Ma San Group Corporation and its subsidiaries

Financial Statements for the 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 was dated 18 November 2004.

Board of Management	Dr Nguyen Dang Quang	Chairman
	Mr Ho Hung Anh	Vice chairman
	Ms Nguyen Hoang Yen	Member
	Mr Nguyen Thieu Nam	Member
	Mr Madhur Maini	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

Auditors

KPMG Limited
Vietnam

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Management is responsible for preparing the financial statements of Ma San Group Corporation ("the Company") and its subsidiaries (collectively "the Group") as at and for the year ended 31 December 2011 in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements. In preparing those financial statements, the Board of Management 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 standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company or the Group will continue in business.

The Board of Management is also responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and the Group to ensure that the accounting records comply with the requirements of Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements. It is also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management confirm that they have complied with the above requirements in preparing these financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

I, Nguyen Dang Quang, being the Chairman of the Board of Management and on behalf of the Board of Management, do hereby approve the accompanying financial statements of the Company and the Group as of and for the year ended 31 December 2011 prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.

On behalf of the Board of Management

S.Đ.K.K.D: 0303576603 - C.T.
CÔNG TY
CỔ PHẦN
TẬP ĐOÀN
MA SAN
QUẬN 1 - TP. HỒ CHÍ MINH

Nguyen Dang Quang
Chairman
Ho Chi Minh City, Vietnam

30 March 2012

KPMG Limited
10th Floor, Sun Wah Tower
115 Nguyen Hue Street
District 1, Ho Chi Minh City
The Socialist Republic of Vietnam

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INDEPENDENT AUDITORS' REPORT

To the Shareholders
Ma San Group Corporation

Scope

We have audited the accompanying financial statements of Ma San Group Corporation ("the Company") and its subsidiaries (collectively "the Group") which comprise the separate and consolidated balance sheets as of 31 December 2011 and the related separate and consolidated statements of income, changes in equity and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's management on 30 March 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Audit opinion

In our opinion, the separate and consolidated financial statements give a true and fair view of the financial positions of the Company and the Group, respectively, as of 31 December 2011 and the results of their operations and their cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.

KPMG Limited
Vietnam
Investment Certificate No: 011043000345
Audit Report No: 11-01-753

CHI NHÁNH CÔNG TY TRÁCH NHIỆM HỮU HẠN KPMG

Chang Hung Chun
CPA No. N0863/KTV
Deputy General Director

Tran Dinh Vinh
CPA No. 0339/KTV

Ho Chi Minh City, 30 March 2012

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

	Code	Note	Group		Company	
			31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
ASSETS						
Current assets	**100**		**12,541,434**	**4,626,838**	**2,291,494**	**1,636,159**
Cash and cash equivalents	**110**	**5**	**9,573,593**	**3,394,575**	**1,510,736**	**1,037,261**
Cash	111		175,717	1,155,118	23,284	1,037,261
Cash equivalents	112		9,397,876	2,239,457	1,487,452	-
Short-term investments	**120**	**12**	**1,222,500**	**490,000**	**373,000**	**-**
Accounts receivable	**130**	**6**	**903,317**	**314,209**	**387,496**	**592,463**
Accounts receivable - trade	131		193,615	64,125	-	-
Prepayments to suppliers	132		363,633	83,966	57,977	4,692
Other receivables	135		347,153	166,823	329,519	587,771
Allowance for doubtful debts	139		(1,084)	(705)	-	-
Inventories	**140**	**7**	**612,845**	**290,200**	**-**	**-**
Inventories	141		625,746	296,547	-	-
Allowance for inventories	149		(12,901)	(6,347)	-	-
Other current assets	**150**		**229,179**	**137,854**	**20,262**	**6,435**
Short-term prepayments	151		129,695	10,131	1,391	262
Deductible value added tax	152		55,418	118,872	17,739	5,877
Taxes and other receivables from State Treasury	154		103	2	-	-
Other current assets	158		43,963	8,849	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	Group		Company	
			31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
Long-term assets	**200**		**21,031,185**	**16,502,700**	**22,289,000**	**18,672,990**
Accounts receivable – long-term	**210**	**6**	**-**	**-**	**2,762,294**	**-**
Other receivables	218		-	-	2,762,294	-
Fixed assets	**220**		**11,287,505**	**8,261,999**	**19,201**	**2,039**
Tangible fixed assets	221	8	879,199	561,229	14,317	251
Cost	222		1,196,701	777,268	16,519	269
Accumulated depreciation	223		(317,502)	(216,039)	(2,202)	(18)
Finance lease tangible fixed assets	224	9	-	11,686	-	-
Cost	225		-	16,871	-	-
Accumulated depreciation	226		-	(5,185)	-	-
Intangible fixed assets	227	10	983,239	72,564	1,316	219
Cost	228		1,021,469	85,882	1,451	234
Accumulated amortisation	229		(38,230)	(13,318)	(135)	(15)
Construction in progress	230	11	9,425,067	7,616,520	3,568	1,569
Long-term investments	**250**	**12**	**9,321,085**	**8,099,909**	**19,490,421**	**18,661,978**
Investments in subsidiaries	251		-	-	10,557,997	10,557,997
Investments in an associate	252		9,321,085	8,099,909	8,932,424	8,103,981
Other long-term assets	**260**		**422,595**	**140,792**	**17,084**	**8,973**
Long-term prepayments	261	13	88,066	70,771	7,400	8,730
Deferred tax assets	262	14	24,798	49,154	-	-
Other long-term assets	268		32,626	17,295	9,684	243
Goodwill	269	15	277,105	3,572	-	-
TOTAL ASSETS	**270**		**33,572,619**	**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 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
RESOURCES						
LIABILITIES	**300**		**12,017,587**	**8,981,050**	**6,821,280**	**3,138,393**
Current liabilities	**310**		**3,625,783**	**3,224,917**	**3,237,125**	**1,180,433**
Short-term borrowings and liabilities	311	16	2,032,397	1,124,674	2,630,000	-
Accounts payable – trade	312		422,772	443,583	523	20,728
Advances from customers	313		7,994	7,997	-	-
Taxes payable to State Treasury	314	17	291,359	152,842	5,193	1,360
Payables to employees	315		12,618	5,395	-	27
Accrued expenses	316	18	824,384	502,838	339,697	175,667
Other payables	319	19	34,259	987,588	261,712	982,651
Long-term borrowings and liabilities	**330**		**8,391,804**	**5,756,133**	**3,584,155**	**1,957,960**
Other long-term liabilities	333	19	-	-	256,195	-
Long-term borrowings and liabilities	334	20	7,409,781	5,000,560	3,327,960	1,957,960
Deferred tax liabilities	335	14	973,459	751,021	-	-
Provision for severance allowance	336	21	8,564	4,552	-	-
EQUITY	**400**		**15,875,652**	**10,623,685**	**17,759,214**	**17,170,756**
Owners' equity	**410**		**15,875,652**	**10,623,685**	**17,759,214**	**17,170,756**
Share capital	411	22	5,152,723	5,152,723	5,152,723	5,152,723
Capital surplus	412	22	2,166,136	2,166,136	2,166,136	2,166,136
Other capital	413	23	10,462,804	9,651,713	10,462,804	9,651,713
Foreign exchange differences	416		(16,066)	3,189	-	-
Other reserves	418	12	(6,569,981)	(9,062,082)	-	-
Retained profits	420		4,680,036	2,712,006	(22,449)	200,184
MINORITY INTERESTS	**439**		**5,679,380**	**1,524,803**	-	-
TOTAL RESOURCES	**440**		**33,572,619**	**21,129,538**	**24,580,494**	**20,309,149**

Prepared by:

Ta Thi Thuy Trang
Chief Accountant

Approved by:

Nguyen Dang Quang
Chairman

30 March 2012

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Statements of income for the year ended 31 December 2011

	Code	Note	Group		Company	
			2011 VND million	2010 VND million	2011 VND million	2010 VND million
Total revenue	**01**	**24**	**7,239,003**	**5,689,498**	-	-
Less sales deductions	**02**	**24**	**(182,154)**	**(103,211)**	-	-
Net sales	**10**	**24**	**7,056,849**	**5,586,287**	-	-
Cost of sales	**11**	**25**	**(3,997,834)**	**(3,194,617)**	-	-
Gross profit	**20**		**3,059,015**	**2,391,670**	-	-
Financial income	21	26	1,185,206	1,620,919	645,584	255,443
Financial expenses	22	27	(347,725)	(270,277)	(717,657)	(169,015)
Selling expenses	24		(1,010,149)	(951,265)	-	-
General and administration expenses	25		(406,374)	(213,732)	(150,487)	(62,291)
Net operating profit/(loss)			**2,479,973**	**2,577,315**	**(222,560)**	**24,137**
Results of other activities	**40**					
Other income	31	28	22,169	19,370	-	-
Other expenses	32	29	(26,303)	(11,162)	(73)	-
Share of profit in an associate	**41**	**30**	**392,733**	**160,598**	-	-
Profit/(loss) before tax	**50**		**2,868,572**	**2,746,121**	**(222,633)**	**24,137**
Income tax expense – current	**51**	**31**	**(247,114)**	**(140,638)**	-	-
Income tax (expense)/benefit – deferred	**52**	**31**	**(125,450)**	**23,734**	-	-
Net profit/(loss) (carried forward to next page)	**60**		**2,496,008**	**2,629,217**	**(222,633)**	**24,137**

