

M A S A N  
G R O U P



*Commitment to value*

2011 ANNUAL REPORT

*"We are committed  
to unlocking  
Vietnam's value for  
our shareholders."*

DR. NGUYEN DANG QUANG  
Chairman of Masan Group

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## CHAIRMAN'S LETTER



### DEAR SHAREHOLDERS,

Over the past several years, in a challenging economic climate, Masan Group continued to double up on talent and capital and invest in our businesses. In 2011, our efforts began to bear fruit – today we have a best-in-class business building platform with three underlying operating market leaders in their respective sectors, namely Masan Consumer, Techcombank and Masan Resources, and a cash war chest of over US\$650 million for our existing businesses and M&A.

Our performance has been validated by the returns we have generated for our shareholders. Since listing on the Ho Chi Minh Exchange in 2009, we have managed to outperform the benchmark index every year. In 2011, the price of our shares increased by 16%, versus a 28% decline by the VN-Index. Today, we are the largest private sector<sup>1</sup> company in Vietnam by market capitalization.

As in the years preceding, 2011 was a difficult time for Vietnam's economy. The country continued to experience concerns over high inflation, currency depreciation and a negative sovereign credit outlook. Vietnam's private sector also experienced headwinds with higher financing costs, limited access to growth capital and lower growth. In this environment, Masan Group was able to outperform on multiple fronts.

A few milestones from the beginning of 2011 until the date of this letter include:

- Masan Food was transformed into Masan Consumer to leverage our food platform into a broader consumer focus;
- KKR, a leading global private equity firm invested US\$159 million in Masan Consumer, validating our transition into a broader consumer platform;

- J.P. Morgan and Standard Chartered arranged a US\$108 million loan facility for Masan Consumer;
- Masan Consumer acquired a majority stake in Vinacafé Bien Hoa, Vietnam's best selling instant coffee brand, in our first major step into the beverage sector;
- Masan Resources began construction, spending approximately US\$70 million during the year and commencing earthworks and concrete works;
- Standard Chartered provided a US\$80 million loan facility to Masan Resources, international validation of the advancement of our Nui Phao project;
- Techcombank hired Simon Morris as CEO, a seasoned banking executive with over 30 years of industry experience and a track record of building market leaders for Standard Chartered in various emerging markets;
- Techcombank was named as "Vietnam's Best Bank in 2011" by FinanceAsia and "Best Domestic Bank" in Vietnam 2011 by The Asset; and
- In February and March 2012, we raised approximately US\$185 million, a significant portion of which came from our existing investors, the Richard Chandler Corporation and Mount Kellett.

Financially, we experienced growth in all of our businesses. Driven by increased market share in our key categories, our net sales, including Vinacafe, grew from VND6,888 billion in 2010 to VND8,310 billion in 2011, representing a 20.6% increase. Normalized to remove the impact of goodwill and adjusted to reflect our year-end economic interest percentage of our businesses over the comparable periods, our pro forma net profit after tax increased from VND2,025 in 2010 to VND3,280 billion in 2011, representing a 62.0% increase. Net profits after tax as of December 31, 2011 for Masan Consumer and Techcombank were VND2,254 billion and VND3,154 billion, respectively, representing increases of 79.9% and 52.2% from 2010. In a challenging capital raising environment,

1. Market capitalization as of December 31, 2011 on a fully diluted basis; private sector defined as companies with no major state ownership or origins as a state-owned enterprise.

we successfully raised a significant amount of new capital on a consolidated basis from reputable foreign firms, such as KKR, J.P. Morgan and Standard Chartered. More significantly, our existing partners, such as the Richard Chandler Corporation and Mount Kellett, increased their investment in Masan in our first quarter of 2012 capital raising exercise.

2011 was also a building year during which we invested in our business platforms. Operationally, we have expanded and enhanced our management teams at the group level and at our subsidiaries with new hires from prominent MNCs. Our businesses have continued expanding their reach to service our customers. Masan Consumer increased our already market-leading consumer distribution network from 141,470 points of sale in 2010 to 163,594 points of sale in 2011. Similarly, Techcombank has grown our branch network and ATM network from 282 to 307 and 1,021 to 1,205, respectively, from 2010 against 2011. We have also commenced earthworks and construction of our processing plant for the Nui Phao project, and the number of workers on site has increased from roughly 200 to approximately 1,500.

While the macro-economic situation in Vietnam and the rest of the world remains uncertain, we remain committed to Vietnam’s underlying structural consumption and resources story. Vietnam is an underpenetrated market with significant untapped potential, giving us much reason for optimism. In addition, Masan Group is well positioned to capture an outsized share of Vietnam’s growth as a market leader of scale with an unrivaled platform for building businesses. With our “can do” attitude and a focus on doing a few things and doing them right, Masan Group expects our existing businesses to continue to achieve 30-50% growth in net profit in 2012. With the Nui Phao project expected to come into production in 2013, we are moving towards our goal of achieving US\$1 billion in consolidated EBITDA within three to four years.

I would like to express my gratitude to our valued customers, employees, partners and other stakeholders for their tremendous support over the past year. I am very proud that Masan is a dynamic environment where people from different backgrounds can come together, innovate and succeed. We have established a scalable and sustainable platform for business building in emerging markets that we believe will generate strong and sustainable shareholder returns. Lastly, the Board and I would like to welcome Masan Group’s newest partners. We look forward to working together with all our stakeholders to achieve a successful 2012.

Yours sincerely,



Nguyen Dang Quang  
Chairman of the Board

April 9, 2012

2011 SELECTED FINANCIAL INFORMATION

Income statement of 2011	Audited	Pro forma <sup>2</sup>
Net sales (VND billion)	7,057	8,310
Net profit growth rate	26.3%	20.6%
Net profit (VND billion)	2,496	3,280
Net profit growth rate	-5.1%	62.0%

Balance sheet as of December 31, 2011	Audited
Cash and cash equivalents (VND billion) <sup>3</sup>	10,796
Total debt (VND billion) <sup>4</sup>	6,586
Book value of equity (VND billion)	15,876
Total assets (VND billion)	33,573

2. *Pro forma* are our unaudited financial numbers based on our audited results with adjustments made to reflect normalized earnings. These adjustments include (a) adding back the amortization of goodwill from the transfer of ownership in Techcombank for the financial year 2010 and 2011, assuming Masan Group held a 30.6% interest in Techcombank from January 1, 2010, (b) assuming Masan Consumer held a 50.2% interest in Vinacafé Bien Hoa JSC since January 1, 2010 and adding back the amortization of goodwill and intangible assets from the acquisition of Vinacafé Bien Hoa JSC for the financial year 2011, (c) excluding the negative goodwill from the acquisition of the Nui Phao project for the financial year 2010. Net profit is before removing minority interest.
3. *Cash and cash equivalents* include cash and cash equivalents, and short-term investments.
4. *Total debt* equals short-term and long-term financial borrowings excluding promissory notes. The promissory notes of VND2,856 billion will be extinguished in the event the options to purchase primary shares in Masan Group are exercised with payments in the form of said promissory notes in lieu of cash. The options were given as part of the Nui Phao acquisition and are currently “in the money” as of December 31, 2011. Masan Group has the right to force convert the said options as of December 31, 2011.

