr Madhur Maini	Member
Ms Nguyen Hoang Yen	Member
Mr Nguyen Thieu Nam	Member
Mr Lars Kjaer	Member

Registered Office

Suite 802, Central Plaza
17 Le Duan Street
Ben Nghe Ward, District 1
Ho Chi Minh City
Vietnam

Ma San Group Corporation and its subsidiaries
Balance sheets at 31 December 2011

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
ASSETS						
Current assets	100		12,537,566	4,626,838	5,053,788	1,636,159
Cash and cash equivalents	110	3	9,573,594	3,394,575	1,510,736	1,037,261
Cash	111		175,718	1,155,118	23,284	1,037,261
Cash equivalents	112		9,397,876	2,239,457	1,487,452	-
Short-term investments	120	10	1,222,500	490,000	373,000	-
Accounts receivable	130	4	909,290	314,209	3,149,790	592,463
Accounts receivable - trade	131		193,536	64,125	-	-
Prepayments to suppliers	132		371,770	83,966	57,977	4,692
Other receivables	135		345,068	166,823	3,091,813	587,771
Allowance for doubtful debts	139		(1,084)	(705)	-	-
Inventories	140	5	603,237	290,200	-	-
Inventories	141		619,582	296,547	-	-
Allowance for inventories	149		(16,345)	(6,347)	-	-
Other current assets	150		228,945	137,854	20,262	6,435
Short-term prepayments	151		129,775	10,131	1,391	262
Deductible value added tax	152		55,213	118,872	17,739	5,877
Other current assets	158		43,957	8,851	1,132	296

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Balance sheets at 31 December 2011 (continued)

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
Long-term assets	200		20,457,923	16,502,700	19,526,706	18,672,990
Fixed assets	220		10,622,043	8,261,999	19,201	2,039
Tangible fixed assets	221	6	816,750	561,229	14,317	251
<i>Cost</i>	222		1,140,477	777,268	16,519	269
<i>Accumulated depreciation</i>	223		(323,727)	(216,039)	(2,202)	(18)
Finance lease tangible fixed assets	224	7	-	11,686	-	-
<i>Cost</i>	225		-	16,871	-	-
<i>Accumulated depreciation</i>	226		-	(5,185)	-	-
Intangible fixed assets	227	8	385,986	72,564	1,316	219
<i>Cost</i>	228		406,447	85,882	1,451	234
<i>Accumulated amortisation</i>	229		(20,461)	(13,318)	(135)	(15)
Construction in progress	230	9	9,419,307	7,616,520	3,568	1,569
Long-term investments	250	10	9,317,547	8,099,909	19,490,421	18,661,978
Investments in subsidiaries	251		-	-	10,557,997	10,557,997
Investments in an associate	252		9,317,547	8,099,909	8,932,424	8,103,981
Other long-term assets	260		518,333	140,792	17,084	8,973
Long-term prepayments	261	11	88,066	70,771	7,400	8,730
Deferred tax assets	262	12	15,707	49,154	-	-
Other long-term assets	268		32,626	17,295	9,684	243
Goodwill	269	13	381,934	3,572	-	-
TOTAL ASSETS	270		32,995,489	21,129,538	24,580,494	20,309,149

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Balance sheets at 31 December 2011 (continued)

	Code	Note	Group		Company	
			31/12/2011	31/12/2010	31/12/2011	31/12/2010
			VND million	VND million	VND million	VND million
RESOURCES						
LIABILITIES	300		11,876,811	8,981,050	6,821,280	3,138,393
Current liabilities	310		3,626,085	3,224,917	3,493,320	1,180,433
Short-term borrowings and liabilities	311	14	2,032,398	1,124,674	2,630,000	-
Accounts payable – trade	312		423,320	443,583	523	20,728
Advances from customers	313		7,827	7,997	-	-
Taxes payable to State Treasury	314	15	327,844	152,842	5,193	1,360
Payables to employees	315		5,347	5,395	-	27
Accrued expenses	316	16	819,786	502,838	339,697	175,667
Other payables	319	17	9,563	987,588	517,907	982,651
Long-term borrowings and liabilities	330		8,250,726	5,756,133	3,327,960	1,957,960
Other long term liabilities	333		19,355	-	-	-
Long-term borrowings	334	18	7,409,781	5,000,560	3,327,960	1,957,960
Deferred tax liabilities	335	12	813,026	751,021	-	-
Provision for severance allowance	336	19	8,564	4,552	-	-
EQUITY	400		15,877,361	10,623,685	17,759,214	17,170,756
Owner's equity	410		15,877,361	10,623,685	17,759,214	17,170,756
Share capital	411	20	5,152,723	5,152,723	5,152,723	5,152,723
Capital surplus	412	20	2,166,136	2,166,136	2,166,136	2,166,136
Other capital	413	21	10,462,804	9,651,713	10,462,804	9,651,713
Foreign exchange differences	416		(16,066)	3,189	-	-
Other reserves	418	10	(6,569,981)	(9,062,082)	-	-
Retained profits	420		4,681,745	2,712,006	(22,449)	200,184
MINORITY INTERESTS	439		5,241,317	1,524,803	-	-
TOTAL RESOURCES	440		32,995,489	21,129,538	24,580,494	20,309,149

Prepared by:

Lahol

Ta Thi Thuy Trang
 Chief Accountant

Approved by:

Nguyen Dang Quang

Nguyen Dang Quang
 Chairman



Eric

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Consolidated statement of income for year ended 31 December 2011

Group

	Code	Note	From 1/10/2011 to 31/12/2011 VND million	From 1/10/2010 to 31/12/2010 VND million	From 1/1/2011 to 31/12/2011 VND million	From 1/1/2010 to 31/12/2010 VND million
Total revenue	01		2,906,116	2,150,760	7,239,003	5,689,498
Less sales deductions	02		(95,257)	(48,643)	(182,154)	(103,211)
Net sales	10	22	2,810,859	2,102,117	7,056,849	5,586,287
Cost of sales	11	23	(1,557,412)	(1,173,882)	(3,999,928)	(3,194,617)
Gross profit	20		1,253,447	928,235	3,056,921	2,391,670
Financial income	21	24	311,706	1,394,223	1,181,301	1,620,919
Financial expenses	22	25	(34,996)	(107,344)	(348,258)	(270,277)
Selling expenses	24		(391,464)	(352,449)	(1,008,596)	(951,265)
General and administration expenses	25		(165,935)	(117,018)	(388,548)	(213,732)
Net operating profit	30		972,758	1,745,647	2,492,820	2,577,315
Results of other activities	40					
Other income	31	26	7,003	10,426	22,104	19,370
Other expenses	32	27	(5,798)	(4,604)	(26,264)	(11,162)
Share of profit in an associate	41	28	299,064	141,812	389,196	160,598
Profit before tax	50		1,273,027	1,893,281	2,877,856	2,746,121
Income tax expense – current	51		(25,038)	(74,973)	(277,099)	(140,638)
Income tax benefit/(expense) – deferred	52		(114,201)	42,146	(95,451)	23,734
Net profit	60		1,133,788	1,860,454	2,505,306	2,629,217
Attributable to:						
Minority interests	61		239,058	150,457	535,567	346,178
Equity holders of the Company	62		894,730	1,709,997	1,969,739	2,283,039
Earnings per share						
Basic earnings per share in VND	70	29	1,330	3,178	2,928	4,635

Prepared by:

Lahul

Ta Thi Thuy Trang
Chief Accountant

Approved by:

E.C.