The accompanying notes are an integral part of these financial statements

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

	Code	Note	Group		Company	
			2011 VND million	2010 VND million	2011 VND million	2010 VND million
Net profit/(loss) (brought forward from previous page)			**2,496,008**	**2,629,217**	**(222,633)**	**24,137**
Attributable to:						
Minority interests	61		522,859	346,178	-	-
Equity holders of the Company	62		1,973,149	2,283,039	-	-
Earnings per share						
Basic earnings per share in VND	70	34	2,909	4,635	-	-
Diluted earnings per share in VND	70	34	2,523	4,243	-	-

Prepared by:

Ta Thi Thuy Trang
Chief Accountant

Approved by:

S.Đ.K.K.D: 0303576603-C.T.C.P
CÔNG TY CỔ PHẦN TẬP ĐOÀN MA SAN
QUẬN 1 TP. HỒ CHÍ MINH

Nguyen Dang Quang
Chairman

30 March 2012

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 the year ended 31 December 2011

Group

	Share capital VND million	Capital surplus VND million	Other capital VND million	Foreign exchange differences VND million	Other reserves VND million	Bonus and welfare funds 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 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 from acquiring Nui Phao Mining Co., Ltd.	-	-	-	-	-	-	-	-	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)
Foreign 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 the 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
Issuance of equity instruments (Note 12)	-	-	811,091	-	-	-	811,091	-	811,091
Increase in minority interests from acquiring VinaCafe Bien Hoa Joint Stock Company	-	-	-	-	-	-	-	800,370	800,370
Increase in minority interests from share capital issued by subsidiaries (Note 12)	-	-	-	-	2,492,101	-	2,492,101	2,837,079	5,329,180
Foreign exchange differences in a subsidiary	-	-	-	(19,255)	-	-	(19,255)	(4,155)	(23,410)
Net profit for the year	-	-	-	-	-	1,973,149	1,973,149	522,859	2,496,008
Appropriation to bonus and welfare funds	-	-	-	-	-	(5,119)	(5,119)	(1,576)	(6,695)
Balance at 31 December 2011	5,152,723	2,166,136	10,462,804	(16,066)	(6,569,981)	4,680,036	15,875,652	5,679,380	21,555,032

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

<u>Company</u>

	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
Net loss for the year	-	-	-	(222,633)	(222,633)
Issuance of equity instruments (Note 12)	-	-	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:

Ta Thi Thuy Trang
Chief Accountant

Approved by:

CÔNG TY CỔ PHẦN TẬP ĐOÀN MA SAN

Nguyen Dang Quang
Chairman

30 March 2012

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

	Code	Note	Group		Company	
			2011 VND million	2010 VND million	2011 VND million	2010 VND million
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax	**01**		**2,868,572**	**2,746,121**	**(222,633)**	**24,137**
Adjustments for						
Depreciation and amortisation	02		142,120	104,599	5,112	1,038
Allowances and provisions	03		86,870	11,032	-	-
Net unrealised foreign exchange differences	04		(16,689)	(1,203)	(18,184)	(1,203)
Loss on disposal of fixed assets and other long-term assets	05		5,210	547	-	-
Interest income	05		(1,124,958)	(357,405)	(602,109)	(237,919)
Interest expense	06		316,251	233,629	701,046	147,634
Negative goodwill	07		-	(1,239,714)	-	-
Share of profit in an associate	07		(392,733)	(160,598)	-	-
Operating profit/(loss) before changes in working capital	**08**		**1,884,643**	**1,337,008**	**(136,768)**	**(66,313)**
Change in receivables and other assets	09		(35,172)	(44,579)	(136,272)	(480,918)
Change in inventories	10		(173,878)	(98,509)	-	-
Change in payables and other liabilities	11		74,423	343,745	23,508	34,709
			1,750,016	**1,537,665**	**(249,532)**	**(512,522)**
Interest paid	13		(149,650)	(105,384)	(59,020)	(19,715)
Corporate income tax paid	14		(148,616)	(92,865)	-	-
Other payments for operating activities	16		(11,304)	(2,414)	-	-
Net cash generated from/(used in) operating activities	**20**		**1,440,446**	**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 the year ended 31 December 2011 (continued)

	Code	Note	Group		Company	
			2011 VND million	2010 VND million	2011 VND million	2010 VND million
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments for additions to fixed assets and other long-term assets	21		(2,208,260)	(851,009)	(20,944)	(2,072)
Proceeds from disposals of fixed assets and other long-term assets	22		2,406	3,394	-	-
Collections on loans to Viet Capital Securities Joint Stock Company	23		-	50,000	-	-
Loans provided to subsidiary	23		-	-	(2,136,347)	-
Collections on loans to subsidiary	23		-	-	97,651	-
Loans provided to related parties	23		(715,000)	(806,200)	-	-
Collections on loans to related parties	23		715,000	806,200	-	-
Placements of term deposit to banks	24		(46,504,552)	(6,211,858)	-	-
Withdrawal of term deposit received	24		46,145,052	6,447,858	-	296,000
Payment for investments in associate	25		(1,000,000)	(596,449)	(1,000,000)	(596,449)
Net cash (used in)/generated from acquisition of subsidiary	25	4	(808,828)	4,515	-	-
Payments for investments in subsidiaries and other entities	25		-	(1,000,000)	-	(1,000,356)
Payments for investments in bonds	25		(800,000)	-	(800,000)	-
Proceeds for investments in bonds	25		427,000	-	427,000	-
Proceeds from sales of other long-term investment	26		-	128,539	-	-
Receipts of interest	27		994,340	251,981	196,483	131,061
Net cash used in investing activities	**30**		**(3,752,842)**	**(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 the year ended 31 December 2011 (continued)

	Code	Note	Group 2011 VND million	Group 2010 VND million	Company 2011 VND million	Company 2010 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	33		5,215,862	3,322,805	4,000,000	1,344,850
Payments to settle debts	34		(2,092,857)	(1,688,018)	-	-
Payments of borrowing fees	36		-	(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**		**6,139,789**	**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 fluctuation on cash and cash equivalents	**61**		**39,229**	**(15,687)**	**18,184**	**(15,687)**
Cash and cash equivalents at the end of the year	**70**	**5**	**9,573,593**	**3,394,575**	**1,510,736**	**1,037,261**

NON-CASH INVESTING AND FINANCING ACTIVITIES

	Group		Company	
	2011	2010	2011	2010
	VND million	VND million	VND million	VND million
Cost of investment acquired by issuing debts	-	2,855,764	-	-
Cost of investments acquired by issuing equity instruments	811,091	9,651,713	811,091	9,651,713
Loan transaction cost deducted against loan proceeds	164,944	-	-	-
Disposal of fixed assets by setting off against trade payables	-	2,799	-	-

Prepared by:

Ta Thi Thuy Trang
Chief Accountant

Approved by:

CÔNG TY CỔ PHẦN TẬP ĐOÀN MA SAN

Nguyen Dang Quang
Chairman

30 March 2012

The accompanying notes are an integral part of these financial statements

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 consolidated 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		Percentage of economic interests at 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%
Ma San Consumer Corporation (formerly known as Ma San Food Corporation)	Trading and distribution	76.5%		86.6%
Masan Food Company Limited	Food Trading	76.5%		-
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%
Minh Viet Packaging Joint Stock Company	Packaging	76.5%		86.6%
VinaCafe Bien Hoa Joint Stock Company	Beverage manufacturing	38.4%		-

Name	Principal activity	Percentage of economic interests at	
		31/12/2011	31/12/2010
Ma San Horizon Corporation	Investment holding	100%	100%
Ma San Resources Corporation	Investment holding	65%	80%
Ma San Thai Nguyen Resources Company Limited	Investment holding	65%	80%
Thai Nguyen Trading and Investment 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.

All the subsidiaries are incorporated in Vietnam.

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

As at 31 December 2011, the Company had 41 employees (31/12/2010: 25 employees) and the Group had 5,555 employees (31/12/2010: 5,284 employees).

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 Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.

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.

(ii) Basis of consolidation

Common-control business combination

Business combination where the same group of shareholders ("the Controlling Shareholders") control the combining companies before and after the business combination meets the definition of business combination under common control because there is a continuation of the risks and benefits to the Controlling Shareholders. Such common control business combination is specifically excluded from the scope of Vietnamese Accounting Standard 11 *Business Combination* and in selecting its accounting policy with respect to such transaction, the Group has considered Vietnamese Accounting Standard 01 *Framework* and Vietnamese Accounting Standard 21 *Presentation of Financial Statements*. Based on these standards, the Group has adopted the merger ("carry-over") basis of accounting. The assets and liabilities of the combining companies are consolidated using the existing book values from the Controlling Shareholders' perspective. Any difference between the cost of acquisition and net assets acquired is treated as a deemed distribution to or contribution from shareholders and recorded directly in equity.

The consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements include the results of operations of the combining companies as if the group structure had been in existence from the Controlling Shareholders' perspective throughout the entire periods presented (or where the companies were incorporated at a date later than the beginning of the earliest period presented, for the period from the date of incorporation to the end of the relevant reporting periods).

Non-common control business combination

Non-common control business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Under the purchase method, the assets and liabilities of the acquired entity are consolidated using their fair values. Cost of acquisition consists of the aggregate fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group. 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 acquired entity. When the excess is negative, it is recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations included any costs directly attributable to the combination, such as professional fees paid to accountants, legal advisers, valuers and other consultants to effect the combination. Transaction costs are capitalised into the cost of business combination. General administrative costs and other costs that cannot be directly attributed to the particular combination being accounted for are not included in the cost of the combination; they are recognized as an expense when incurred.

(iii) 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.

(iv) 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.

(v) Minority interests

For changes in the Group's ownership interest in a subsidiary that do not result in change in control, the difference between the cost of acquisition or proceeds on disposal of the interest and the proportionate carrying amount of net assets acquired or disposed at the date of exchange is recorded directly in equity.