# CEO MESSAGE



As I finish my fourth year with Masan and prepare for the next, I think about the values that have driven our company and allowed us to get to where we are today. Reflecting on the journey, I observe that what defines Masan is a certain set of core beliefs. Vietnam is a long-term structural story with continued macro volatility associated with emerging markets. Masan wants to build leading sustainable businesses that tap Vietnam’s potential while navigating through the volatility. Through this come our core beliefs.

Masan believes in Vietnam’s consumption and resources potential, two underpenetrated and untapped sectors. Masan also believes that scale is the key to competing with both multinationals and state-owned enterprises. To achieve scale, we continue to invest in operating platforms and talent to win in a sustainable and meaningful way. Lastly, we believe in focusing on cash flow generating businesses, raising long-term capital through strategic partners and stringent capital allocation.

Executing on these beliefs requires a commitment to transformation and strong discipline. Our track record shows that we have continuously and tirelessly transformed ourselves, growing from a sauce company into a leading private sector group with three market-leading platforms in financial services, consumer goods and resources with a significant amount of cash to invest in organic and inorganic growth. We have demonstrated this commitment to transformation during a very challenging time in Vietnam, when doubling up on talent and investing in operating platforms – such as new products, brands, facilities and distribution – were not at the forefront of people’s minds.

At the same time, we have been disciplined about what we don’t do. Over the past several years, we have not participated in real estate speculation, asset trading, minority investments and investing in equities, none of which fits our focus on sustainable and cash flow generating business building. We have been selective about the deals we execute and have invested only in our existing businesses.

As our size increases, the opportunities and challenges will become much bigger. However, we will stick to our commitment to building market-leading businesses in the financial services, consumer and resources sectors. To do this, we will continue to focus on transformation and discipline. This is our commitment to value.

*Madhur Maini is the Chief Executive Officer of Masan Group and a member of the Board of Directors of Masan Group, Masan Consumer, Techcombank and Nui Phao. Madhur has a dual degree in Applied Science and Finance from the University of Pennsylvania, U.S.A.*

## *Our near-term goals:*

- *Invest in our existing sectors*
- *Broaden our consumer portfolio organically and inorganically*
- *Develop the Nui Phao project to begin production in early 2013*
- *Subject to market conditions, conduct an overseas listing*

## *Our long-term goals:*

- *Generate over US\$1 billion in EBITDA on a consolidated basis*
- *Achieve market leadership positions in all of our sectors*
- *Unlock Vietnam's value for our shareholders*
- *Be the number one home for talent in Vietnam*

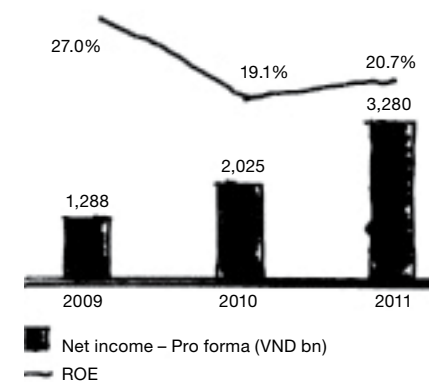


*'We are committed to focus and discipline to build leading businesses.'*

MADHUR MAINI  
CEO of Masan Group

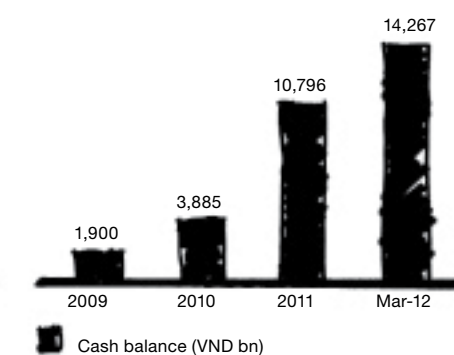
We are one of Vietnam's largest private sector companies focused on building market-leading businesses that capitalize on Vietnam's structural consumption and resources stories. We have a track record of actively building, acquiring and managing large-scale operating platforms, including Masan Consumer, Techcombank and Masan Resources. We are committed to being Vietnam's local private sector champion in terms of scale, profitability and shareholder return and being the country's growth partner and employer of choice.

#### PRO FORMA EARNINGS & ROE



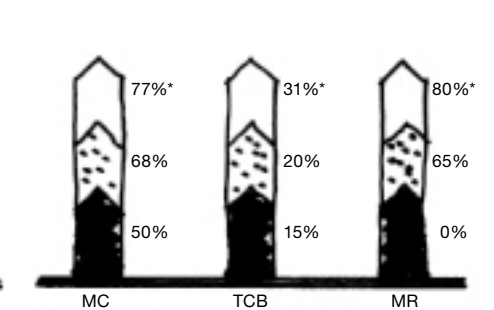
Note: Calculation excludes goodwill and is normalized by applying the current ownership percentages of our businesses since 2009.

#### CASH AND CASH EQUIVALENTS



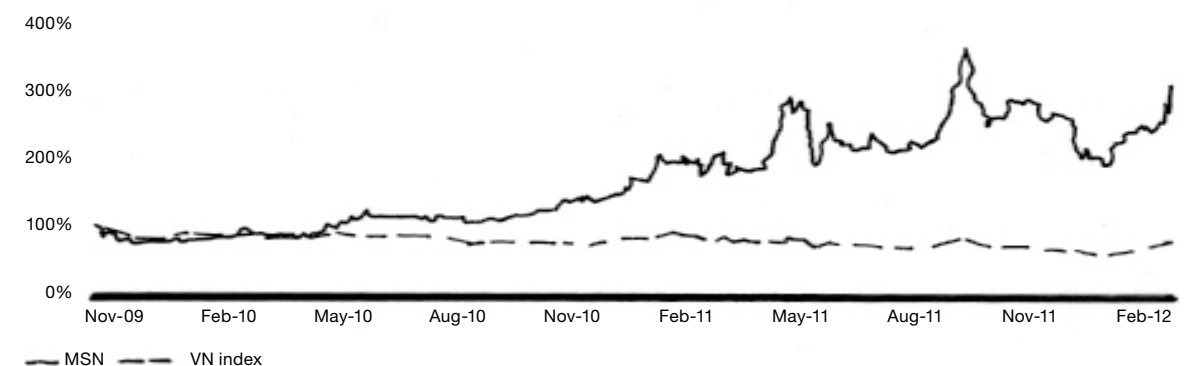
Note: Cash and cash equivalents include short-term investments. Figure as of March 12, 2012 was not audited.