 Nguyen Dang Quang
Chairman

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Consolidated statement of income for year ended 31 December 2011 (continued)

Group		Proforma ⁽¹⁾ 1/10/2011 to 31/12/2011 VND million	Proforma ⁽¹⁾ 1/10/2010 to 31/12/2010 VND million	Proforma ⁽¹⁾ 1/1/2011 to 31/12/2011 VND million	Proforma ⁽¹⁾ 1/1/2010 to 31/12/2010 VND million
	Code Note				
Total revenue	01	2,906,116	2,150,760	8,492,379	5,689,498
Less sales deductions	02	(95,257)	(48,643)	(182,580)	(103,211)
Net sales	10	2,810,859	2,102,117	8,309,799	5,586,287
Cost of sales	11	(1,557,412)	(1,173,882)	(4,936,821)	(3,194,617)
Gross profit	20	1,253,447	928,235	3,372,978	2,391,670
Financial income	21	311,706	154,509	1,209,474	381,205
Financial expenses	22	(34,996)	(107,344)	(352,677)	(270,277)
Selling expenses	24	(391,464)	(352,449)	(1,132,669)	(951,265)
General and administration expenses	25	(156,864)	(117,018)	(405,688)	(213,732)
Net operating profit	30	981,829	505,933	2,691,418	1,337,601
Results of other activities	40				
Other income	31	7,003	10,426	38,219	19,370
Other expenses	32	(5,798)	(4,604)	(26,277)	(11,162)
Share of profit in an associate	41	443,136	390,605	965,482	599,855
Profit before tax	50	1,426,170	902,360	3,668,842	1,945,664
Income tax expense – current	51	(25,038)	(74,973)	(297,320)	(140,638)
Income tax benefit/(expense) – deferred	52	(114,201)	42,146	(95,451)	23,734
Net profit	60	1,286,931	869,533	3,276,071	1,828,760
Attributable to:					
Minority interests	61	239,058	150,457	535,567	346,178
Equity holders of the Company	62	1,047,873	719,076	2,740,504	1,482,582
Earnings per share					
Basic earnings per share in VND	70	1,557	1,337	4,074	2,756

⁽¹⁾ (a) Adding back the amortization of goodwill from the transfer of ownership in Techcombank for the financial year 2010 and 2011, (b) assuming Masan Group held a 50.25% interest in Vinacafe Bien Hoa JSC since 1 January 2011 and adding back the amortization of goodwill from the acquisition of Vinacafe Bien Hoa JSC for the financial year 2011 and (c) excluding the negative goodwill from the acquisition of the Nui Phao Mine for the financial year 2010.

Ma San Group Corporation and its subsidiaries
Separate statement of income for year ended 31 December 2011

Company

	Code	Note	From 1/10/2011 to 31/12/2011 VND million	From 1/10/2010 to 31/12/2010 VND million	From 1/1/2011 to 31/12/2011 VND million	From 1/1/2010 to 31/12/2010 VND million
Total revenue	01		-	-	-	-
Less sales deductions	02		-	-	-	-
Net sales	10	22	-	-	-	-
Cost of sales	11	23	-	-	-	-
Gross profit	20		-	-	-	-
Financial income	21	24	257,394	121,925	645,584	255,443
Financial expenses	22	25	(270,359)	(78,134)	(717,657)	(169,015)
General and administration expenses	25		(48,577)	(49,092)	(150,487)	(62,291)
Net operating (loss)/profit	30		(61,542)	(5,301)	(222,560)	24,137
Results of other activities	40					
Other income	31	26	-	-	-	-
Other expenses	32	27	(28)	-	(73)	-
(Loss)/profit before tax	50		(61,570)	(5,301)	(222,633)	24,137
Income tax expense – current	51		-	-	-	-
Income tax (expense)/benefit – deferred	52		-	-	-	-
(Loss)/profit after tax	60		(61,570)	(5,301)	(222,633)	24,137

Prepared by:

Lahat

Ta Thi Thuy Trang
 Chief Accountant

Approved by:



Nguyễn Đăng Quang
 Chairman

File

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Consolidated statement of changes in equity for year ended 31 December 2011

Group

	Share capital	Capital surplus	Other capital	Foreign exchange differences	Other reserves	Bonus and welfare funds	Retained profits	Equity attributable to equity holders of Company	Minority interests	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Balance at 1 January 2010	4,853,998	1,421,817	-	-	(1,947,256)	(1,178)	434,707	4,762,088	307,451	5,069,539
Increase in minority interests in Nui Phao Mining Co., Ltd. at acquisition date	-	-	-	-	-	-	-	-	1,927,839	1,927,839
Acquisition of minority interests in subsidiaries	-	-	-	-	(7,101,647)	-	-	(7,101,647)	(1,109,679)	(8,211,326)
Issuance of equity instruments	-	-	9,651,713	-	-	-	-	9,651,713	-	9,651,713
Increase in minority interests from share capital issued by a subsidiary	-	-	-	-	(13,179)	-	-	(13,179)	53,179	40,000
Share capital issued	298,725	744,319	-	-	-	-	-	1,043,044	-	1,043,044
Net profit for the year	-	-	-	-	-	-	2,283,039	2,283,039	346,178	2,629,217
Appropriation to bonus and welfare funds	-	-	-	-	-	5,740	(5,740)	-	-	-
Utilisation of bonus and welfare funds	-	-	-	-	-	(2,414)	-	(2,414)	13	(2,401)
Reclassification to current liabilities	-	-	-	-	-	(2,148)	-	(2,148)	(975)	(3,123)
Unrealised exchange differences in a subsidiary	-	-	-	3,189	-	-	-	3,189	797	3,986
Balance at 31 December 2010	5,152,723	2,166,136	9,651,713	3,189	(9,062,082)	-	2,712,006	10,623,685	1,524,803	12,148,488

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Consolidated statement of changes in equity for year ended 31 December 2011 (continued)

	Share capital VND million	Capital surplus VND million	Other capital VND million	Foreign exchange differences VND million	Other reserves VND million	Retained profits VND million	Equity attributable to equity holders of Company VND million	Minority interests VND million	Total VND million
Balance at 1 January 2011	5,152,723	2,166,136	9,651,713	3,189	(9,062,082)	2,712,006	10,623,685	1,524,803	12,148,488
Increase in minority interest from share capital issued by subsidiaries (Note 10)	-	-	-	-	2,492,101	-	2,492,101	3,185,103	5,677,204
Issuance of equity instruments	-	-	811,091	-	-	-	811,091	-	811,091
Unrealised exchange differences in a subsidiary	-	-	-	(19,255)	-	-	(19,255)	(4,156)	(23,411)
Net profit for the year	-	-	-	-	-	1,969,739	1,969,739	535,567	2,505,306
Balance at 31 December 2011	5,152,723	2,166,136	10,462,804	(16,066)	(6,569,981)	4,681,745	15,877,361	5,241,317	21,118,678