(vi) 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) Annual accounting period

The annual accounting period of the Company is from 1 January to 31 December.

(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.

Fair value measurement and disclosures

According to Circular 210, the Group and the Company discloses the fair value of financial assets and financial liabilities as compared to their carrying values in Note 36.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Group and the Company measure the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Group and the Company establish fair value using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same and by discounted cash flow and other valuation analyses. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group and the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

(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 has no control or significant influence in the consolidated financial statements; and investments in all equity instruments 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.

(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).

(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 four and five years.

(iii) Brand name

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

The fair value of brand name acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the brand name being owned. The fair value of brand name acquired in a business combination is recognised as an intangible asset and is amortised on a straight-line basis over ten years.

(iv) Customer relationships

Customer relationships that are acquired by the Group on the acquisition of subsidiary is capitalised and presented as an intangible asset. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of customer relationship 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 and mineral assets under development. No depreciation is provided for construction in progress during the period 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 staring from the date of commercial operation.

(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 and printing axles

Tools and supplies and printing axles 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 basic over the tenure of the borrowings.

(v) Insurance fees

Insurance fees are stated at cost and amortised over their useful lives of two years.

(vi) Website fees

Website fees are stated at cost and amortised over their useful lives of three years.

(n) Goodwill

Goodwill arises on acquisition of subsidiaries and associate in non-common control acquisition.

Goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over ten years. In respect of equity accounted investees, 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.

(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 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 interests 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.

(t) Financial income and financial expenses

(i) Financial income

Financial income comprises interest income from deposits and loans, negative goodwill 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, 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 period 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 present basic and diluted earnings per share (EPS) 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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(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.

(z) Off balance sheet items

Amounts which are defined as off balance sheet items under the Vietnamese Accounting System are disclosed in the relevant notes to these financial statements.

3. Segment reporting by business

The Group has three (3) reportable segments, as described below, which are the Group's strategic businesses. The strategic businesses offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic businesses, the Group's Board of Management reviews internal management reports on a periodic basis.

The Group holds the following business segments through separate subsidiary groups:

- Food and beverage
- Mining

The Group also invested in and has significant influence in a joint stock bank and the Group's Board of Management considers Financial Services as a separate business segment.

Business segments

	Food and beverage		Mining		Financial services		Total	
	2011 VND million	2010 VND million	2011 VND million	2010 VND million	2011 VND million	2010 VND million	2011 VND million	2010 VND million
Segment revenue	7,056,849	5,586,287	-	-	-	-	7,056,849	5,586,287
Segment gross margin	3,059,015	2,391,670	-	-	-	-	3,059,015	2,391,670
Segment results	2,158,106	1,359,160	262,477	(6,448)	392,733	160,598	2,813,316	1,513,310
Unallocated expenses							(150,487)	(89,382)
Financial income							388,892	1,476,077
Financial expenses							(179,015)	(162,092)
Net operating profit (include share of profit in associate)							2,872,706	2,737,913
Other income							22,169	19,370
Other expenses							(26,303)	(11,162)
Income tax expense							(372,564)	(116,904)
Net profit							2,496,008	2,629,217

	Food and beverage		Mining		Financial services		Total	
	31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
Segment assets	9,387,054	4,323,096	12,570,448	7,505,579	9,321,085	8,099,909	31,278,587	19,928,584
Unallocated assets							2,294,032	1,200,954
Total assets							33,572,619	21,129,538
Segment liabilities	4,967,970	1,953,995	918,720	279,557	-	-	5,886,690	2,233,552
Unallocated liabilities							6,130,897	6,747,498
Total liabilities							12,017,587	8,981,050
	2011 VND million	2010 VND million	2011 VND million	2010 VND million	2011 VND million	2010 VND million	2011 VND million	2010 VND million
Capital expenditures	558,495	472,845	1,628,630	376,092	-	-	2,187,125	848,937
Depreciation	102,000	98,916	1,829	568	-	-	103,829	99,484
Amortisation of intangible fixed assets	24,026	3,262	576	219	-	-	24,602	3,481

Segment assets and liabilities exclude deferred tax assets and liabilities, respectively.

Geographical segments

The Group operates in one geographical segment which is in Vietnam.

4. Business combination

On 17 October 2011 and 4 November 2011, a subsidiary, Ma San Consumer Corporation acquired 13,320,000 shares and 35,261 shares of VinaCafe Bien Hoa Joint Stock Company ("Vinacafe"), respectively, for a total consideration of VND1,069,096 million, excluding transaction costs. Such acquisitions resulted in Ma San Consumer Corporation and the Group having 50.25% and 38.4% effective ownership in Vinacafe at 31 December 2011, respectively.

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 – short term	205,167	-	205,167
Inventories	235,258	-	235,258
Other current assets	42,021	-	42,021
Tangible fixed assets	31,048	118,229	149,277
Intangible fixed assets	17,320	912,328	929,648
Construction in progress	4,273	-	4,273
Current liabilities	(111,071)	-	(111,071)
Non-current liabilities	(2,805)	-	(2,805)
Deferred tax liabilities	-	(121,344)	(121,344)
Total net identifiable assets acquired	699,479	909,213	1,608,692
Share of net assets acquired			808,322
Goodwill on acquisition			278,774
Consideration paid			1,087,096
Cash acquired			(278,268)
Net cash outflow			808,828
Cost of acquisition comprised:			
Cash payment			1,069,096
Transactions cost			18,000
Consideration paid			1,087,096

Goodwill recognised on the acquisition is attributable mainly to synergies which management expect to realise by integrating Vinacafe into the Group's existing business.

The profit of Vinacafe after the acquisition was VND25,706 million. The revenue and profit of Vinacafe prior to the acquisition was VND1,252,950 million and VND185,407 million, respectively.

5. Cash and cash equivalents

	Group		Company	
	31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
Cash on hand	2,804	1,448	432	59
Cash in bank	172,913	1,153,670	22,852	1,037,202
Cash equivalents	9,397,876	2,239,457	1,487,452	-
	9,573,593	3,394,575	1,510,736	1,037,261

Cash and cash equivalent at 31 December 2011 of the Group and the Company included amounts denominated in currencies other than VND amounting to VND2,334,375 million (31/12/2010: VND532,095 million) and VND199,750 million (31/12/2010: VND527,493 million), respectively.

6. Accounts receivable

As at 31 December 2011, certain trade receivables of the Group were pledged with banks as security for loans granted to subsidiaries (see Note 16).

Other receivables comprised:

	Group		Company	
	31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
Non-trade receivables from related companies	232,399	109,623	266,265	586,710
Accrued interest receivable from:				
• Deposits	44,022	38,159	4,931	521
• Investments in bonds	13,757	-	13,757	-
Services receivable	44,566	-	44,566	-
Others	12,409	19,041	-	540
	347,153	166,823	329,519	587,771

Other receivables include the following amounts due from related parties:

	Group		Company	
	31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
Amounts due from Ma San Corporation - parent company				
Non-trade – short-term	230,446	109,561	230,446	109,561
Amounts due from other related companies				
Non-trade – short-term	1,953	62	35,819	477,149
Non-trade – long-term	-	-	2,762,294	-

The non-trade amounts due from Ma San Corporation represented financial income with respect to accrued interest on convertible instrument. Ma San Corporation undertakes the risks and obligations to subscribe to and pay for the shares under the convertible instrument in the event the lender of the convertible instruments chooses not to convert prior to maturity (see Note 20(c)).

At 31 December 2011, the non-trade – long-term loans due from other related companies of the Company amounting to VND2,762,294 million consist of:

(a) An unsecured long-term loan amounting to VND2,000,000 million due from a subsidiary. The loan bears an interest rate of up to 16% per annum and is repayable within eight years in equal instalments starting from thirty months since the first drawn down date;

(b) Facility fees of 15% per annum amounting to VND121,755 million on an unsecured loan facility made available to a subsidiary of USD108 million, which has not been drawn down by the subsidiary as at 31 December 2011. The facility fee is repayable in 2014; and

(c) An unsecured funding agreement between the Company and its subsidiaries for a principal amount of VND487,500 million. The loans are interest free and will be repayable on the maturity date in 2014.

The Group and the Company's exposure to credit risk in relation to receivables is influenced mainly by the individual characteristics of each customer or counter party. In response to the risk, the Group generally transact with customers on cash on delivery terms. For instances where customers are granted credit terms, management has established a credit policy under which each customer is analysed individually for creditworthiness before credit terms are offered.

The carrying amount of the trade and other receivables represents the maximum credit exposure.

The Group and the Company establishes allowance for doubtful debt that represents its estimate of incurred losses in respect of trade and other receivables.

Movement of allowance for doubtful debts was as follows:

	Group		Company	
	2011	2010	2011	2010
	VND million	VND million	VND million	VND million
Opening balance	705	1,892	-	-
Increase in allowance during the year	379	3,257	-	-
Allowance utilised during the year	-	(4,444)	-	-
Closing balance	1,084	705	-	-

The Group and the Company believe that, apart from the amount provided for above, no further allowance for doubtful debts is necessary in respect of the outstanding trade, other receivables and investments as of 31 December 2011. The ageing analysis of the trade and other receivables prior to allowance is as follows:

	Group 31/12/2011		Company 31/12/2011	
	VND million Gross	VND million Impairment losses	VND million Gross	VND million Impairment losses
Not past due	480,085	-	329,519	-
Past due 0 – 30 days	47,526	-	-	-
Past due 31 – 180 days	11,247	-	-	-
Past due over 180 days	1,910	(1,084)	-	-
	540,768	(1,084)	329,519	-

7. Inventories

	Group		Company	
	31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
Goods in transit	31,028	40,210	-	-
Raw materials	409,748	143,566	-	-
Tools and supplies	1,152	392	-	-
Work in progress	64,939	54,965	-	-
Finished goods	118,879	57,414	-	-
	625,746	296,547	-	-
Allowance for inventories	(12,901)	(6,347)	-	-
	612,845	290,200	-	-

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

	Group	
	2011 VND million	2010 VND million
Opening balance	6,347	37,822
Increase in allowance during the year	86,491	7,775
Allowance utilised during the year	(79,937)	(39,250)
Closing balance	12,901	6,347

As at 31 December 2011, certain inventories of the Group were pledged with banks as security for loans granted to a subsidiary (see Note 16).