#### CONSOLIDATION SINCE 2009



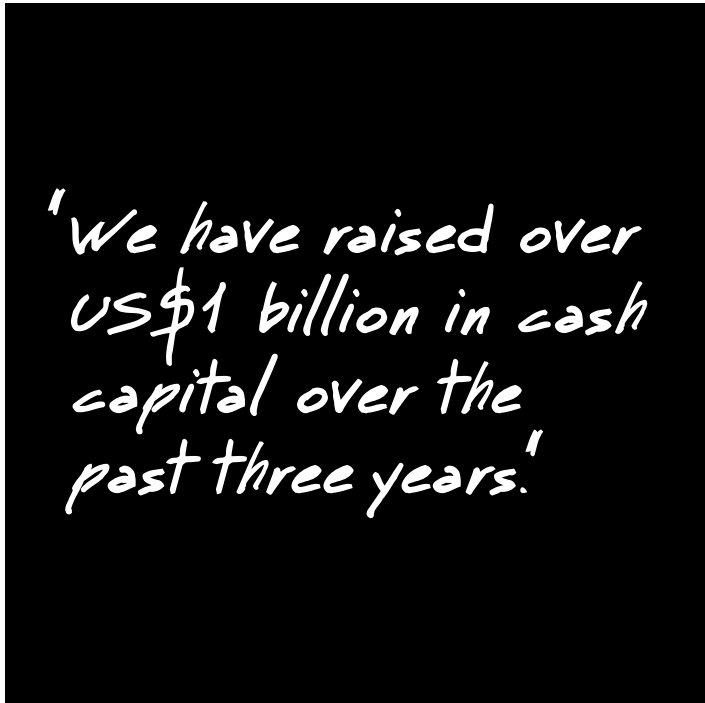
Note: (\*) represents our economic interest which includes equity-linked instruments and forward purchase agreements, and takes into account primary capital raisings at the operating business levels.

#### SHARE PRICE PERFORMANCE SINCE LISTING



Source: Bloomberg





WHO WE ARE

Masan Group is one of Vietnam’s largest private sector companies and has a track record of actively building, acquiring and managing market-leading businesses in several of the fastest growing areas of Vietnam’s economy. Today, our businesses include Masan Consumer, Techcombank and Masan Resources – leading, large-scale operating platforms in the consumer products, financial services and resources sectors, respectively.

We are committed to being Vietnam’s local private sector champion in terms of scale, profitability and shareholder return and to becoming the country’s growth partner and employer of choice. In order to achieve these objectives, we operate in sectors where a local private sector company can be a market leader and where we can develop scale through focus and consolidation.

OUR FOCUSED APPROACH TO BUSINESS BUILDING

In a dynamic market with many potential opportunities, we believe in being disciplined and have recognized several important components of a successful and sustainable business in Vietnam. These include:

Cash Flow Generating Businesses

Masan believes sustainable growth in a developing market like Vietnam requires building cash flow generating businesses. We do not engage in asset trading, such as purchasing land banks or participating in short term speculation. We compete only in sectors with strong growth fundamentals, a proven private sector regional business model and the potential to build a business of scale. We have identified the consumption and resources sectors as our focus.

Best-in-Class Operating Platforms

Sustainable growth can be achieved only through building best-in-class systems and operating platforms. Upon sector entry, we develop a bespoke strategy and repeatable business models to drive market leadership in each business line. This enables us to continually invest in best-in-class operating platforms. Over the past several years, we have invested in new products, brands, production facilities, distribution networks, information systems and, most importantly, talent. Today, Masan has three operating platforms that are leaders in their respective sectors and has also developed a platform to manage aspects of our businesses that require greater understanding of local issues and regulations.

Building Scale

Being a market leader of size allows us to successfully compete in an economy with a fragmented local private sector and where competition from multinational companies and state-owned enterprises is intense. As Vietnam’s largest private sector group in terms of market capitalization, Masan has greater access to capital and professional talent, and the scale to invest in building systems and operating platforms. We build scale through focus and

consolidation. To be a consolidator, we intend to accelerate our growth with acquisitions while growing our existing businesses. We only do control transactions of businesses we believe can become market leaders.

Stringent Capital Allocation and Capital Structure

We have collectively raised over US\$1 billion in long-term capital in the last few years but have only utilized the proceeds to invest and consolidate the stakes in our businesses. The acquisition of the Nui Phao project was primarily cashless. Masan Group has not invested in property or public equities. We believe in having a conservative balance sheet.

World-Class Management and Reputable Partners

We have professional management at all levels of our organization and incentivize our management team by making them shareholders and rewarding those who produce results. We have selectively partnered with globally reputable firms who can provide a sounding board and validation on strategy, information on opportunities and access to long-term capital.

VIETNAM’S GROWTH STORY

Masan Group’s strategy is driven by our view of Vietnam’s opportunities as Southeast Asia’s fastest growing economy. Real GDP has grown at a compound annual growth rate of 7.1% between 2004 and 2011. While Vietnam’s growth has been supported by low labor costs and productivity gains as a result of the Doi Moi (“renovation”) reforms which opened up the markets, we believe Vietnam’s true value lies in its domestic consumption potential and untapped natural resources.

Domestic Consumption Potential

Vietnam’s demographics and rising income levels support strong continued growth in domestic consumption. With 68% of the country’s 89 million residents under the age of 40, the country’s

expanding workforce is expected to drive consumer spending over the next 10 to 15 years. Moreover, based on real GDP per capita and adjusted for purchasing power parity, income levels have increased sixfold in the past 20 years, from US\$560 in 1988 to approximately US\$3,354 today, leading to a doubling in the size of the middle class over the past five years. This rising affluence accounts for the expansion in financial services and in basic sectors such as food and beverage, which will continue to account for more than 50% of total consumption.

Underdeveloped Resources Potential

Mineral resources, agriculture and energy together constitute a significant percentage of Vietnam’s GDP, and further growth is anticipated in all three areas. Vietnam’s rich mineral resources potential remains largely untapped as many areas remain



*'Our businesses are led by four CEOs with over 70 years of multinational experience in emerging markets.'*

unexplored. Agriculture, forestry and fisheries, which constituted 22% of Vietnam's 2011 GDP, will benefit from rising domestic consumption, new export markets and institutional support from government and trade groups. Finally, oil and gas are anticipated in almost 50 fields and prospects, with reserves of approximately 4.5 billion barrels of oil and 23 trillion cubic feet of gas. All three areas are also expected to grow as downstream sectors and related infrastructure are developed.