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Separate statement of changes in equity for year ended 31 December 2011

Company

	Share capital VND million	Capital surplus VND million	Other capital VND million	Retained profits VND million	Total VND million
Balance at 1 January 2010	4,853,998	1,421,817	-	176,047	6,451,862
Share capital issued	298,725	744,319	-	-	1,043,044
Net profit for the year	-	-	-	24,137	24,137
Issuance of equity instruments	-	-	9,651,713	-	9,651,713
Balance at 31 December 2010	5,152,723	2,166,136	9,651,713	200,184	17,170,756
Balance at 1 January 2011	5,152,723	2,166,136	9,651,713	200,184	17,170,756
Net loss for the year	-	-	-	(222,633)	(222,633)
Issuance of equity instrument	-	-	811,091	-	811,091
Balance at 31 December 2011	5,152,723	2,166,136	10,462,804	(22,449)	17,759,214

Prepared by:

Lahel

Ta Thi Thuy Trang
Chief Accountant

Approved by:



Nguyễn Đăng Quang
Chairman

Eric

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Statements of cash flows for year ended 31 December 2011

	Code	Note	<u>Group</u>		<u>Company</u>	
			2011	2010	2011	2010
			VND million	VND million	VND million	VND million
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax	01		2,877,856	2,746,121	(222,633)	24,137
Adjustments for						
Depreciation and amortisation	02		124,384	104,599	5,113	1,038
Allowances and provisions	03		90,254	11,032	-	-
Unrealised foreign exchange differences	04		(16,504)	(1,203)	(18,184)	(1,203)
Loss on disposal of fixed assets and other long-term assets	05		6,189	547	-	-
Interest income	05		(1,122,234)	(357,405)	(602,109)	(237,919)
Interest expense	06		322,249	233,629	701,046	147,634
Negative goodwill	07		-	(1,239,714)	-	-
Share of profit in associate	07		(389,196)	(160,598)	-	-
Operating profit/(loss) before changes in working capital	08		1,892,998	1,337,008	(136,767)	(66,313)
Change in receivables and other assets	09		(164,624)	(44,579)	(136,273)	(480,918)
Change in inventories	10		(184,016)	(98,509)	-	-
Change in payables and other liabilities	11		149,559	343,745	23,507	34,709
			1,693,917	1,537,665	(249,533)	(512,522)
Interest paid	13		(234,982)	(105,384)	(59,019)	(19,715)
Corporate income tax paid	14		(131,406)	(92,865)	-	-
Other payments for operating activities	16		(9,412)	(2,414)	-	-
Net cash generated from/(used in) operating activities	20		1,318,117	1,337,002	(308,552)	(532,237)

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Statements of cash flows for year ended 31 December 2011 (continued)

	Code	Note	<u>Group</u>		<u>Company</u>	
			2011	2010	2011	2010
			VND million	VND million	VND million	VND million
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments for additions to fixed assets and other long-term assets	21		(2,082,092)	(851,009)	(20,944)	(2,072)
Proceeds from disposals of fixed assets and other long-term assets	22		1,322	3,394	-	-
Loans provided to related parties	23		(715,000)	(806,200)	-	-
Collection on loans provided to related parties	23		715,000	856,200	-	-
Loans provided to an individual	23		-	(130,250)	-	-
Collections on loans to an individual	23		-	130,250	-	-
Loans provided to subsidiaries	23		-	-	(2,136,347)	-
Collection on loans provided to subsidiaries	23		-	-	97,651	-
Term deposit to banks	24		(20,497,623)	(6,211,858)	-	-
Term deposit received	24		20,138,123	6,447,858	-	296,000
Payments for investments in bonds	25		(800,000)	-	(800,000)	-
Collection on investments in bonds	25		427,000	-	427,000	-
Net cash from acquisition of subsidiary	25		(808,828)	4,515	-	-
Payments for investments in other entities	25		-	(1,000,000)	-	(1,000,356)
Payment for investment in an associate	26		(1,000,000)	(596,449)	(1,000,000)	(596,449)
Proceeds from sales of other long-term investment	26		-	128,539	-	-
Receipts of interest	27		991,631	251,981	196,483	131,061
Net cash used in investing activities	30		(3,630,467)	(1,773,029)	(3,236,157)	(1,171,816)

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Statements of cash flows for year ended 31 December 2011 (continued)

	Code	Note	<u>Group</u>		<u>Company</u>	
			2011	2010	2011	2010
			VND million	VND million	VND million	VND million
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from shares issued	31		-	1,057,621	-	1,057,621
Proceeds from minority interest capital contribution to subsidiaries	31		5,329,180	40,000	-	-
Proceeds from short-term and long-term borrowings from banks and other entities	33		5,380,825	3,322,805	-	1,344,850
Proceeds from short-term and long-term borrowings from a subsidiary			-	-	4,000,000	-
Payments to settle debts to parent company	34		(211,796)	-	-	-
Payments to settle debts to banks and other entities	34		(1,881,080)	(1,688,018)	-	-
Payments of borrowing fees	36		(164,944)	(9,735)	-	(9,735)
Net cash generated from financing activities	40		8,452,185	2,722,673	4,000,000	2,392,736
Net cash flows during the year	50		6,139,835	2,286,646	455,291	688,683
Cash and cash equivalents at the beginning of the year	60		3,394,575	1,123,616	1,037,261	364,265
Effect of exchange rate fluctuations on cash and cash equivalents	61		39,184	(15,687)	18,184	(15,687)
Cash and cash equivalents at the end of the year	70	3	9,573,594	3,394,575	1,510,736	1,037,261

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Statements of cash flows for year ended 31 December 2011 (continued)

NON-CASH INVESTING AND FINANCING ACTIVITIES

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	VND million	VND million	VND million	VND million
Cost of investments acquired by issuing equity instruments	811,091	9,651,713	811,091	9,651,713
Cost of investment acquired by issuing debts	-	2,855,764	-	-
Disposal of fixed assets by setting off against trade payables	-	2,799	-	-

Prepared by:

Lahel

Ta Thi Thuy Trang
Chief Accountant



Approved by:

Eric

Nguyen Dang Quang
Chairman

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011

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

1. Reporting entity

Ma San Group Corporation (“the Company”) is a joint stock company incorporated in Vietnam. The principal activity of the Company is in investment holding.

The financial statements comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in an associate.