8. 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
Acquisitions on business combination	23,642	-	2,292	121,078	2,265	149,277
Additions	3,526	18	13,765	21,137	11,448	49,894
Transfers from construction in progress	34,776	14,896	152	172,246	-	222,070
Transfer from finance lease assets	-	-	-	16,871	-	16,871
Disposals	(45)	-	(318)	(17,228)	(1,088)	(18,679)
Reclassifications	-	-	-	(944)	944	-
Closing balance	244,496	21,562	38,917	860,263	31,463	1,196,701
Accumulated depreciation						
Opening balance	23,567	2,168	9,061	170,584	10,659	216,039
Charge for the year	11,640	3,989	7,203	80,640	3,402	106,874
Transfer from finance lease assets	-	-	-	5,652	-	5,652
Disposals	(45)	-	(297)	(9,824)	(897)	(11,063)
Reclassifications	-	-	-	(118)	118	-
Closing balance	35,162	6,157	15,967	246,934	13,282	317,502
Net book value						
Opening balance	159,030	4,480	13,965	376,519	7,235	561,229
Closing balance	209,334	15,405	22,950	613,329	18,181	879,199

Included in the cost of tangible fixed assets were assets costing VND39,221 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 VND23,946 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 VND7,914 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 VND312,378 million (31/12/2010: VND227,540 million) were pledged with banks as security for loans granted to the subsidiaries.

Company:

	Leasehold improvements VND million	Office equipment VND million	Total VND million
Cost			
Opening balance	-	269	269
Additions	-	1,354	1,354
Transfers from construction in progress	14,896	-	14,896
Closing balance	14,896	1,623	16,519
Accumulated depreciation			
Opening balance	-	18	18
Depreciation for the year	1,830	354	2,184
Closing balance	1,830	372	2,202
Net book value			
Opening balance	-	251	251
Closing balance	13,066	1,251	14,317

9. 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 fixed assets under finance leases and accordingly, reclassified them to tangible fixed assets.

10. Intangible fixed assets

Group:

	Land use rights VND million	Software VND million	Brand name VND million	Customer relationships VND million	Total VND million
Cost					
Opening balance	77,611	7,525	746	-	85,882
Acquisitions on business combination	65,202	-	543,799	320,647	929,648
Additions	-	6,237	91	-	6,328
Transfer to long-term prepayment	-	-	(201)	-	(201)
Adjustment for registration fees	(188)	-	-	-	(188)
Closing balance	142,625	13,762	544,435	320,647	1,021,469
Accumulated amortisation					
Opening balance	10,066	2,934	318	-	13,318
Amortisation for the year	1,987	3,133	9,177	10,688	24,985
Transfer to long-term prepayment	-	-	(73)	-	(73)
Closing balance	12,053	6,067	9,422	10,688	38,230
Net book value					
Opening balance	67,545	4,591	428	-	72,564
Closing balance	130,572	7,695	535,013	309,959	983,239

At 31 December 2011, land use rights with a carrying value of VND55,088 million (31/12/2010: VND39,859 million) were pledged with banks as security for loans granted to the subsidiaries.

Company:

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

11. Construction in progress

	Group		Company	
	2011 VND million	2010 VND million	2011 VND million	2010 VND million
Opening balance	7,616,520	52,916	1,569	-
Acquisitions through business combination	4,273	7,016,200	-	-
Additions during the year	2,028,436	660,865	16,895	1,569
Transfer to tangible fixed assets	(222,070)	(113,261)	(14,896)	-
Transfer to intangible fixed assets	-	(200)	-	-
Transfer to long-term prepayments	(2,092)	-	-	-
Closing balance	9,425,067	7,616,520	3,568	1,569

During the year, borrowing costs capitalised into construction in progress amounted to VND198,437 million (2010: VND3,463 million).

12. Investments

	Group		Company	
	31/12/2011 VND million	**31/12/2010 VND million**	**31/12/2011 VND million**	**31/12/2010 VND million**
Long-term investments				
Investments in subsidiaries	-	-	10,557,997	10,557,997
Investment in an associate (a)	9,321,085	8,099,909	8,932,424	8,103,981
	9,321,085	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	-

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

	31/12/2011 VND million	**31/12/2010 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
Ma San Horizon Corporation	1,199,373	1,199,373
	10,557,997	10,557,997

The following are the details of the consolidated subsidiaries as at 31 December 2011:

Name	Address
Hoa Bang Lang Consultant Company Limited	Suite 802, 8th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Orchid Consultant Company Limited	Suite 802, 8th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Gerbera Consultant Company Limited	6th Floor , Me Linh Point Tower, 2 Ngo Duc Ke Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Dahlia Company Limited	6th Floor , Me Linh Point Tower, 2 Ngo Duc Ke Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Ma San Consumer Corporation (formerly known as Ma San Food Corporation)	12th Floor, Kumho Asiana Plaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Masan Food Company Limited	12th Floor, Kumho Asiana Plaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Masan Industrial Corporation	Lot 6, Tan Dong Hiep A Industrial Park, Di An District, Binh Duong Province, Vietnam
Viet Tien Food Technology Joint Stock Company	Lot III-10-Industrial Group III, Tan Binh Industrial Park, Tan Phu District, Ho Chi Minh City, Vietnam
Ma San HD Joint Stock Company	Lot 22, Dai An Industrial Zone, Hai Duong City, Hai Duong Province, Vietnam
Ma San PQ Corporation	261 Nguyen Trung Truc, Ward 5, Duong Dong Town, Phu Quoc District, Kien Giang Province, Vietnam
Minh Viet Packaging Joint Stock Company	Lot III-12-Industrial Group III, Tan Binh Industrial Park, Tan Phu District, Ho Chi Minh City, Vietnam
VinaCafe Bien Hoa Joint Stock Company	Bien Hoa Industrial Zone 1, Bien Hoa City, Dong Nai province, Vietnam.
Ma San Horizon Corporation	Suite 802, 8th Floor, Central Tower, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Ma San Resources Corporation	Suite 802, 8th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Ma San Thai Nguyen Resources Company Limited	Suite 802, 8th Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam

Name	Address
Thai Nguyen Trading and Investment Company Limited	8th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Nui Phao Mining Company Limited	Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam

(a) Investment in Techcombank's convertible subordinated bonds

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. In prior year, the Group also entered into a swap to receive up to VND1,116,217 million based on Techcombank's 2011 performance. The amounts in the swap agreements were computed based on approximately 11 times projected earnings of Techcombank, kept within a range of VND1,818 billion to VND2,727 billion. Based on Techcombank's reported profit for the year 2011, both swaps have no value. The purchase consideration included cash of VND17,352 million and an agreement to issue 10,814,545 new ordinary shares of the Company, valued at VND811,091 million, issuable within the period 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. As a result, the Company's total economic interest in Techcombank has increased from 28.94% at 31 December 2010 to 30.84%.

On 6 September 2011, the Group received share dividends of 35,312,903 shares (2010: 29,835,246 shares) from Techcombank. Further, the Group's effective equity interest in Techcombank was diluted from 30.84% to 30.61% as a result of share based payments to employees.

(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 deposits and debt instruments represent the maximum credit exposure. At 31 December 2011, the fair value of the short-term investments approximate their carrying values.

(c) Transactions in subsidiaries

(i) Transactions with non-controlling interests in Ma San Consumer Corporation

On 7 April 2011, an investor subscribed for new shares issued by Ma San 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 its 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 its MSC shares to the investor. The Earning Adjustments and IRR Adjustments are contingent consideration.

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 period. If the investor does not exercise its put option during the put option period, the Company can call the MSC shares from the investor for a period of one year after the end of the put option period 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, net of transaction costs	3,247,052
Net assets diluted	(956,190)
Difference recorded in other reserves	2,290,862

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)
Difference recorded in other reserves	(69,489)

(ii) Transactions with non-controlling interests in Ma San Resources Corporation

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 recognised 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, net of transaction costs	2,055,985
Net assets diluted	(1,785,257)
Difference recorded in other reserves	270,728

Other reserve movements were as follows

	VND million
Balance at 1 January 2011	**(9,062,082)**
Increase in minority interests in MSC	2,221,373
Increase in minority interests in MR	270,728
Balance at 31 December 2011	**(6,569,981)**

(d) Swap agreements entered into in 2010

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 VND2,609,503 million 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 amount receivable under this swap is a contingent asset and no value has been recorded as it is not virtually certain of receipt.