**Vietnam's Constraints Drive Our Business Model**

Vietnam has recently experienced macroeconomic challenges, including high inflation and currency depreciation as it focused on GDP growth. Additionally, the private sector, while growing strongly, remains fragmented as demonstrated by turnover rates and market share. Private sector companies are further challenged by constrained availability of long-term capital, lack of professional expertise and competition from larger multinationals. Masan Group manages these risks and addresses Vietnam's private sector constraints by building scale and creating leading operating platforms to weather financial cycles, and by consolidating and growing market share.



PROFESSIONAL MANAGEMENT TEAM

The Best Person for Each Job – The Masan Way

We operate according to the “Masan Way”, a unique partnership model where different stakeholders within Masan Group collaborate as equals and play to their strengths to execute on scalable business building. Our various stakeholders contribute the following expertise:

- Risk Management and Capital Allocation – a private equity platform with an appreciation for focus, risk management and optimized capital allocation in order to develop scalable business platforms;
- Local Access and Execution – capabilities that allow us to source and execute on opportunities while effectively managing local risks; and
- Professional Management – seasoned local and expatriate professionals who are best-in-class operators, augmented with reputable strategic partners.

United by a shared entrepreneurial spirit and mutual respect, these groups work together to create our execution platform. We believe this is a unique approach to succeeding in emerging and frontier markets.

At the holding company level, Masan Group is comprised of young, global, proven and

flexible professionals who can execute on diverse projects that we believe create the most transformation and add the most value. These areas include (i) relationship management, (ii) transformational initiatives, such as capital raising, M&A and executive recruitment and (iii) risk management, which include business information and monitoring, compliance, controls and cash management.

**Nguyen Thieu Nam**  
*Deputy Chief Executive Officer, Member of the Board of Directors and Management Board*  
Thieu Nam is responsible for local relationships and local execution. Thieu Nam was formerly with Da My JSC. He graduated from Vietnam University of Commerce, Hanoi, Vietnam.

**Michael H. Nguyen**  
*Executive Vice President*  
Michael leads our execution platform and is responsible for resource allocation. Michael was formerly with J.P. Morgan. He graduated from Harvard University, Massachusetts, U.S.A.

**Tran Quang Chuc**  
*Executive Vice President, Chief Legal Counsel*  
Chuc leads our legal and compliance team. Chuc was formerly with Allens Arthur Robinson and YKVN Lawyers. He graduated from University of Melbourne, Australia and Hanoi Law School, Vietnam.

**Eric Chan Hong Wai**  
*Executive Vice President, Chief Financial Officer<sup>1</sup> and Member of the Management Board*  
Eric is responsible for management information, subsidiary monitoring, controls and finance and accounting. Eric was formerly with PricewaterhouseCoopers and Ernst & Young. He graduated from Sunway University College, Malaysia.

**Nguyen Bich Ha Nguyen**  
*Executive Vice President*  
Nguyen is responsible for local execution. Nguyen was formerly with Binh Duong Department of Planning & Investment. He graduated from University of Economics, Ho Chi Minh City, Vietnam.

**Preetinder S. Panjraht**  
*Executive Vice President*  
Preetinder is responsible for evaluating M&A opportunities. Preetinder was formerly with Deutsche Bank and Oracle. He graduated from INSEAD, France and Thapar Institute of Engineering and Technology, Punjab, India.

**Samresh Kumar**  
*Executive Vice President*  
Samresh is responsible for prioritizing our execution initiatives and executing transactions. Samresh was formerly with SUN Group and Accenture. He graduated from Indian Institute of Management, Calcutta and Indian Institute of Technology, Delhi, India.

1. Official appointment as Chief Financial Officer pending resolution by the Board of Directors.

'We incentivize and align our management by making them shareholders.'

**Danny Le**  
*Senior Vice President*  
Danny is responsible for deal execution and investor relations. Danny was formerly with Morgan Stanley. He graduated from Bowdoin College, Maine, U.S.A.

**Scott Tan**  
*Senior Vice President*  
Scott is responsible for branding, public relations (PR), executive recruiting and CEO initiatives. Scott was formerly a founding partner of a global boutique executive search firm based out of Singapore, Hong Kong and Tokyo. He graduated from University of Malaya, Malaysia.

**Hanh N. Huynh**  
*Senior Vice President*  
Hanh is responsible for branding, PR, executive recruiting and CEO initiatives. Hanh was formerly with AllianceBernstein. She graduated from University of San Francisco, U.S.A.

**Paritosh Gupta**  
*Vice President*  
Paritosh is responsible for monitoring and executing for Masan Resources, where he has been seconded as CFO. Paritosh was formerly with Lehman Brothers. He graduated from Indian Institute of Management, Bangalore and Indian Institute of Technology, Bombay, India.

**Ta Thi Thuy Trang**  
*Vice President, Chief Accountant and Member of the Management Board*  
Trang was formerly with OV Container Line and TUV SUD PSB Vietnam Co. She graduated from University of Economics, Ho Chi Minh City, Vietnam.

**Nguyen Thao Anh**  
*Vice President*  
Thao Anh was formerly with KPMG Corporate Finance in Singapore. She graduated from Nanyang Business School, Singapore.

**Parag Agarwal**  
*Vice President*  
Parag was formerly with Avigo Capital Partners. He graduated from Symbiosis University and University of Kolkata, India.

**Nischay Saraf**  
*Vice President*  
Nischay was formerly with PricewaterhouseCoopers. He graduated from Bangalore University, India.

**Nikhilesh Goel**  
*Senior Associate*  
Nikhilesh was formerly with Avigo Capital Partners, Oracle and Tata Consultancy Services. He graduated from Delhi University, India and Nagpur University, India.

**Huynh Tran Vy**  
*Senior Associate*  
Vy was formerly with Blackhorse Asset Management. He graduated from National University of Singapore and University of North Carolina, U.S.A.

**Salil Rajadhyaksha, CFA**  
*Senior Associate*  
Salil was formerly with Linklaters and Trilegal. He graduated from University of Mumbai, India.

**Sabrina K. Nguyen**  
*Senior Associate*  
Sabrina was formerly with White & Case. She graduated from Georgetown University McDonough School of Business and Georgetown University Law School, U.S.A.

**Le Thanh Tung**  
*Senior Associate*  
Tung was formerly with Baker & McKenzie and Luat Viet. He graduated from University Panthéon-Assas, Paris, France and Vietnam National University, Hanoi.

**Dang Ngoc Ca**  
*Senior Associate, and Member of the Supervisory Board*  
Ca was formerly with Allens Arthur Robinson and Luat Viet. He graduated from Ho Chi Minh City University of Law, Vietnam.

**Punendu Sharma**  
*Senior Associate*  
Punendu was formerly with Proctor & Gamble. He graduated from ESCP Europe, Paris, France and Indian Institute of Technology, Delhi.