The principal activities of the subsidiaries are described as follows:

Name	Principal activity	Percentage of economic interests at	
		31/12/2011	31/12/2010
Hoa Bang Lang Consultant Company Limited	Investment holding	100%	100%
Orchid Consultant Company Limited	Investment holding	100%	100%
Gerbera Consultant Company Limited	Investment holding	100%	(*) 100%
Dahlia Company Limited	Investment holding	100%	(*) 100%
Thai Nguyen Trading and Investment Company Limited	Investment holding	65%	80%
Ma San Consumer Corporation (formerly known as Ma San Food Corporation)	Trading and distribution	76.5%	86.6%
Masan Industrial Corporation	Food sauce and instant noodle manufacturing	76.5%	86.6%
Viet Tien Food Technology Joint Stock Company	Food sauce manufacturing	76.5%	86.6%
Ma San HD Joint Stock Company	Food sauce and instant noodle manufacturing	76.5%	86.6%
Ma San PQ Corporation	Food sauce manufacturing	72.3%	81.8%

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

Name	Principal activity	Percentage of economic interests at	
		31/12/2011	31/12/2010
Minh Viet Packaging Joint Stock Company	Packaging	76.5%	86.6%
Vinacafe Bien Hoa Joint Stock Company	Coffees and instant cereals manufacturing	38.4% (**)	-
Ma San Horizon Corporation	Investment holding	100%	100%
Masan Resources Corporation	Investment holding	65%	80%
Ma San Thai Nguyen Resources Company Limited	Investment holding	65%	80%
Nui Phao Mining Company Limited	Exploring and processing mineral	65%	80%

(*) Gerbera Consultant Company Limited and Dahlia Company Limited are not owned by the Company but the Company has been assigned 100% of the voting rights and all economic benefits relating to the ownership in these companies. As such, the Company has control of these companies.

(**) On 10 October 2011 and 4 November 2011, Ma San Consumer Corporation acquired 50.11% and 0.14% equity interest respectively in Vinacafe Bien Hoa Joint Stock.

All the subsidiaries are incorporated in Vietnam.

The percentage of economic interests represents the effective percentage of economic interests of the Company both directly and indirectly in the subsidiaries.

2. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group and the Company in the preparation of these financial statements.

(a) Basis of financial statement preparation

(i) General basis of accounting

The financial statements, expressed in Vietnam Dong rounded to the nearest million ("VND million"), have been prepared in accordance with the Vietnamese Accounting System and the relevant statutory requirements applicable to financial statements. These financial statements should be read in conjunction with the separate and consolidated financial statements of the Company for the year ended 31 December 2010.

The financial statements, except for the statements of cash flows, are prepared on the accrual basis using the historical cost concept. The statements of cash flows are prepared using the indirect method.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

(ii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iii) *Associates (equity accounted investees)*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for in the consolidated financial statements using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated amortisation on the goodwill. The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iv) *Minority interests*

On the acquisition of minority interest after obtaining control or disposal to a minority interest in a subsidiary without loss of control, the difference between the cost of acquisition or proceeds on disposal and the book carrying amount of net assets acquired or disposed at the date of exchange is recorded directly in equity.

(v) *Transactions eliminated on consolidation*

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

(b) *Fiscal year*

The fiscal year of the Company is from 1 January to 31 December.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

(c) Adoption of Circular No. 210/2009/TT-BTC of the Ministry of Finance on presentation and disclosures of financial instruments

Effective from 1 January 2011, the Group adopted the requirements of Circular No. 210/2009/TT-BTC of the Ministry of Finance on presentation and disclosures of financial instruments ("Circular 210") prospectively. The adoption of Circular 210 did not have a material effect on the measurement or presentation of financial instruments in the financial statements. The financial statements disclosures specified in Circular 210 are not required for corresponding figures due to the prospective application.

(d) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the year have been translated into VND at rates approximating those ruling at the transaction dates.

All foreign exchange differences are recorded in the statement of income, except when they relate to the construction of tangible fixed assets or the translation of foreign currency monetary items during pre-operating stage, in which case they are recorded in the Foreign Exchange Difference Account in equity until the entity commences operations and the tangible fixed assets are put into use. Once the entity commences operations and the tangible fixed assets are put into use, the related realised foreign exchange differences are transferred to the statement of income, unrealised foreign exchange gains are transferred to the Unearned Revenue Account and unrealised foreign exchange losses are transferred to the Long-term Prepayment Account. The unrealised gains and losses are then amortised on a straight line basis over five years.

(e) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(f) Investments

Investments in term deposits and debt instruments; investments in equity instruments of entities over which the Group and the Company have no control or significant influence; and investments in subsidiaries and associates in the separate financial statements are stated at cost. Allowance is made for reductions in investment values which in the opinion of the management are not temporary. The allowance is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(g) Accounts receivable

Trade and other receivables are stated at cost less allowance for doubtful debts.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Group apply the perpetual method of accounting for inventory.

(i) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure have resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure are capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings and structures	5-25 years
▪ leasehold improvements	3-5 years
▪ office equipment	3-6 years
▪ machinery and equipment	3-12 years
▪ motor vehicles	3-6 years

(j) Finance lease tangible fixed assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Tangible fixed assets acquired by way of finance leases are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation.

Depreciation on leased assets is computed on a straight-line basis over the estimated useful lives of items of the leased assets. The estimated useful lives of leased assets are consistent with the useful lives of tangible fixed assets as described in accounting policy 2(i).

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

(k) Intangible fixed assets

(i) Land use rights

Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use right. Amortisation is computed on a straight-line basis over their useful lives ranging from 40 to 47 years.

(ii) Software

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over five years.

(iii) Brand name

Cost of acquisition of brand name is capitalised and treated as an intangible assets. Brand name is amortised on a straight-line basis over five years.

(l) Construction in progress

Construction in progress represents the cost of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the year of construction and installation.

Mineral assets under development comprise mineral reserve and related development costs acquired in a business combination and subsequent development expenditure. These assets qualify for capitalisation when the mineral reserve to which they relate is proven to be commercially and technically viable. They are initially recognised at their fair values as part of business combination accounting and subsequent development expenditures are capitalised net of proceeds from the sale of ore extracted during the development phase. On completion of development, defined as the time when saleable materials begin to be extracted from the mine, all assets are reclassified to tangible fixed assets.

(m) Long-term prepayments

(i) Pre-operating expenses

Pre-operating expenses are recorded in the statement of income, except for establishment costs and expenditures on training, advertising and promotional activities incurred from the incorporation date to the commercial operation date. These expenses are recognised as long-term prepayments, initially stated at cost, and are amortised on a straight line basis over three years starting from the date of commercial operation.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

(ii) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the statement of income on a straight-line basis over the term of the lease from 47 to 50 years.

(iii) Tools and supplies

Tools and supplies are stated at cost and amortised over their useful lives ranging from six months to two years.

(iv) Borrowing fees

Loan origination costs are incurred in conjunction with the arrangement of long-term borrowings and are amortised on a straight-line basis over the tenure of the borrowings.

(n) Goodwill

Goodwill arises on acquisition of subsidiaries, associates and joint ventures from third parties. The cost of goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Goodwill is measured at cost less accumulated amortisation. Goodwill is amortised over 10 years. In respect of equity accounted investee, the carrying amount of goodwill is included in the carrying value of the investment.