13. Long-term prepayments

Group:

	Pre-operating expenses VND million	Prepaid land costs VND million	Printing axles VND million	Tools and supplies VND million	Borrowing fees VND million	Insurance fees VND million	Website fees VND million	Total VND million
Opening balance	56,796	2,401	203	2,641	8,730	-	-	70,771
Additions	-	-	3,125	1,257	-	25,016	1,478	30,876
Transfer from construction in progress	-	-	-	2,092	-	-	-	2,092
Transfer from intangible fixed assets	-	-	-	128	-	-	-	128
Amortisation for the year	-	(55)	(2,718)	(2,699)	(2,010)	(7,521)	(798)	(15,801)
Closing balance	56,796	2,346	610	3,419	6,720	17,495	680	88,066

Company:

	Borrowing fees VND million	Website fees 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

14. Deferred tax assets and liabilities

(i) Recognised deferred tax assets and liabilities

	Group		Company	
	31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
Deferred tax assets:				
Allowance for provision doubtful debts	206	-	-	-
Accrued sales discount	17,469	12,841	-	-
Accrued advertising and promotion expenses	21,740	20,037	-	-
Accrued transportation costs	7,426	6,328	-	-
Other accruals	5,519	2,094	-	-
Tax loss carry-forwards	-	4,737	-	-
Unrealised profit	3,591	3,117	-	-
Less: offset against deferred tax assets	(31,153)	-	-	-
	24,798	49,154	-	-
Deferred tax liabilities:				
Construction in progress	(751,021)	(751,021)	-	-
Tangible fixed assets	(12,808)	-	-	-
Intangible fixed assets	(106,785)	-	-	-
Other receivables	(3,533)	-	-	-
Accrued interest income	(130,465)	-	-	-
Less: offset against deferred tax liabilities	31,153	-	-	-
	(973,459)	(751,021)	-	-
	(948,661)	(701,867)	-	-

(ii) *Movement in temporary differences during the year*

	Group			
	31/12/2010 VND million	Recognised in income VND million	Recognised on acquisition date VND million	31/12/2011 VND million
Allowance for provision doubtful debts	-	206	-	206
Accrued sales discount	12,841	4,628	-	17,469
Accrued advertising and promotion expenses	20,037	1,703	-	21,740
Accrued transportation costs	6,328	1,098	-	7,426
Other accruals	2,094	3,425	-	5,519
Tax loss carry-forwards	4,737	(4,737)	-	-
Unrealised profit	3,117	474	-	3,591
Construction in progress	(751,021)	-	-	(751,021)
Tangible fixed assets	-	246	(13,054)	(12,808)
Intangible fixed assets	-	1,505	(108,290)	(106,785)
Other receivables	-	(3,533)	-	(3,533)
Accrued interest income	-	(130,465)	-	(130,465)
	(701,867)	(125,450)	(121,344)	(948,661)

(iii) *Unrecognised deferred tax assets*

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
Other accruals	-	205	-	-
Tax losses	58,760	7,150	53,630	893
	58,760	7,355	53,630	893

The deductible temporary differences do not expire under current tax legislation. Tax losses expire in five years from the year of occurrence. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits therefrom.

The tax losses expire in the following years

Year of expiry	Status of tax review	Tax losses available	
		Group VND million	Company VND million
2014	Outstanding	9,000	3,572
2015	Outstanding	4,700	-
2016	Outstanding	235,015	210,948
		248,715	214,520

15. Goodwill

	Group VND million
Cost	
Opening balance	5,954
Addition through business combination	278,774
Closing balance	284,728
Accumulated amortisation	
Opening balance	2,382
Amortisation for the year	5,241
Closing balance	7,623
Net book value	
Opening balance	3,572
Closing balance	277,105

16. Short-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
Short-term borrowings	1,298,728	1,084,303	2,000,000	-
Current portion of long-term borrowings (see Note 20)	733,669	40,371	630,000	-
	2,032,397	1,124,674	2,630,000	-

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

	Currency	Interest rate per annum	Group		Company	
			31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
Short-term borrowings						
Secured bank loans	VND	15.2%-18.7%	815,822	724,255	-	-
Secured bank loans	USD	6.5%	1,536	37,049	-	-
Unsecured bank loans	VND	15.7%-18%	481,370	72,206	-	-
Unsecured bank loans	USD	5.30% - 7.0%	-	16,134	-	-
Unsecured loan from a subsidiary	VND	15% - 18%	-	-	2,000,000	-
Unsecured loan from majority vendors	VND	-	-	1,977	-	-
Unsecured loan from majority vendors	USD	15%	-	27,003	-	-
Unsecured loan from parent company	VND	15%	-	205,679	-	-
			1,298,728	1,084,303	2,000,000	-

As at 31 December 2011, the bank loans were secured by the following assets of the Group:

(i) Inventories and trade receivables with a carrying amount of USD5 million, equivalent to VND104,140 million (31/12/2010: VND528,100 million and USD15 million, equivalent to VND283,980 million).

(ii) Fixed assets with a carrying value of VND367,466 million (31/12/2010: VND267,399 million). Part of these fixed assets with carrying value of VND310,560 million (31/12/2010: VND177,237 million) was also used as security for long term borrowings and accordingly, included in the amount of security disclosed in Note 20.

As at 31 December 2011, the Company's loan from a subsidiary is unsecured and bore interest at rates ranging from 15% to 18% per annum during the year. The principal and interest are payable on the maturity date of the loan agreement.

17. Taxes payable to State Treasury

	Group		Company	
	31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
Corporate income tax	202,630	104,132	-	5
Value added tax	41,071	25,378	-	-
Import-export tax	14,810	1,292	-	-
Personal income tax	11,580	-	2,159	-
Other taxes	21,268	22,040	3,034	1,355
	291,359	152,842	5,193	1,360

18. Accrued expenses

	Group		Company	
	31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
Advertising and promotion expenses	177,364	192,374	-	-
Accrued interest payable	253,095	146,578	244,954	141,569
Sales discount	69,876	51,362	-	-
Transportation expenses	29,703	25,516	-	-
Bonus and 13th month salary	50,755	18,163	1,470	712
Consultant fee	104,942	18,326	66,056	18,326
Accrual for construction work	42,500	-	-	-
Withholding tax	33,273	15,367	27,217	14,805
Others	62,876	35,152	-	255
	824,384	502,838	339,697	175,667

19. Other payables

	Group		Company	
	31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
Other short-term payables				
Social and health insurance	1,002	-	12	-
Acquisition of Techcombank bonds	-	982,648	-	982,648
Short-term deposits from customers	19,705	-	-	-
Interest expenses payable to a subsidiary	-	-	261,698	-
Others	13,552	4,940	2	3
	34,259	987,588	261,712	982,651
Other long-term payables				
Other long-term payables to a subsidiary	-	-	256,195	-

The short-term interest expenses payable to a subsidiary were unsecured and payable on maturity of the loan.

Other long-term payables to a subsidiary amounting to VND256,195 million comprise of interest expenses and facility fees, which were unsecured and payable on maturity of the loan and facility agreement.

20. 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
Long-term borrowings (a)	3,329,726	222,233	2,000,000	-
Promissory notes (b)	2,855,764	2,855,764	-	-
Convertible bonds and loans (c)	1,957,960	1,957,960	1,957,960	1,957,960
Finance lease liabilities (d)	-	4,974	-	-
	8,143,450	5,040,931	3,957,960	1,957,960
Repayable within twelve months (Note 16)	(733,669)	(40,371)	(630,000)	-
Repayable after twelve months	7,409,781	5,000,560	3,327,960	1,957,960

Terms and conditions of outstanding long-term borrowings and liabilities are as follows:

		Currency	Interest rate per annum	Year of maturity	Group 31/12/2011 VND million	Group 31/12/2010 VND million	Company 31/12/2011 VND million	Company 31/12/2010 VND million
a. Long-term borrowings								
Secured bank loans		VND	9.6%-20%	2012-2016	1,080,302	147,480	-	-
Secured bank loans		USD	3.72%-3.83%	2014	2,249,424	13,990	-	-
Unsecured bank loans		VND	18%	2016	-	45,815	-	-
Unsecured bank loans		USD	6.80%	2014	-	14,948	-	-
Unsecured loan from a subsidiary		VND	18%	2016	-	-	2,000,000	-
					3,329,726	222,233	2,000,000	-
b. Promissory notes	(b)	VND		2016-2017	2,855,764	2,855,764	-	-
c. Convertible bonds and loans issued to:								
TPG	(c.1)	VND	15%	2012	630,000	630,000	630,000	630,000
International Finance Corporation	(c.2)	VND	8.0%-20.4%	2014-2016	760,000	760,000	760,000	760,000
Jade Dragon (Mauritius) Limited	(c.3)	USD	2%-6%	2015	567,960	567,960	567,960	567,960
					1,957,960	1,957,960	1,957,960	1,957,960
d. Finance lease liabilities								
Finance lease liabilities		VND	12%	2011-2013	-	804	-	
Finance lease liabilities		USD	7%	2011-2013	-	4,170	-	
					-	4,974	-	

(a) As at 31 December 2011, long-term borrowings comprised of:

(i) VND loans amounting to VND430,302 million were secured over fixed assets with a carrying amount of VND310,560 million (31/12/2010: VND177,237 million).

(ii) VND loan amounting to VND650,000 million was secured over future assets and exploitation rights relating to Nui Phao mine and 68,521,729 shares held by the Company in Techcombank, with maximum facility of VND2,376,900 million.

(iii) USD loan amounting to VND2,249,424 million bear interest at LIBOR plus 3.5% per annum during the first year, LIBOR plus 7% per annum during the second year and LIBOR plus 10% per annum during the third year after draw down. The outstanding balance at 31 December 2011 is repayable in one instalment on the termination date.

The Group has the option to extend the loan after twelve, eighteen, twenty four and thirty months upon payment of an extension fee amounting to VND56,797 million for each extension. The facility is available for thirty-six months.

At 31 December 2011, Masan Food Company Limited's investments in subsidiaries with carrying value of VND679,023 million were pledged security for this loan.