**Nguyen Dang Hieu**  
*Senior Associate*  
Hieu was formerly with BNP Paribas and TIM Investment Consulting. He graduated from National University of Singapore, Singapore.

**Sophie Khau**  
*Senior Associate*  
Sophie was formerly with BNP Paribas and AXA Private Equity. She graduated from HEC Paris, France.

**Doan Thi My Duyen**  
*Senior Associate*  
Duyen was formerly with KPMG, Vietnam. She graduated from University of Economics, Ho Chi Minh City, Vietnam.

**Tran Cam Van**  
*Senior Associate*  
Van was formerly with Citigroup and PricewaterhouseCoopers. She graduated from University of Maine, U.S.A.

**Doreen Hoang**  
*Associate*  
Doreen was formerly with Jefferies & Company, Silicon Valley. She graduated from Stanford University, U.S.A.

**Nguyen Thi Hong Van**  
*Associate*  
Van was formerly with Asset Management Consulting AG. She graduated from French – Vietnamese Center for Management Education (CFVG) and Banking University, Vietnam.

**Do Thi Hoang Yen**  
*Senior Analyst*  
Yen was formerly with Ho Chi Minh City Housing Management and Trading Company. She graduated from Ho Chi Minh City University of Law, Vietnam.

**Dao Thi Mai Hoa**  
*Senior Analyst*  
Hoa was formerly with Savills Vietnam. She graduated from National University of Singapore, Singapore.

**Dang Van Duc**  
*Senior Analyst*  
Duc was formerly with Auditing and Accounting Services Company. He graduated from University of Economics, Ho Chi Minh City, Vietnam.

**Nguyen Trung An**  
*Senior Analyst*  
An was formerly with Truong Thanh Furniture Corporation. He graduated from Dalat University, Vietnam and the University of Economics, Ho Chi Minh City, Vietnam.

*'At all levels of our organization, we have some of the most reputable names as stakeholders, including HSBC, KKR, TPG, Mount Kellett, J.P. Morgan and the IFC.'*

## PARTNERS & INVESTORS

Our partners are reputable global firms whom we value as a key part of our business model. They provide us with strategic advice, access to opportunities and long-term capital for growth.

### TPG Growth

TPG Growth is the middle market and growth equity investment platform of TPG, the global private investment firm. With more than US\$2.5 billion under management, TPG Growth targets investments in a broad range of industries and geographies, utilizing leveraged buyout, growth equity and private investment in public equity structures. The firm is backed by the resources of TPG, which has more than US\$48 billion of assets under management. TPG Growth has offices in the United States, China and India.

### BankInvest

The BankInvest Group was founded in Denmark in 1969 and is one of the largest asset managers in Scandinavia with US\$30 billion under management, of which US\$6 billion has been invested in emerging markets.

In 2006, BankInvest launched the Private Equity New Markets (PENM) fund and currently has two funds with capital of approximately US\$240 million. Through PENM, BankInvest provides capital and business know-how and focuses on medium-sized companies with high growth opportunities.

### Dragon Capital

Dragon Capital Group is an investment group with exclusive focus on Vietnam. Established in 1994, Dragon Capital manages assets of over US\$1.3 billion on behalf of private and public institutions from around the globe.

### International Finance Corporation

International Finance Corporation (IFC), a member of the World Bank Group, is the largest global development institution focused on the private sector in developing countries. IFC provides financing to help businesses employ more people and supply essential services by mobilizing capital from others, and by delivering advisory services to ensure sustainable development. In a time of global economic uncertainty, IFC's new investments climbed to a record US\$18 billion in fiscal year 2010.

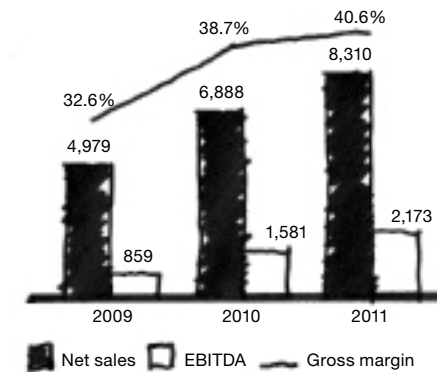
Since 2009, Masan Group, on a consolidated basis, has raised over US\$1 billion in cash capital. Our stakeholders include BankInvest, TPG, Goldman Sachs, IFC, Richard Chandler Corporation and Mount Kellett. As for our underlying companies, KKR, J.P. Morgan and House Foods are partners of Masan Consumer; HSBC is a strategic partner of Techcombank; and Mount Kellett and Standard Chartered have provided funding to Masan Resources.

*'Our commitment starts and ends with the happiness and health of our consumers.'*

TRUONG CONG THANG  
CEO of Masan Consumer

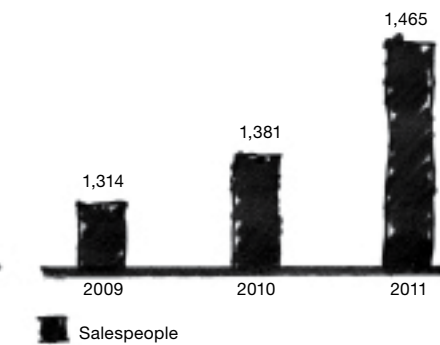
Masan Consumer is one of Vietnam's largest local diversified FMCG companies. We manufacture and distribute a range of food and beverage products, including soya sauce, fish sauce, chili sauce, instant noodles, instant coffee and instant cereals. We commenced operations in 2000 and have subsequently grown our product portfolio, domestic sales and distribution channels to establish a leading position in Vietnamese branded consumer food and beverage market. Our key brands include Chin-su, Nam Ngu, Tam Thai Tu, Rong Viet, Omachi, Oh Ngon, Tien Vua, Kokomi, Vinacafé and De men.

#### SALES, EBITDA AND GROSS MARGIN



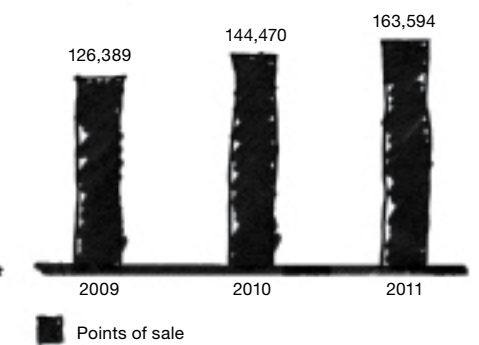
Note: Historical figures include Vinacafe's financial performance

#### NUMBER OF SALESPeOPLE



Note: Data doesn't include Vinacafe's distribution network

#### NUMBER OF POINTS OF SALE



Note: Data doesn't include Vinacafe's distribution network

#### MARKET SHARE



Source: Nielsen, Euromonitor and publicly available market information





## MASAN CONSUMER

Masan Consumer is one of Vietnam's largest consumer product companies with leading market share positions in the condiment, convenience food and instant coffee categories. We have grown our product portfolio, domestic sales and distribution channels since 2000 and are now a leader in Vietnam's branded consumer food market in both the premium and mass-market segments. Our key brands include Chin-su (soya, fish and chili sauces), Tam Thai Tu (soya sauce), Nam Ngu (fish sauce), Rong Viet (chili sauce), Omachi, Tien Vua, Oh Ngon, Kokomi (instant noodles), Vinacafé (coffee) and De Men (instant cereal). With a reputation for quality, we are well-placed to expand our presence in other high-growth food and beverage categories.