(o) Trade and other payables

Trade and other payables are stated at their cost.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

(q) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Equity

(i) *Share capital and capital surplus*

Ordinary share capital is classified as equity. The excess of proceeds contributed over the par value of shares issued is recorded as capital surplus. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from capital surplus.

(ii) *Other capital*

Agreements to issue a fixed number of shares at a fixed date in the future are recognised based on their fair values at the dates of the agreements under other capital if there are no other settlement alternatives.

(iii) *Other reserves*

Equity movements resulting from common-control business combination and acquisition of/disposal to minority interest are recorded in Other Reserves in equity.

(s) Revenue

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

(t) Financial income and financial expenses

(i) Financial income

Financial income comprises interest income from deposits and loans, gain on the disposal of long-term investments and foreign exchange gains. Interest income is recognised as it accrues in the statement of income.

(ii) Financial expenses

Financial expenses comprise interest expenses on borrowings and foreign exchange losses. Borrowing costs are recognised as an expense in the year in which they are incurred on a nominal basis, except where the borrowing costs relate to borrowings in respect of the construction of tangible fixed assets, in which case the borrowing costs incurred during the year of construction are capitalised as part of the cost of the fixed assets concerned.

(u) Operating lease payments

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

(v) Earnings per share

The Group presents basic data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

(w) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

(x) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(y) Share – based payments

Shares issued to employees are recorded at their par value. Redemption of such shares performed by related companies outside the Group is not recorded by the Group.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

3. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	VND million
Cash on hand	2,804	1,448	432	59
Cash in bank	172,914	1,153,670	22,852	1,037,202
Cash equivalents	9,397,876	2,239,457	1,487,452	-
	9,573,594	3,394,575	1,510,736	1,037,261

Cash and cash equivalents at 31 December 2011 of the Group and the Company included amounts denominated in currencies other than VND amounting to VND2,292,120 million (31/12/2010: VND532,095 million) and VND199,750 million (31/12/2010: VND527,493 million), respectively.

4. Accounts receivable

Other receivables comprised:

	<u>Group</u>		<u>Company</u>	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	VND million
Non-trade receivables from related companies	230,447	109,623	3,028,559	586,710
Accrued interest receivable from:				
• Deposits	44,008	38,159	4,931	521
• Investments in bonds	13,757	-	13,757	-
Others	56,856	19,041	44,566	540
	345,068	166,823	3,091,813	587,771

Non-trade receivables from related companies consist of:

	<u>Group</u>		<u>Company</u>	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	VND million
Amounts due from Ma San Corporation				
- parent company				
Non-trade	230,447	109,561	230,447	109,561
Amounts due from other related companies				
Non-trade	-	62	2,798,112	477,149
	230,447	109,623	3,028,559	586,710

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

The non-trade amounts due from Ma San Corporation were unsecured, interest free and receivable in accordance with contract terms.

At 31 December 2011, the non-trade amounts due from other related companies of the Company consist mainly of an unsecured loan and facility agreement, which bore interest at 16% and 15% per annum, respectively.

Movements of allowance for doubtful debts were as follows:

	Group 2011 VND million
Opening balance	705
Increase in allowance during the year	379
	<hr/>
Closing balance	1,084
	<hr/>

The Group's exposure to credit risk in relation to receivables is mainly influenced by the individual characteristics of each debtor. In response to the risk, the respective management teams of the Group has established a credit policy under which each new debtor is analysed individually for creditworthiness. No collateral is collected from the debtor.

Based on historic default rates, the Group believes that, apart from the amount provided at 31 December 2011, no further allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables as of 31 December 2011.

5. Inventories

	Group		Company	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	VND million
Goods in transit	39,853	40,210	-	-
Raw materials	404,993	143,566	-	-
Tools and supplies	1,152	392	-	-
Work in progress	49,452	54,965	-	-
Finished goods	124,132	57,414	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	619,582	296,547	-	-
Allowance for inventories	(16,345)	(6,347)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	603,237	290,200	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

Movements in the allowance for inventories during the year were as follows:

	<u>Group</u> 2011	<u>Company</u> 2011
	VND million	VND million
Opening balance	6,347	-
Increase in allowance during the year	89,875	-
Allowance utilised during the year	(79,877)	-
	<hr/>	<hr/>
Closing balance	16,345	-
	<hr/>	<hr/>

As at 31 December 2011, the bank loans are secured against inventories with a carrying amount of VND200,000 million (31/12/2010: VND528,100 million).

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

6. Tangible fixed assets

Group

	Buildings and structures VND million	Leasehold improvements VND million	Office equipment VND million	Machinery and equipment VND million	Motor vehicles VND million	Total VND million
Cost						
Opening balance	182,597	6,648	23,026	547,103	17,894	777,268
Acquisition on business combination	9,768	-	1,147	73,301	799	85,015
Additions	6,318	12,817	13,855	5,240	10,950	49,180
Transfers from construction in progress	34,989	2,079	421	185,328	655	223,472
Transfer from finance lease	-	-	-	16,871	-	16,871
Disposals	(45)	-	(318)	(9,600)	(1,366)	(11,329)
Reclassifications	-	-	(234)	(792)	1,026	-
Closing balance	233,627	21,544	37,897	817,451	29,958	1,140,477
Accumulated depreciation						
Opening balance	23,567	2,168	9,061	170,584	10,659	216,039
Charge for the year	11,373	3,994	7,144	79,890	3,641	106,042
Transfer from finance leased tangible fixed assets	-	-	-	5,652	-	5,652
Disposals	(45)	-	(297)	(2,646)	(1,018)	(4,006)
Reclassifications	-	-	(164)	(353)	517	-
Closing balance	34,895	6,162	15,744	253,127	13,799	323,727
Net book value						
Opening balance	159,030	4,480	13,965	376,519	7,235	561,229
Closing balance	198,732	15,382	22,153	564,324	16,159	816,750

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

Included in the cost of tangible fixed assets were assets costing VND34,677 million which were fully depreciated as of 31 December 2011 (31/12/2010: VND17,205 million), but which are still in active use.

The carrying amount of tangible fixed assets retired from active use and held for disposal amounted to VND3,581 million as of 31 December 2011 (31/12/2010: VND11,365 million).

The carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND948 million as of 31 December 2011 (31/12/2010: VND28,107 million).

As at 31 December 2011, tangible fixed assets with a carrying value of VND796,284 million (31/12/2010: VND209,065 million) were pledged with banks as security for loans granted to the Group.