As at 31 December 2011, the Group has an undrawn USD90 million facility with a syndicate of local banks. The facility is secured by 69,321,837 shares held by the Company in Techcombank.

As at 31 December 2011, long-term borrowings of the Company comprised an unsecured VND loan from a subsidiary amounting to VND2,000,000 million which was unsecured and bore interest at 18% per annum. The loan matures in 5 years from the drawdown date, which occurred on 17 August 2011. The principal and interest are payable on the date of maturity.

(b) Promissory notes are payable on 23 September 2016 and 23 September 2017 for VND237,980 million and VND2,617,784 million, respectively, in relation to the acquisition of Nui Phao Mining Company Limited ("NPV") from a foreign investor and its affiliates (collectively, the "majority vendor") in 2010. These promissory notes were issued as consideration for the acquisition of NPV.

In addition to the promissory notes above, the Group has issued several instruments as part of the cost of acquisition. Below are the financial details and key commercial terms of the instruments issued. These instruments have not been recognised in the financial statements.

(i) **Company primary share option** - the Company granted the majority vendor an option to purchase VND1,962,320 million worth of the Company shares at a price of VND65,915 per share, equalling 29,770,465 shares of the Company. The option can be exercised in cash or by extinguishing the promissory notes, at the discretion of the majority vendor. The majority vendor shall have the right to exercise the option for the period commencing on the third anniversary following 23 September 2010 until the fifth anniversary. The Company is able to require conversion anytime after the Company's share price reaches VND65,915 for 15 consecutive days, upon which the Company can either pay the promissory notes issued to the majority vendor or require the majority vendor to exercise the option.

(ii) **MR ownership adjustment** - the Group has entered into an agreement with the majority vendor in which the Group will give the majority vendor up to 12% (31/12/2010: 15%) of its interest in MR if the prices of tungsten-related products or commodities increase above the agreed set of ranges. In return, the majority vendor will give the Group up to 4% (31/12/2010: 5%) of its interest in MR if the prices of tungsten-related products or commodities decrease below the agreed set of ranges. The option can be exercised at no cost during the 15 days following the availability of NPV's audited financial statements for the year after the year that NPV produces more than 300,000 metric ton units of contained tungsten trioxide. Any potential adjustment in the shareholding of MR will be included in the call option and put options as described below, without any adjustments to the cost of the exercise prices of such options.

(iii) **MR call and put options** – the majority vendor has granted the Group a call option to purchase 100% of its shares in MR in cash within three years of the option date, which will increase its economic interest in MR from 65% to 80%. The exercise prices are defined on a quarterly basis over the three year period and ranged from VND1,164,320 million to VND1,710,000 million. In return, the Company has granted the majority vendor a put option to put 100% of its shares in MR for the primary shares of the Company based on a valuation of VND1,710,000 million during the period of one month after the lapse of the above three year period at VND65,915 per share.

(c.1) The long-term bonds issued to TPG consist of (i) three convertible bonds, with a principal of VND180,000 million each, entered into with TPG Star Masan, Limited, TPG Star Masan II, Limited and TPG Star Masan III, Limited (collectively "TPG"); and (ii) a convertible bond with a principal of VND90,000 million entered into with TPG Star Masan, Limited.

Among others the agreements provide the following:

(i) Interest is charged at 15% per annum, compounded annually and payable on redemption of the bond. Interest is not payable if the conversion option is exercised. The bonds mature on 10 November 2012.

(ii) The bonds may be converted into 30,922,285 shares to be issued by the Company from 1 April 2011 to the bond's maturity date at the option of the bondholders. However, at any time after the audited consolidated financial statements for the year ended 31 December 2010 have been provided to the bondholders, and the trading price of the Company's listed shares exceeds 200% of the applicable conversion price for a continuous period of 90 trading days, the Company has the option to require the bonds to be converted into shares at that conversion price.

(iii) The bonds are secured by the Company's 4,410,000 shares in Ma San Consumer Corporation.

(c.2) This loan represents a convertible loan, with a principal of VND760,000 million, entered into with International Finance Corporation ("IFC"), wherein VND190,000 million is convertible to the Company's shares.

Among others the agreement provides for the following:

(i) Interest is charged at 8% per annum from disbursement date to 15 April 2012 and at 20.4% per annum from 15 April 2012 to the maturity date for the convertible portion. Interest is charged at 20.4% per annum for the non-convertible portion from 15 April 2013 to 15 April 2016. The loan matures on 15 April 2016. The Group has accrued interest based on the nominal interest rates.

(ii) IFC can exercise the option to convert VND190,000 million, at the maximum, of the principal amount and require the Company to list those converted shares. There are two available period for conversion: the first option period is the period commencing the date falling 12 months after 11 May 2010 and ending on the date falling 36 months after 31 May 2010, the second option period is the period commencing from the date falling thirty six months after 11 May 2010 and ending on 15 April 2016. Interest shall continue to accrue and payment premium remains payable on the convertible loan if IFC does not exercise its conversion option during the first option period.

(iii) The conversion price was determined on a multiple of the Group's 2010 earnings and adjusted for any dilution, as defined in the agreement and subject to an external calculating agent's confirmation.

(iv) Ma San Consumer Corporation guarantees this loan. The loan is secured by the Company's 2,800,000 shares in Ma San Consumer Corporation.

(c.3) This loan represents a USD-denominated convertible loan, with a principal amount of USD30 million.

Among others, the agreement provides the following:

(i) The interest rate of this loan has two portions: nominal interest rate and deferred interest rate. Deferred interest is not payable if the loan is converted. During the period from 15 December 2010 to 14 December 2012 the nominal interest rate and deferred interest rate are 2% per annum and 6% per annum respectively. During the period from 15 December 2012 to 14 December 2013 the nominal interest rate and deferred interest rate are 4% per annum and 4% per annum respectively. During the period from 15 December 2013 to 14 December 2015 the nominal interest rate and deferred interest rate are 6% per annum and 2% per annum respectively. The loan matures on 14 December 2015. The nominal interest rate is compounded daily and the deferred interest rate is compounded annually.

(ii) The loan may be converted into shares by the lender at any time after two years from 15 December 2010 to the loan's maturity date.

(iii) The conversion price was determined at VND65,000 per share.

(iv) The Group also separately entered into an arrangement with Ma San Corporation which undertakes the risks and obligations to subscribe to and pay a cash consideration of USD30 million plus the deferred interest for 9,000,000 shares under the convertible loan in the event that the lender does not exercise the conversion option.

21. Provision for severance allowance

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

	Group	
	2011 VND million	2010 VND million
Opening balance	4,552	1,895
Acquisition through business combination	2,805	-
Provision made during the year	1,855	4,228
Provision used during the year	(648)	(1,571)
Closing balance	8,564	4,552

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 period 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 period prior to the termination date.

For the year ended 31 December 2011, the Group contributed VND5,650 million (2010: VND1,599 million) and the Company contributed VND39 million (2010: VND23 million) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the statements of income.

22. 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.

Movements in issued share capital during the year were as follows:

	2011		2010	
	Number of shares	VND million	Number of shares	VND million
Balance at beginning of the year	515,272,269	5,152,723	485,399,820	4,853,998
Issuance of new shares for cash	-	-	29,872,449	298,725
Balance at the end of the year	515,272,269	5,152,723	515,272,269	5,152,723

23. Other capital

Other capital represents the fair value of the Company's shares to be issued as consideration for the acquisition of interests in subsidiaries and an associate. The fair value of these shares was measured at the date of the related acquisition. During the year, the addition was due to acquisition of 2,834,402 convertible bonds in Techcombank (Note 12(a)).

24. Total revenue

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

Net sales comprised:

	Group		Company	
	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 and allowances	(62,298)	-	-	-
Net sales	7,056,849	5,586,287	-	-

25. Cost of sales

	Group		Company	
	2011	2010	2011	2010
	VND million	VND million	VND million	VND million
Total cost of sales				
▪ Finished goods sold	3,911,343	3,186,842	-	-
▪ Allowance for inventories	86,491	7,775	-	-
	3,997,834	3,194,617	-	-

26. Financial income

	Group		Company	
	2011	2010	2011	2010
	VND million	VND million	VND million	VND million
Interest income from:				
• Deposits	917,948	239,657	138,407	115,584
• Loans to individuals	-	7,055	-	-
• Investment in bonds	75,265	7,438	75,265	-
• Loan to subsidiaries	-	-	256,692	19,080
• Recharge to parent company	110,997	103,255	110,997	96,332
• Loan to parent company	20,748	-	20,748	6,923
Foreign exchange gains	54,598	19,029	43,475	17,524
Negative goodwill	-	1,239,714	-	-
Others	5,650	4,771	-	-
	1,185,206	1,620,919	645,584	255,443

27. Financial expenses

	Group		Company	
	2011	2010	2011	2010
	VND million	VND million	VND million	VND million
Interest expenses payable to:				
• Banks	153,847	92,918	-	-
• Bondholders	162,404	140,711	162,404	140,711
• Subsidiary	-	-	538,642	6,923
Foreign exchange losses	19,273	29,781	8,646	15,687
Other financial expenses	12,201	6,867	7,965	5,694
	347,725	270,277	717,657	169,015

28. Other income

	Group		Company	
	2011 VND million	2010 VND million	2011 VND million	2010 VND million
Proceeds on disposal of fixed assets	2,406	3,394	-	-
Income from scrap sales	12,499	9,639	-	-
Others	7,264	6,337	-	-
	22,169	19,370	-	-