Our business has grown considerably over the past several years, with particular success in the condiments and instant noodles segments. Our revenue and net profit have grown from VND571 billion and VND29 billion in 2006 to VND7,057 billion and VND2,254 billion in 2011, respectively, representing respective compounded annual growth rates of 65.4% and 139.1%.

At Masan Consumer, our vision is to be:

- Vietnam's leading consumer company by sales, profitability and brand recognition;
- The destination for top talent and recognized as the best workplace in Vietnam; and
- The symbol for quality and a source of pride among Vietnamese.

Building upon our success in the food industry, we also plan to diversify our operations into other fast moving consumer goods. To this end, in March 2011, we changed our name from Masan Food to Masan Consumer. In late 2011, we acquired a controlling stake in Vinacafé Bien Hoa ("Vinacafe"), a market leader in instant coffee, in order to enter the beverage market<sup>1</sup>.

1. Our acquisition of a controlling stake in Vinacafé Bien Hoa occurred in October 2011 and integration is currently underway. Unless stated otherwise, the description of our operations in the Annual Report does not include Vinacafe's assets and platform.

*'We are number one in market share in the fish sauce, soya sauce and instant coffee categories.'*

## STRATEGY

Masan Consumer strives to be Vietnam's leading consumer company by focusing on several key strategic areas.

### Sector Strategy

Masan Consumer deploys a strategic framework in deciding "where to play." We target food and beverage categories where the market opportunity is large and there is a potential market size of at least US\$500 million. We look for markets where we have the ability to build a premium brand and generate high margins. We also



target markets that are dominated by state-owned enterprises or are fragmented, and where there is a clear path to consolidation. Finally, we look for opportunities where we can create value by product localization through focusing on local taste and health.

Exceptional Execution

Our success in capturing market share rests on exceptional execution. We strive to come to market with a differentiated product, launching with a strong marketing effort in order to create a premium brand. We leverage our extensive distribution platform and premium brand equity to penetrate mass market segments. We also employ and incentivize a world-class, experienced management team by making them stakeholders in the business.

Financial Discipline

Masan Consumer has a disciplined financial strategy with several facets. We aim to achieve at least 30% in gross margins, which allow us to maintain our strong marketing strategy and reinvest in acquiring and consolidating business platforms to achieve a sustainable leadership position. We deploy low capital expenditure, which means having an asset light entry strategy for new categories in order to focus on generating at least 25% ROE. We maintain a conservative balance sheet with leverage below three times our debt/EBITDA ratio in order to adhere to the standards of at least a BBB credit rating. We also use a “cash on delivery” model, enabling us to optimize our working capital position and help fund our growth.

Focus on Growth

We are focused on growing this platform to enable us to become a market leader. In our existing categories, this effort involves shifting consumers to premium brands and changing consumer behavior towards higher consumption. We also enter into high-growth adjacent categories by leveraging our premium brand halo and robust operating platform. Finally, we enter into attractive new categories that fit our sector strategy through inorganic growth.

VIETNAM'S FOOD AND BEVERAGE SECTOR

The food and beverage sector is a critical focus area as it is underpinned by the rising living standards of Vietnamese families and a corresponding increase in domestic consumption. On a per capita basis, spending on packaged foods and beverage in Vietnam is still relatively low compared to its emerging market peers and is expected to grow to US\$16 billion by 2015, from US\$12 billion in 2010, as GDP per capita rises. A shift towards branded and premium products, the emergence of modern trade and increasing demand for packaged and convenience foods are also expected to drive growth.

Further, Vietnam's food and beverage market is where a local player can build a dominant position. Currently, local and regional companies control the market with a market share of approximately 80%, driven by consumers’ preference for local products.

FOCUS AREAS DRIVING OUR OUTPERFORMANCE

Our strong performance is attributable to our deep understanding of Vietnamese consumer behavior, our investment in building premium brands and quality products, our extensive distribution network and our experienced management team with backgrounds from multinational consumer companies.

A Deep Understanding of Vietnamese Consumer Behavior

We have currently identified the condiments, instant noodles and instant coffee segments as the foundation for our food and beverage business. Masan Consumer is the number one player in Vietnam's condiment segment, with leading product lines in the fish sauce, soya sauce and chili sauce categories, and the number two player in the instant noodles segment. A deep understanding of consumer behavior has helped to drive our success, and in each of our segments, we have identified several trends that we expect to help us continue to grow.

FISH SAUCE

The Vietnamese fish sauce market contains many small, unbranded local producers whose products are typically sold at low price points in traditional open food markets found all over the country. As the population's disposable income continues to increase, the market is expected to shift towards branded fish sauce consumption, especially in urbanized areas. We believe that the market offers room for further penetration, as Vietnam's consumption per capita is lower than that of other Southeast Asian fish sauce consuming nations. We also see demand for quality products increasing after a series of recent food safety scandals. Moreover, Vietnamese consumers are using fish sauce in new ways and are looking for new value-added product offerings such as ready-mixed fish sauce.

SOYA SAUCE

Due to the popularity of fish sauce, soya sauce is still a relatively small market in Vietnam, but it is undergoing rapid expansion and market penetration is expected to grow. The market is shifting from unknown brands towards well-known and premium brands, in part due to improved buying power and concerns about product safety. In 2007, the market was hit by the discovery of cancer-causing 3-MCPD in many low- and mid-tier products. Masan's Chin-su and Tam Thai Tu were two of only three major soya sauce brands that met the government's safety requirements and were able to capitalize on the opportunity to gain significant market share. Growth of retail channels such as hypermarkets, supermarkets, convenience stores and independent small grocers in rural areas is expected to improve the distribution of soya sauce and increase customer reach.

CHILI SAUCE

Until recently, chili sauce was primarily utilized as a dipping agent in Vietnam, but it is increasingly becoming a cooking aid, which is expected to drive growth. The market has also seen a shift in consumer behavior from the use of fresh chili to branded chili sauce due to widespread availability, stronger demand for convenience

and increased concerns about food safety. The introduction of chili sauce in quick service restaurants such as KFC, Lotteria and Pizza Hut has influenced consumer tastes, driving chili sauce consumption, as have aggressive advertising and innovative packaging. The entry of fortified chili sauce and new flavors is expected to continue to stimulate consumer interest in branded chili sauce.