Company

	Leasehold improvements VND million	Office equipment VND million	Total VND million
Cost			
Opening balance	-	269	269
Additions	12,817	1,354	14,171
Transfers from construction in progress	2,079	-	2,079
	<hr/>	<hr/>	<hr/>
Closing balance	14,896	1,623	16,519
	<hr/>	<hr/>	<hr/>
Opening balance	-	18	18
Charge for the year	1,830	354	2,184
	<hr/>	<hr/>	<hr/>
Closing balance	1,830	372	2,202
	<hr/>	<hr/>	<hr/>
Net book value			
Opening balance	-	251	251
Closing balance	13,066	1,251	14,317
	<hr/>	<hr/>	<hr/>

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

7. Finance lease tangible fixed assets

Group

	Machinery and equipment VND million
Cost	
Opening balance	16,871
Transfer to tangible fixed assets	(16,871)
Closing balance	-
Accumulated depreciation	
Opening balance	5,185
Charge for the year	467
Transfer to tangible fixed assets	(5,652)
Closing balance	-
Net book value	
Opening balance	11,686
Closing balance	-

Certain production equipment were leased by Masan Industrial Corporation under various finance lease agreements with Vietcombank Finance Lease Company, Ho Chi Minh City Branch. During the year, Masan Industrial Corporation acquired these tangible fixed assets and accordingly, reclassified to tangible fixed assets.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

8. Intangible fixed assets

Group

	Land use rights VND million	Software VND million	Brand name VND million	Total VND million
Cost				
Opening balance	77,611	7,525	746	85,882
Acquisition on business combination	41,381	139	273,245	314,765
Additions	-	6,099	91	6,190
Transfer to long term prepayments	-	-	(201)	(201)
Written-off	(189)	-	-	(189)
Closing balance	118,803	13,763	273,881	406,447
Accumulated amortisation				
Opening balance	10,066	2,934	318	13,318
Transfer to long term prepayments	-	-	(72)	(72)
Amortisation for the year	1,696	3,133	2,386	7,215
Closing balance	11,762	6,067	2,632	20,461
Net book value				
Opening balance	67,545	4,591	428	72,564
Closing balance	107,041	7,696	271,249	385,986

Included in the cost of intangible fixed assets were assets costing VND1,358 million which were fully depreciated as of 31 December 2011 (31/12/2010: Nil), but which are still in active use.

As at 31 December 2011, land use rights with a carrying value of VND nil (31/12/2010: VND32,742 million) were pledged with banks as security for loans granted to the Group.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

Company

	Software VND million
Cost	
Opening balance	234
Additions	1,217
Closing balance	<u>1,451</u>
Accumulated amortisation	
Opening balance	15
Amortisation for the year	120
Closing balance	<u>135</u>
Net book value	
Opening balance	219
Closing balance	<u>1,316</u>

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

9. Construction in progress

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	VND million	VND million	VND million	VND million
Opening balance	7,616,520	52,916	1,569	-
Acquisition on business combination	4,273	7,016,200	-	-
Additions during the year	2,021,986	660,865	4,078	1,569
Transfer to tangible fixed assets	(223,472)	(113,261)	(2,079)	-
Transfer to intangible fixed assets	-	(200)	-	-
Closing balance	9,419,307	7,616,520	3,568	1,569

During the year, borrowing costs capitalised into construction in progress at the Group amounted to VND167,000 million (2010: VND3,463 million).

10. Investments

	<u>Group</u>		<u>Company</u>	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	VND million
Long-term investments				
Investments in subsidiaries	-	-	10,557,997	10,557,997
Investment in an associate (a)	9,317,547	8,099,909	8,932,424	8,103,981
	9,317,547	8,099,909	19,490,421	18,661,978
Short-term investments				
Short-term investments in bonds (b)	373,000	-	373,000	-
Term deposits to banks (b)	849,500	490,000	-	-
	1,222,500	490,000	373,000	-

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

Details of the Company's cost of investments in subsidiaries are as follow:

	31/12/2011	31/12/2010
	VND million	VND million
Ma San Consumer Corporation	8,400,824	8,400,824
Hoa Bang Lang Consultant Company Limited	516,600	516,600
Orchid Consultant Company Limited	441,200	441,200
Masan Horizon Corporation	1,199,373	1,199,373
	<hr/>	<hr/>
	10,557,997	10,557,997
	<hr/>	<hr/>

(a) Investment in Techcombank's convertible subordinated bonds

Investment in an associate represents investment in 30.60% effective equity interest of Vietnam Technological and Commercial Joint Stock Bank ("Techcombank") as of 31 December 2011.

On 10 January 2011, the Company entered into an agreement to acquire an additional 2,834,402 bonds issued by Techcombank from other bondholders and has agreed to irrevocably and mandatorily convert those bonds into shares. The Company also entered into a swap agreement to receive cash in 18 months from the agreement date, of up to VND234,357 million depending on the performance of Techcombank in the year 2011. The swap does not have significant value based on valuation performed. The purchase consideration included cash of VND17,352 million for the swap and an agreement to issue 10,814,545 new ordinary shares of the Company, valued at VND811,091 million, issuable within the year of 18 months commencing on 10 January 2011. As a result of these agreements, the Group will not receive cash repayments of the principal and the interest of the bonds but the Group is effectively entitled to a share of net assets of Techcombank as represented by these instruments. During September 2011, Techcombank issued share based payments to its employees. As a result, the Company's total economic interest in Techcombank has decreased from 30.84% as of 10 January 2011 to 30.60% as of 31 December 2011.

(b) Short-term investments

Term deposits to banks represent deposits with original terms to maturity of more than three months from their transaction dates. The term deposits are denominated in Vietnam Dong and earned interest at 14% per annum during the year (2010: 11%).

The short-term investments in bonds represent investment in three non-convertible bonds which were unsecured, bore interest at 15% per annum and mature within a year.

The Group has the intention and ability to hold the investment in debt instruments to their maturity. The carrying amount of the debt instruments represent the maximum credit exposure. At 31 December 2011, the fair value of the investments in bonds approximate their carrying values.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

(c) Transactions in subsidiaries

On 7 April 2011, an investor subscribed for new shares issued by Masan Consumer Corporation (MSC) equivalent to 10% of its outstanding shares after such issuance for VND3,327,552 million.

In connection with this issuance, the Company entered into an agreement with the investor wherein if the equity valuation of MSC based on a multiple of 16 times 2011 earnings does not meet the agreed initial entry valuation of MSC, the Company will transfer a certain number of MSC shares to the investor to achieve an effective entry valuation of 16 times 2011 earnings. In addition, if the 2011-2013 growth rate of MSC's earnings is below the agreed internal return rate at 20% in VND or 15% in USD at the Company's discretion, the Company will also transfer a certain number of MSC shares to the investor.

Within 6 years from the closing date, if MSC has not completed a qualified initial public offering, as defined in the agreement, the investor has the option to put its MSC shares for the Company's shares within a certain year. If the investor does not exercise its put option during the put option year, the Company can call the MSC shares from the investor for a year of one year after the end of the put option year for cash or the Company's shares or 50% of each at a pre-agreed valuation to the investor.