29. Other expenses

	Group		Company	
	2011 VND million	2010 VND million	2011 VND million	2010 VND million
Net book value of disposed fixed assets	7,616	3,925	-	-
Cost of scrap sales	12,174	3,649	-	-
Tax penalties	3,315	1,897	-	-
Others	3,198	1,691	73	-
	26,303	11,162	73	-

30. Share of profit in an associate

	Group		Company	
	2011 VND million	2010 VND million	2011 VND million	2010 VND million
Share of profit in an associate	969,019	414,551	-	-
Amortisation of goodwill	(576,286)	(253,953)	-	-
	392,733	160,598	-	-

31. Income tax

(a) Recognised in the statement of income

	Group		Company	
	2011 VND million	2010 VND million	2011 VND million	2010 VND million
Current tax expense				
Current year	242,683	140,060	-	-
Under provision in prior years	4,431	578	-	-
	247,114	140,638	-	-
Deferred tax expenses/(income)				
Origination and reversal of temporary differences	125,450	(22,914)	-	-
Benefit of tax losses recognised	-	(820)	-	-
	125,450	(23,734)	-	-
Income tax expense	372,564	116,904	-	-

(b) Reconciliation of effective tax rate

Group

	2011		2010	
	%	VND million	%	VND million
Profit before tax		2,868,572		2,746,121
Tax at the Company's income tax rate	25.00%	717,143	25.00%	686,531
Effect of different tax rates in subsidiaries	(11.80%)	(338,558)	(8.48%)	(232,757)
Non-deductible expenses	1.37%	39,313	0.48%	13,109
Tax exempt income	(3.42%)	(98,183)	(12.75%)	(350,078)
Deferred tax assets not recognised	1.84%	52,739	0.21%	5,647
Tax losses utilised previously not recognised	(0.15%)	(4,321)	(0.22%)	(6,126)
Under provision in prior years	0.15%	4,431	0.02%	578
	12.99%	372,564	4.26%	116,904

Tax exempt income represents the tax effects on negative goodwill and share of profit of associate.

<u>Company</u>

	2011		2010	
	%	VND million	%	VND million
(Loss)/profit before tax		(222,633)		24,137
Tax at the Company's income tax rate	(25.00%)	(55,658)	25.00%	6,034
Non-deductible expenses	1.31%	2,921	0.38%	92
Tax loss utilised previously not recognised	-	-	(25.38%)	(6,126)
Deferred tax asset not recognised	23.69%	52,737	-	-
	-	-	-	-

(c) Applicable tax rates

The Company has an obligation to pay the government corporate income tax at the rate of 25% of taxable profits.

The Company's subsidiaries enjoy various tax incentives which provide some subsidiaries with further tax exemptions and reductions.

(d) Tax contingencies

The taxation laws and their application in Vietnam are subject to interpretation and change over time as well as from one tax office to another. The final tax position may be subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Vietnam that are substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation, including on transfer pricing requirements and computation of corporate income tax. However, the relevant authorities may have differing interpretations and the effects could be significant.

32. Significant transactions with related parties

In addition to related party balances and transactions disclosed in other notes to these financial statements, the Group has the following transactions with related parties during the year:

Group

Related Party	Nature of transaction	2011 VND million	2010 VND million
Parent Company			
Ma San Corporation	Interest expenses and withholding tax shared by parent company	123,974	106,472
	Loan provided to parent company	715,000	806,200
	Interest income from loan to parent company	20,748	6,923
	Purchase service	-	540
	Sales of merchandise inventory	-	44
	Expenses shared by parent company	1,801	3,089
Other related parties			
Masan Global Services Corporation	Maintenance fee	10,717	4,115
	Purchase of fixed assets	2,505	468
Masan Property Corporation	Services charge	12,797	3,754
	Construction	-	6,321
	Rental income	91	103
Board of Management members	Remuneration to members of Board of Management	48,286	1,339
	Capital contributed	-	20,000

<u>**Company**</u>

Related Party	**Nature of transaction**	**2011 VND million**	**2010 VND million**
Parent Company			
Ma San Corporation	Interest expenses and withholding tax shared by parent company	123,974	106,472
	Loan to parent company	715,000	806,200
	Interest income from loan to parent company	20,748	6,932
	Expenses shared by parent company	1,801	3,089
Other related parties			
Ma San Consumer Corporation	Loans received from subsidiary	4,715,000	806,200
	Interest expenses on short-term loan	282,447	6,923
	Interest expenses on long-term loan	134,440	-
	Facility fee expense	121,755	-
Ma San Horizon Corporation	Loans provided to a subsidiary	2,136,347	447,381
Ma San Resources Corporation	Interest income from loans provided to a subsidiary	13,775	19,080
	Interest income from long-term loan provided to a subsidiary	121,162	-
	Facility fee income	121,755	-
Board of Management members	Remuneration to members of Board of Management	4,985	1,339
	Capital contributed	-	20,000

33. Commitments

(a) Capital expenditure

As at 31 December 2011, the following outstanding capital commitments have been approved but not provided for in the balance sheet:

	Group		Company	
	31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
Approved and contracted	1,577,637	78,881	-	-
Approved but not contracted	235,345	639,581	-	-
	1,812,982	718,462	-	-

(b) Leases

The future minimum lease payments under non-cancellable operating leases were:

	Group		Company	
	31/12/2011 VND million	31/12/2010 VND million	31/12/2011 VND million	31/12/2010 VND million
Within one year	62,198	36,057	23,619	1,570
Within two to five years	103,647	49,274	35,738	870
More than five years	34,450	35,653	-	-
	200,295	120,984	59,357	2,440

34. Earnings per share

(a) 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 VND1,973,149 million (2010: VND2,283,039 million) of the Group and a weighted average number of ordinary shares outstanding of 678,369,685 shares during the year (2010: 492,546,102 shares), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2011 VND million	2010 VND million
Net profit attributable to ordinary shareholders	1,973,149	2,283,039

(ii) Weighted average number of ordinary shares

	2011	2010
Issued ordinary shares at the beginning of the year	515,272,269	485,399,820
Effect of shares issued for cash	-	7,146,282
Effect of share issued solely after the passage of time	152,579,160	-
Effect of equity instruments issued for the acquisition of additional interest in an associate	10,518,256	-
Weighted average number of ordinary shares at the end of the year	678,369,685	492,546,102

(b) Diluted earnings per share

The calculation of diluted earnings per share for year ended 31 December 2011 was based on profit attributable to shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares arising on convertible bonds and options.

(i) Net profit attributable to ordinary shareholders (diluted)

	2011 VND million	2010 VND million
Net profit attributable to ordinary shareholders (basic)	1,973,149	2,283,039
Share of profit attributed to minority shareholders, net of tax	14,510	-
Net profit attributable to shareholders (diluted)	1,987,659	2,283,039

The diluted net profit attributable to shareholders took into account of share of net profit attributed to minority shareholders.

(ii) Weighted average number of ordinary shares (diluted)

	2011	2010
Weighted average number of ordinary shares (basic)	678,369,685	492,546,102
Effect of conversion of convertible instruments and shares options	109,586,687	45,466,420
Weighted average number of ordinary shares (diluted)	787,956,372	538,012,522

35. Share-based payment plan

Prior to 1 January 2011, certain employees and key management personnel were granted the rights to subscribe for a subsidiary's shares at par, which cease if the employment is terminated. The shares vest on a monthly basis. From 1 January 2011, the shares were not issued monthly and were issued periodically after shareholders' approval.

The number of the subsidiary's shares issued and to be issued to certain employees for services rendered were as follows:

	2011	2010
Employees	683,466	847,623
Members of the Board of Directors (excluded from employees numbers)	268,334	184,208

At 31 December 2011, the subsidiary of the Company also has a commitment to issue 324,268 shares to employees for services rendered from April to December 2011, which has been included in the above total shares.

Prior to listing, the Company entered into option agreements with management which allow for conversion based on a percentage of shares on a fully diluted basis. These option agreements were approved by the shareholders of the Company on 9 October 2009. The exercise dates are within 3 and 6 years from the agreement date. The exercise price depends on the market share price at VND10,000 or VND23,463 per share. As of 31 December 2011, the exercise price would have been VND23,463. The options were issued prior to listing and there is no service condition attached to the options. The number of option shares at 31 December 2011 was 37,128,838 (31 December 2010: 36,588,111) shares.

36. Financial risk management

The Board of Director has overall responsibility for establishing, developing and monitoring the Group's risk management policies.

(a) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group and Company, as and when they fall due.

See Note 6 for the Group and the Company's credit risk management policies.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's and the Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

As at 31 December 2011, the financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

Group:

	Carrying amount VND million	Contractual cash flows VND million	Within 1 year VND million	1 – 2 years VND million	2 – 5 years VND million	More than 5 years VND million
Short-term borrowings and liabilities	1,298,728	(1,350,857)	(1,350,857)	-	-	-
Accounts payable – trade	422,772	(422,772)	(422,772)	-	-	-
Payables to employees	12,618	(12,618)	(12,618)	-	-	-
Accrued expenses	824,384	(824,384)	(824,384)	-	-	-
Other payables	34,259	(34,259)	(34,259)	-	-	-
Long-term borrowings	3,329,726	(4,357,949)	(419,353)	(791,319)	(3,147,277)	-
Promissory notes	2,855,764	(2,855,764)	-	-	(237,980)	(2,617,784)
Long-term bonds issued	1,957,960	(2,133,346)	(993,611)	(452,506)	(687,229)	-
	10,736,211	(11,991,949)	(4,057,854)	(1,243,825)	(4,072,486)	(2,617,784)

__Company:__

	Carrying amount VND million	Contractual cash flows VND million	Within 1 year VND million	1 – 2 years VND million	2 – 5 years VND million	More than 5 years VND million
Short-term borrowings and liabilities	2,000,000	(2,344,942)	(2,344,942)	-	-	-
Accounts payable – trade	523	(523)	(523)	-	-	-
Accrued expenses	339,697	(339,697)	(339,697)	-	-	-
Other payables	261,712	(261,712)	(261,712)	-	-	-
Long-term borrowings and liabilities	2,256,195	(4,697,271)	-	-	(4,697,271)	-
Long-term bonds issued	1,957,960	(2,133,346)	(993,611)	(452,506)	(687,229)	-
	6,816,087	(9,777,491)	(3,940,485)	(452,506)	(5,384,500)	-

It is not expected that the cash flows included in the Group and Company's maturity analysis could occur significantly earlier, or at significantly different amounts.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions are primarily denominated are the United States dollar (USD), Australian dollar (AUD) and Euro (EUR).