INSTANT NOODLES

On a per capita basis, Vietnam's instant noodles consumption is estimated to be the third highest in the Asia Pacific region, trailing only South Korea and Indonesia. The popularity of instant noodles in the cup/bowl format is likely to increase as young Vietnamese professionals demand ease of preparation. Consumers will increasingly shift to premium products whose higher price points will boost the overall market size. To combat the traditional

'Our consumer distribution network directly reaches approximately 164,000 points of sale.'



perception that instant noodles are junk food, producers will continue to increase product variety and flavors and introduce healthier non-flour-based noodles.

### COFFEE

While Vietnam is one of the world's largest exporters of coffee, the country's per capita consumption is much lower than other coffee growing nations and lower than other countries in the region. However, Vietnam is experiencing a rapid increase in coffee consumption, particularly with instant coffee. Designed specifically to offer convenience to Vietnam's increasingly busy consumers, the instant coffee market is growing faster than the fresh coffee market and has been gaining market share over fresh coffee over the past 10 years. Instant coffee saw the most dynamic retail volume and value sales growth among all coffee sub-categories in 2010. As the instant coffee market develops and competition increases,

companies are focusing more on marketing, innovation and improving product quality. As a result, new products with a stronger taste are flourishing and have increased consumer interest.

The Vietnamese coffee market is expected to continue to grow thanks to increasing market penetration, modernization of distribution channels, product innovation and shifts in consumer behavior towards coffee due to aggressive advertising and innovative packaging.

### Well-Recognized and High Quality Products

#### MARKETING AND BRANDING

Our umbrella brand strategy helps us reach a broad range of consumer groups and penetrate adjacent segments. Each of our principal product lines has a premium brand (Chin-su for sauces and Omachi for instant noodles) and a mass-market brand (Nam Ngu, Tam Thai Tu and Rong Viet for sauces and Tien Vua and Kokomi for noodles), meeting the demands of customers of different levels of affluence. This maximizes the value of our brands, establishes a reputation for premium quality across our products and generates economies of scale in advertising and promotion.

Our primary means of reaching our target consumers are television advertisements, which are generally 15- or 30-second commercial spots that focus on the health benefits, taste and affordability of our products. In 2011, Masan Consumer had more than 27,000 television commercial spots nationwide, giving the total Vietnamese audience an average viewing frequency of 243 times per person over the year. In addition to television, we advertise through more than 13 newspapers and magazines with a combined circulation of approximately 11 million copies in 2011, reaching more than 65% of our customer base. We also advertise through radio, building banners, bus stops in key cities and advertisement spreads on the sides of buses. Additionally, we market our products with a variety of other activities such as outdoor campaigns and in-store promotion events.

#### RESEARCH AND DEVELOPMENT - “LIFE SCIENCE”

Our in-house research and development team, Masan Consumer Life Science is comprised of approximately 50 employees tasked with improving the range and quality of our products. Masan Life Science Center is one of the most advanced R&D centers in Vietnam. The Life Science division has developed seven new formulas to date that did not previously exist in the seasoning processing industry and has the capability to launch approximately 30 new products each year. Masan Consumer's ability to innovate is evidenced by numerous successful developments, which include low-salt Chin-su sauce, no-urea Nam Ngu sauce, Tien Vua noodles with zero trans-fat oil, and Omachi noodles mixed with spaghetti sauce.

### Efficient Manufacturing Facilities with the Highest Quality Standards

We currently operate four production facilities at Binh Duong, Tan Binh, Phu Quoc and Hai Duong, with a total of 19 production lines. These facilities allow us to manufacture products with consistent taste and texture, further strengthening the quality of our brands. We do not engage in contract manufacturing or outsource our production to third parties. This enables us to keep strict control over the quality and output of our products.

We have been expanding our Binh Duong facility to accommodate the increase in sales volume we have experienced over the past several years. It became our principal production facility in 2011. The initial phase of this expansion was completed in 2010 and was dedicated to automating the fish sauce production line.

The purchasing department at our Ho Chi Minh City headquarters is responsible for sourcing and negotiating with suppliers for all of our raw materials. The department currently procures raw materials from over 60 suppliers under long-term contracts to ensure consistency and high quality. Suppliers whose long-term performance record with us demonstrates reliability are considered “approved suppliers” and will continue to be engaged under long-term contracts. This strategy helps us to minimize the risk of

working with suppliers who under-perform by missing deliveries, supplying materials of inconsistent quality or that do not conform to specifications, or unexpectedly increasing prices.

### One of the Deepest Distribution Networks in Vietnam

We have developed a pan-national distribution network with approximately 164,000 points of sale, covering all of Vietnam's 64 provinces. Our network includes all major modern trade channels, including hypermarkets, supermarkets and convenience stores, as well as traditional, primarily independent local operators. At the end of 2011, we had established exclusive relationships with 162 distributors and 1,628 dedicated salesmen throughout Vietnam.

We operate five distribution centers, strategically located in the Binh Duong, Tan Binh, Da Nang, Hung Yen and Hai Duong provinces to provide our distributors with products within 24 hours of an order being placed. These distribution centers collectively handled 565,000 pallets in 2011.

To support our distributors throughout Vietnam, we give them geographical exclusivity and work closely with them to ensure the effectiveness of their sales forces and smooth coordination.

### 2011 TRACK RECORD

#### Corporate

In 2011, Masan Consumer transformed Masan's market-leading food platform into a broader consumer platform. We plan to leverage this extensive platform to diversify into other FMCG categories in the near future. This initiative started in late 2011 with the acquisition of a 50.25% stake in Vinacafé Bien Hoa (“Vinacafé”) for approximately US\$51 million. We also raised US\$159 million from KKR who acquired a 10% stake of Masan Consumer.

**Vinacafe**

Vinacafe, our recently acquired subsidiary, manufactures and sells roasted ground coffee, instant coffee, instant milk coffee and instant cereal.

The Vinacafé brand has been developed as an umbrella brand for both instant and roasted ground coffee. Our instant coffee is a market leader in Vietnam with approximate market share of 40%. Our instant cereal is sold under the De Men brand.

Vinacafe has a production facility located in Bien Hoa 1 Industrial Zone with the capacity to produce over 1,300 metric tons of instant coffee per annum. We are building a new factory in Dong Nai within the Long Thanh Industrial Zone. Expected to go into operation by the end of 2012, this state-of-the-art facility is designed to dramatically increase our total capacity up to 4,500 metric tons per annum combined and significantly reduce the cost of inputs.

Unless stated otherwise, the business description of Masan Consumer does not include Vinacafe’s assets and operations.