The dilution effects of new shares issued by MSC not subscribed by the Group were as follows:

	VND million
Shares issued not subscribed by the Group	3,327,552
Transaction cost	(80,500)
Net assets diluted	(956,185)
	<hr/>
Difference recorded in other reserves	2,290,867
	<hr/>

In addition, MSC issued shares to certain employees, resulting in the following effects:

	VND million
Shares issued at par not subscribed by the Group	26,143
Net assets diluted	(95,632)
	<hr/>
Difference recorded in other reserves	(69,489)
	<hr/>

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

On 16 March 2011, an investor subscribed for new Ma San Resources Corporation (“MR”) shares for a cash consideration of USD100 million, equivalent to VND2,059,120 million. The investor obtained 20% interest in MR. As part of this transaction, the Group invested VND487,500 million in MR for new ordinary shares, overall resulting in the dilution of the Group’s interest in MR from 80% to 65%. The Company also granted the investor an option to put its 20% ownership in MR to the Company for the Company’s shares in the event MR is not listed on an internationally recognized exchange within 4.5 years after the closing of the transaction. The amount of shares to be issued in the event the put option is exercised will be based on the trading price of the Company’s shares and an amount of shares that would allow the investor to generate a 15% annual internal rate of return, based on the USD invested amount.

The dilution effects of new shares issued by MR not subscribed by the Group were as follows:

	VND million
Shares issued not subscribed by the Group	2,059,120
Transaction cost	(3,133)
Net assets diluted	(1,785,264)
	<hr/>
Difference recorded in other reserves	270,723
	<hr/>

Other reserve movements were as follows

	VND million
Balance at 1 January 2011	(9,062,082)
Increase in minority interests in MSC	2,221,378
Increase in minority interests in MR	270,723
	<hr/>
Balance at 31 December 2011	(6,569,981)
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Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

During the year, MSC acquired 50.25% equity interest of Vinacafe Bien Hoa Joint Stock Company for a total consideration of VND1,087 billion.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Pre-acquisition carrying amounts VND million	Fair value adjustments VND million	Recognised value on acquisition VND million
Cash and cash equivalents	278,268	-	278,268
Accounts receivable and other current assets	247,187	-	247,187
Inventories	235,258	-	235,258
Fixed assets	52,642	699,051	751,693
Current liabilities	(91,653)	-	(91,653)
Non-current liabilities	(22,160)	-	(22,160)
Total net identifiable assets acquired	699,542	699,051	1,398,593
Share of net assets acquired			702,793
Consideration given			(1,087,096)
Goodwill on acquisition			384,303
Cash flow implications comprised:			
Cash payment			(1,087,096)
Cash acquired			278,268
Net cash outflow			(808,828)

(d) Swap agreements entered into in 2010

- (i) **MSC swap agreement** – As part of acquiring additional 16% economic interest in MSC in 2010, the Company entered into a swap agreement with the seller. The swap agreement allows the Company to receive up to VND2,609 billion in cash in 3.5 years based on the performance of MSC from year 2011 to 2013. The amount receivable on the swap varies according to MSC's profit. The amount receivable in the swap agreement was computed based on 13 times 2011 projected earnings of MSC, kept within a range of VND1,538 billion to VND2,000 billion and increased to 15 times in the event MSC's earnings grow by 30% or more annually in 2011 and 2012. The swap does not have significant value based on valuation performed.

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for year ended 31 December 2011 (continued)

- (ii) **Techcombank swap agreement** - as part of acquiring additional 9.05% economic interest in Techcombank in 2010, the Company entered into a swap agreement with the seller. The amount receivable on the swap is up to VND1,116 billion in 18 months from 31 December 2010 and vary according to Techcombank's profit. The amount in the swap agreement was computed based on approximately 11 times projected earnings of Techcombank, kept within a range of VND1,818 billion to VND2,727 billion. The swap does not have significant value based on valuation performed.

11. Long-term prepayments

Group

	Pre- operating expenses VND million	Prepaid land costs VND million	Tools and supplies VND million	Borrowing fees VND million	Others VND million	Total VND million
Opening balance	56,796	2,401	2,641	8,730	203	70,771
Additions	-	407	2,914	-	29,812	33,133
Transfer from intangible fixed assets	-	-	-	-	129	129
Amortisation for the year	-	(687)	(1,994)	(2,010)	(11,276)	(15,967)
Closing balance	56,796	2,121	3,561	6,720	18,868	88,066

Company

	Borrowing fees VND million	Others VND million	Total VND million
Opening balance	8,730	-	8,730
Additions	-	1,478	1,478
Amortisation for the year	(2,010)	(798)	(2,808)
Closing balance	6,720	680	7,400

12. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

	<u>Group</u>		<u>Company</u>	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	VND million
Deferred tax assets:				
Accrued advertising and promotion expenses	17,599	20,037	-	-
Other accruals	(7,193)	2,094	-	-
Accrued transportation costs	372	6,328	-	-
Accrued sales discount	-	12,841	-	-
Tax loss carry-forwards	-	4,737	-	-
Unrealised profit	4,929	3,117	-	-
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	15,707	49,154	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax liabilities:				
Other accruals	62,005	-	-	-
Construction in progress	751,021	751,021	-	-
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	813,026	751,021	-	-
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Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

13. Goodwill

	VND million
Cost	
Opening balance	5,954
Addition (Note 10 (c))	384,303
	<hr/>
Closing balance	390,257
	<hr/>
Accumulated amortisation	
Opening balance	2,382
Amortisation for the year	5,941
	<hr/>
Closing balance	8,323
	<hr/>
Net book value	
Opening balance	3,572
Closing balance	381,934
	<hr/>



Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

14. Short-term borrowings and liabilities

	Group		Company	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	VND million
Short-term borrowings	1,298,728	1,084,303	2,000,000	-
Current portion of long-term borrowings (see Note 18)	733,670	40,371	630,000	-
	2,032,398	1,124,674	2,630,000	-

Terms and conditions of outstanding short-term borrowings were as follows:

	Currency	Group		Company	
		31/12/2011	31/12/2010	31/12/2011	31/12/2010
		VND million	VND million	VND million	VND million
Bank borrowings:					
VND denominated		1,298,728	796,461	-	-
USD denominated		-	53,183	-	-
Loan from major vendor	VND	-	28,980	-	-
Loan from parent company	USD	-	205,679	-	-
Loan from a subsidiary	VND	-	-	2,000,000	-
		1,298,728	1,084,303	2,000,000	-

As of 31 December 2011, the Company's loan from a subsidiary is unsecured, bore interest of 18% per annum and payable in accordance with contract terms.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

15. Taxes payable to State Treasury

	<u>Group</u>		<u>Company</u>	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	VND million
Corporate income tax	233,116	104,132	-	5
Value added tax	42,071	25,378	-	-
Import-export tax	14,810	1,292	-	-
Other taxes	37,847	22,040	5,193	1,355
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	327,844	152,842	5,193	1,360
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16. Accrued expenses

	<u>Group</u>		<u>Company</u>	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	VND million
Accrued interest payable	256,063	146,578	244,954	141,569
Accrued withholding tax payable	33,273	15,367	27,217	14,805
Advertising and promotion expenses	177,364	192,374	-	-
Transportation expenses	29,703	25,516	-	-
Sales discount	69,876	51,362	-	-
Bonus and 13 th month salary	50,756	18,163	1,470	712
Accrued construction expense	62,018	-	-	-
Consultant fee	107,496	18,326	66,056	18,326
Others	33,237	35,152	-	255
	<hr/>	<hr/>	<hr/>	<hr/>
	819,786	502,838	339,697	175,667
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17. Other payables