The Group entered into a forward exchange contract to manage its foreign exchange risk. The notional principal was for USD10.46 million and matures in one year.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

At 31 December 2011, the Group and the Company had the following net exposed asset/(liability) position:

	Group			Company
	USD	**AUD**	**EUR**	**USD**
Cash and cash equivalents	110,370,528	-	1,284,391	9,590,493
Accounts receivable	6,800,480	-	1,392,000	6,036,164
Other monetary assets	1,414,721	-	-	1,398,500
Accounts payable	(1,717,403)	(183,397)	(1,093,544)	(6,036,164)
Short-term borrowings and liabilities	(73,755)	-	-	-
Long-term borrowings and liabilities	(108,000,000)	-	-	-
Accrued expenses	(4,752,148)	(673,223)	-	(2,565,697)
	4,042,423	(856,620)	1,582,847	8,423,296

The followings were the significant exchange rates applied by the Group and Company:

	Group Exchange rate as at 31/12/2011 VND	Company Exchange rate as at 31/12/2011 VND
USD 1	20,828	20,828
AUD 1	21,772	-
EUR 1	27,700	-

Below is an analysis of the possible impact on the net profit of the Group and net loss of the Company as at 31 December 2011 by a strengthening of the following currencies after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at 31 December 2011. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group Increase/ (decrease) in net profit as at 31/12/2011 VND million	Company Decrease in net loss as at 31/12/2011 VND million
USD (10%)	21,824	13,158
AUD (3%)	(487)	-
EUR (1%)	381	-
	21,718	13,158

The opposite movement of the currencies would have the equal but opposite effect to the net profit/(loss) of the Group and the Company as at 31 December 2011, respectively.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to floating rate interest-bearing financial assets and financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which interest expense could be affected by an adverse movement in interest rates.

The Group does not hedge its exposure to changes in interest rates on interest-bearing borrowings.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	Group 31/12/2011 VND million	Company 31/12/2011 VND million
Fixed rate instruments		
Cash equivalents (Note 5)	9,397,876	1,487,452
Short-term investments (Note 12)	1,222,500	373,000
Long-term receivable from a subsidiary (Note 6)	-	2,000,000
Loans from a subsidiary – short-term (Note 16)	-	(2,000,000)
Short-term borrowings (Note 16)	(358,884)	-
Long-term borrowings (Note 20)	(2,607,960)	(1,957,960)
Loans from a subsidiary- long-term (note 20)	-	(2,000,000)
	7,653,532	(2,097,508)
Variable rate instruments		
Cash in banks	172,913	22,852
Short-term borrowings (Note 16)	(939,844)	-
Long-term borrowings (Note 20)	(2,679,726)	-
	(3,446,657)	22,852

Sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates would have decreased the net profit of the Group and decrease the net loss of the Company by VND29,989 million and VND171 million, respectively.

(d) Estimating the fair value

The Group and the Company's disclosure of fair value of their financial instruments are based on models that utilise independently sourced market parameters, including interest rate yield curves, options volatilities and currency rates.

Fixed rate interest-bearing borrowings and receivables

Fair value is calculated based on the discounted expected future principal and interest cash flows using the market rate of interest at the reporting date. Short-term instruments are assessed to approximate their fair values because of the short period to maturity.

Floating rate loans from banks

The Group believes that the carrying amounts of the floating interest-bearing loans, which are re-priced at least twice annually, reflect the corresponding fair values.

Derivative financial instruments

The fair values of derivative financial assets and derivative financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other derivative financial instruments, the Group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, and other valuation models. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Carrying amount of financial assets and liabilities

According to Circular 210, financial instruments are classified into one of the following categories for disclosure purposes:

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss include trading securities. Securities are classified as trading securities if:

(i) they are acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
(ii) there is evidence of a recent pattern of short-term profit-taking.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Group and the Company have the positive intention and ability to hold to maturity, other than:

(i) those that the Group and the Company on initial recognition designate as at fair value through profit or loss;
(ii) those that the Group and the Company designate as available-for-sale; and
(iii) those that meet the definition of loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

(i) that the Group and the Company intend to sell immediately or in the near term, which are classified as held for trading, and those that the Group and the Company on initial recognition designates as at fair value through profit or loss;
(ii) that the Group and the Company on initial recognition designate as available-for-sale; or
(iii) for which the Group and the Company may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or that are not classified as:

(i) loans and receivables;
(ii) held-to-maturity investments; or
(iii) financial assets at fair value through profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities that meet either of the following conditions:

(i) it meets the definition of held-for-trading;
(ii) upon initial recognition, it is designated by the Group and the Company as at fair value through profit and loss.

Other financial liabilities

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above classification of financial assets and financials liabilities is solely for the purpose of disclosures in the financial statements. This classification does not have impact to the recognition, measurement or classification on the balance sheet of the Group and Company.

The following tables summarise the fair value of financial assets and liabilities together with carrying amounts shown on the balance sheet by Circular 210 categories:

Group:

31 December 2011	Note	Held to maturity VND million	Loans and receivables VND million	Other financial liabilities VND million	Total carrying amount VND million	Fair value VND million
Short-term investments	12	1,222,500	-	-	1,222,500	1,222,500
Trade and other receivables	6	-	539,684	-	539,684	539,684
Cash and cash equivalents	5	-	9,570,789	-	9,570,789	9,570,789
Derivative assets		-	-	-	-	518,057
		1,222,500	10,110,473	-	11,332,973	11,851,030
Short-term borrowings and liabilities	16	-	-	(1,298,728)	(1,298,728)	(1,298,728)
Long-term borrowings and liabilities	20	-	-	(3,329,726)	(3,329,726)	(3,369,322)
Promissory notes	20	-	-	(2,855,764)	(2,855,764)	(1,200,602)
Convertible bonds/loans	20	-	-	(1,957,960)	(1,957,960)	(2,275,330)
Trade and other payables (*)		-	-	(1,294,033)	(1,294,033)	(1,294,033)
Derivative liabilities		-	-	-	-	(30,759)
		-	-	(10,736,211)	(10,736,211)	(9,468,774)

<u>Company:</u>

31 December 2011	Note	Held to maturity VND million	Loans and receivables VND million	Other financial liabilities VND million	Total carrying amount VND million	Fair value VND million
Short-term investments	12	373,000	-	-	373,000	373,000
Trade and other receivables	6	-	329,519	-	329,519	329,519
Other receivables – long-term	6	-	2,762,294	-	2,762,294	2,445,120
Cash and cash equivalents	5	-	1,510,304	-	1,510,304	1,510,304
Derivative assets		-	-	-	-	518,057
		373,000	4,602,117	-	4,975,117	5,176,000

31 December 2011	Note	Held to maturity VND million	Loans and receivables VND million	Other financial liabilities VND million	Total carrying amount VND million	Fair value VND million
Short-term borrowings and liabilities	16	-	-	(2,000,000)	(2,000,000)	(2,000,000)
Long-term borrowings and liabilities	20	-	-	(2,000,000)	(2,000,000)	(2,115,646)
Convertible bonds/loans	20	-	-	(1,957,960)	(1,957,960)	(2,275,330)
Trade and other payables (*)		-	-	(601,932)	(601,932)	(601,932)
Other long-term liabilities	19	-	-	(256,195)	(256,195)	(157,718)
Derivative liabilities		-	-	-	-	(30,759)
		-	-	(6,816,087)	(6,816,087)	(7,181,385)

* *Trade and other payables comprise of accounts payable-trade, payables to employees, accrued expenses and other payables.*

37. Subsequent events

The Group entered into agreements for USD160 million and VND2,200 billion in long-term financing. The transaction comprised of a four year convertible debt issuance of USD80 million and a four year bonds issuance of VND2,200 billion by the Company and a two year loan facility of USD80 million to Ma San Thai Nguyen Resources Company Limited.

The USD80 million convertible debt is convertible into primary shares of the Company at VND85,000 per share, subject to customary adjustments and other terms of the definitive agreements and bears a semi-annual coupon of 5% per annum in year one with a step up to 6% per annum in years two and three and 7% per annum for the remaining term of the convertible loan. A deferred interest is payable if the conversion option is not exercised based on the agreement. The amount was disbursed on 14 February 2012 and 15 February 2012.

The VND2,200 billion bonds were secured against convertible bonds issued by Techcombank and bear semi-annual coupons of 15% per annum. The amounts were disbursed on 17 January 2012, 20 January 2012, 27 February 2012 and 23 March 2012. On such dates, the Company also issued options to subscribe for VND2,200 billion of primary shares of the Company at a strike price of VND100,000 or VND120,000 per share and subject to customary adjustments and other terms of the definitive agreements.

The USD80 million loan facility bears a coupon of 10.15% per annum. The amount was disbursed on 7 March 2012.

Prepared by:	Approved by:
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30 March 2012