As of 31 December 2010, other payables in the Group's consolidated balance sheet and the Company's separate balance sheet consisted mainly of payables related to the acquisition of Techcombank bonds of VND982,648 million, which was paid on 24 March 2011.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

18. Long-term borrowings and liabilities

	Group		Company	
	31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
Bank borrowings:				
VND denominated	1,080,303	193,294	-	-
USD denominated	-	28,939	-	-
Loan from a subsidiary	-	-	2,000,000	-
Promissory notes	2,855,764	2,855,764	-	-
Convertible bonds/loans and loans				
VND denominated	1,390,000	1,390,000	1,390,000	1,390,000
USD denominated	2,817,384	567,960	567,960	567,960
Finance lease liabilities	-	4,974	-	-
	8,143,451	5,040,931	3,957,960	1,957,960
Repayable within twelve months	(733,670)	(40,371)	(630,000)	-
Repayable after twelve months	7,409,781	5,000,560	3,327,960	1,957,960

Loan from a subsidiary is unsecured, bore interest of 18% per annum and payable in accordance with contract terms.

Loan from a subsidiary, promissory notes and lease liabilities were dominated in VND.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

19. Provision for severance allowance

Movements of provision for severance allowance during the year were as follows:

	<u>Group</u> <u>From</u> <u>1/1/2011 to</u> <u>31/12/2011</u> <u>VND million</u>	<u>Company</u> <u>From</u> <u>1/1/2011 to</u> <u>31/12/2011</u> <u>VND million</u>
Opening balance	4,552	-
Acquisition on business combination	2,664	-
Provision made during the year	1,974	-
Provision used during the year	(626)	-
	<hr/>	<hr/>
Closing balance	8,564	-
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Under the Vietnamese Labour Code, when employees who have worked for 12 months or more (“eligible employees”) voluntarily terminates their labour contracts, the employer is required to pay the eligible employees severance allowance calculated based on years of service and employees’ compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 1 January 2009, the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees’ basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of the unemployment insurance scheme, the Group is no longer required to provide severance allowance for the service year after 1 January 2009. However, severance allowance to be paid to existing eligible employees as of 31 December 2008 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month year prior to the termination date.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

20. Share capital and capital surplus

The Company's authorised and issued share capital comprise:

	31/12/2011		31/12/2010	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	515,272,269	5,152,723	515,272,269	5,152,723
Issued share capital				
Ordinary shares	515,272,269	5,152,723	515,272,269	5,152,723
Capital surplus	-	2,166,136	-	2,166,136

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Capital surplus represents the excess of the proceeds on issuance of shares over the par value.

21. Other capital

Other capital represents the fair value of the Company's shares to be issued as consideration for the acquisition of interests in the following subsidiaries and an associate. The fair value of these shares was measured at the date of the related acquisition. The number of shares to be issued and the expected date of issuance are as follow:

	Date of issue	Number of shares
Acquisition of 16% economic interest in MSC	24 June 2014	88,411,350
Acquisition of 15% economic interest in NPV	15 October 2012	22,629,310
Acquisition of 2,834,402 convertible bonds in Techcombank	10 July 2012	10,814,545
Acquisition of 13,500,000 convertible bonds in Techcombank	30 June 2012	32,538,500

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

22. Total revenue

Total revenue represents the gross invoiced value of goods sold and services rendered exclusive of value added tax.

Net sales comprised:

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	VND million	VND million	VND million	VND million
Total revenue				
▪ Sales of finished goods	7,238,994	5,689,209	-	-
▪ Services and other sales	9	289	-	-
Less sales deductions				
▪ Sales discounts	(119,856)	(103,211)	-	-
▪ Sales returns	(62,298)	-	-	-
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	7,056,849	5,586,287	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

23. Cost of sales

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	VND million	VND million	VND million	VND million
Total cost of sales				
▪ Finished goods sold	3,910,053	3,186,842	-	-
▪ Allowance for inventories	89,875	7,775	-	-
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	3,999,928	3,194,617	-	-
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Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

24. Financial income

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	VND million	VND million	VND million	VND million
Interest income from:				
• Deposits	915,224	239,657	138,407	115,584
• Loans to individuals	-	7,055	-	-
• Loans to Viet Capital Securities Joint Stock Company	-	7,438	-	-
• Loans to a subsidiary	-	-	256,692	19,080
• Loan to parent company	20,748	6,923	20,748	6,923
• Recharge to parent company	110,997	96,332	110,997	96,332
• Investments in bonds	75,265	-	75,265	-
Foreign exchange gains	53,915	19,029	43,475	17,524
Negative goodwill	-	1,239,714	-	-
Others	5,152	4,771	-	-
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	1,181,301	1,620,919	645,584	255,443

25. Financial expenses

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	VND million	VND million	VND million	VND million
Interest expense on loans from:				
• Banks	159,845	92,918	-	-
• Bondholders	162,404	140,711	162,404	140,711
• Subsidiary	-	-	538,642	6,923
Foreign exchange losses	18,044	29,781	8,646	15,687
Others	7,965	6,867	7,965	5,694
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	348,258	270,277	717,657	169,015

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

26. Other income

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	VND million	VND million	VND million	VND million
Income from scrap sales	12,194	3,394	-	-
Proceeds on disposals of fixed assets	1,322	9,639	-	-
Others	8,588	6,337	-	-
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	22,104	19,370	-	-
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27. Other expenses

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	VND million	VND million	VND million	VND million
Cost of scrap sales	12,941	3,649	-	-
Net book value of disposed fixed assets	7,512	3,925	-	-
Tax penalty	2,544	1,897	-	-
Others	3,267	1,691	73	-
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	26,264	11,162	73	-
	<hr/>	<hr/>	<hr/>	<hr/>

28. Share of profit in associate

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	VND million	VND million	VND million	VND million
Share of profit in associate	965,482	414,551	-	-
Amortisation of goodwill	(576,286)	(253,953)	-	-
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	389,196	160,598	-	-
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Ma San Group Corporation and its subsidiaries
Notes to the financial statements for year ended 31 December 2011 (continued)

29. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2011 was based on the profit attributable to ordinary shareholders of VND1,969,739 million (2010: VND2,283,039 million) of the Group and a weighted average number of ordinary shares outstanding of 672,795,458 shares during the year (2010: 538,012,522 shares), calculated as follows:

For the purpose of calculating basic earnings per shares, shares that are issuable solely after the passage of time are treated as outstanding shares from the date that the right to the shares comes into existence.

(i) *Net profit attributable to ordinary shareholders*

	2011 VND million	2010 VND million
Net profit attributable to ordinary shareholders	1,969,739	2,283,039

(ii) *Weighted average number of ordinary shares*

	2011	2010
Issued ordinary shares at the beginning of the year	515,272,269	492,546,102
Effect of shares issued during the year	-	7,146,282
Effect of shares to be issued on passage of time	157,523,189	38,320,138
Weighted average number of ordinary shares at the end of the year	672,795,458	538,012,522

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Approved by: *Eric*



Nguyen Dang Quang
 Chairman