**Product Initiatives**

In 2011, we continued to improve the brand equity and quality of our existing products. To enhance the brand equity of Chin-su, we re-launched the Chin-su brand across the product portfolio with the same look and feel in its glass bottle packaging and label. We also began using a fermentation method to produce higher-grade soya sauce and enhanced the taste of our fish sauce with a new product formulation.

We also developed several new products. With the launch of Nam Ngu III, we expect our company to continue to move consumers from unbranded to branded fish sauce, particularly in the rural areas. Leveraging the success of our Omachi brand, which has a market share of 45% in the super premium segment, we launched Kokomi with a view to replicate the same success in the mass

market segment. These two new products are expected to be the driver for Masan Consumer in 2012, helping us to consolidate our market share in the fish sauce and instant noodles categories.

**Market Share**

Masan Consumer continued to maintain its leadership position in the fish sauce and soya sauce segments with 76% and 78% market share, respectively. We also grew our market share to 16% in the instant noodles segment. With Vinacafe, we are the leading player in instant coffee in Vietnam, with a retail value share of 40% in 2010.

**Distribution Network**

We continued to deepen our distribution platform in 2011. We finished the year selling directly into approximately 164,000 points of sale, compared to 141,000 as of December 31, 2010. The sales force also increased to 1,628 as of December 31, 2011 compared to 1,525 at the end of 2010.

**Production**

In 2011, the first of our automatic fish sauce lines was brought into operation. With two full shifts the line has a capacity of 8 million liters per month. We also commissioned two additional automatic lines. As of early 2012, we have three automatic fish sauce lines in operation with a combined capacity of 24 million liters per month. We have also brought our waste water treatment plant into operation, which meets international standards and discharges class-A standard wastewater.

**New Hires**

To strengthen our management team, Masan Consumer hired a Marketing Director, a Chief Customer Officer (Sales) and a Supply Chain Director. Please see the Management Team section for their experience and backgrounds.



MANAGEMENT TEAM & PARTNERS

Management Team

Our senior management team has extensive experience in the consumer products industry and comprehensive understanding of local market tastes, conditions and practices. Masan Consumer achieves this unique balance of local knowledge and industry expertise by recruiting top local talent with backgrounds from leading multinational consumer products organizations.

Truong Cong Thang

*President, Chief Executive Officer*  
Thang has over 16 years of experience in the fast moving consumer goods industry, including six years at Procter & Gamble Vietnam as Marketing Director, where he successfully launched some of the company's global brands in the Vietnamese market. He graduated from Hanoi National Economics University, Vietnam.

Nguyen Tuan Viet

*Marketing Director*  
Viet has 10 years of experience with Unilever. He graduated from University of Economics, Ho Chi Minh City, Vietnam.

Ho Bao Long

*Chief Customer Officer*  
Long has over 16 years of experience with multinationals like Unilever Vietnam, Johnson and Johnson Vietnam and Kimberly Clark Vietnam. He graduated from the University of Florida, U.S.A.

Le Thi Nga

*Vice President, Head of Masan Life Science*  
Nga has over 10 years of experience in food sciences. She graduated from Moscow Technological Institute of Food Industry, Russia.

Pham Dinh Toai

*Vice President, Chief Financial Officer*  
Toai had over 20 years of experience in finance before joining Masan Consumer. He was formerly the Finance and Accounting Operations Director for Unilever Vietnam. He graduated from University of Accounting and Finance and University of Technical Education, Ho Chi Minh City, Vietnam.

Nguyen Thi Thu Ha

*Supply Chain Director*  
Ha has 14 years of experience in supply chain management at Tan Hiep Phat, Unilever, Effem Foods, Novartis Pharma and Procter & Gamble. She graduated from University of Economics, Ho Chi Minh City, Vietnam.

Pham Hong Son

*Senior Vice President, Chief Product Supply Capabilities Development Officer*  
Son has over 10 years of production and manufacturing experience at Masan Consumer and is the General Director of Masan Industrial, our primary manufacturing facility located in Binh Duong province. He was formerly a lecturer at Hanoi University of Technology. He has a Doctorate in engineering from Kansai University, Japan.

Vu Quoc Tuan

*Chief Manufacturing Officer*  
Tuan has 15 years of experience in production and supply chain management at Unilever Vietnam and Malaysia, and Kimberly Clark South Asia. He graduated from Polytechnic University in Bratislava, Slovakia and Asia Institute of Technology, Thailand.

Truong Hoang Long

*Human Resources Director*  
Long has over 14 years of experience with companies that include Maersk, Mead Johnson and Unilever. He graduated from Solvay Business School of Belgium and Ho Chi Minh Open University, Vietnam.



Partners

KKR

Established in 1976, Kohlberg Kravis Roberts & Co. (KKR) is a leading global alternative asset manager. KKR sponsors and manages funds that make investments in private equity, fixed income and other assets in North America, Europe, Asia and the Middle East. Throughout its history, it has brought a long-term investment approach, working in partnership with the management teams of its portfolio companies and investing for future competitiveness and growth. KKR has offices in New York, Menlo Park, San Francisco, Houston, Washington D.C, London, Paris, Hong Kong, Beijing, Tokyo, Seoul, Sydney, Mumbai and Dubai.

House Foods

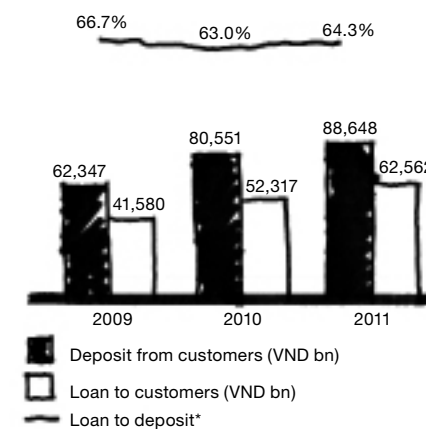
Founded in 1913 and listed on the Tokyo and Osaka Stock Exchanges since 1971, House Foods' stable of products includes curry, seasonings, spices, packaged foods, pre-cooked foods, drinks, snacks and other products. It has offices, manufacturing facilities and research and development centers across Japan, China and Taiwan, as well as centers in the United Kingdom and the United States.

*"At our core, we are in the business of trust and we earn it by putting our clients first."*

SIMON MORRIS  
CEO of Techcombank

We are currently one of the largest joint-stock commercial banks (JSCBs) in Vietnam by total assets with a leading retail deposit and SME lending franchise. Techcombank is led by a seasoned management team from leading multinational and local financial institutions and is supported by our strategic partner, HSBC. Techcombank has successfully ridden the wave of financial liberalization and the ensuing rapid growth of the financial service sector in Vietnam in the past 19 years to become among the largest and most profitable banks in the country.

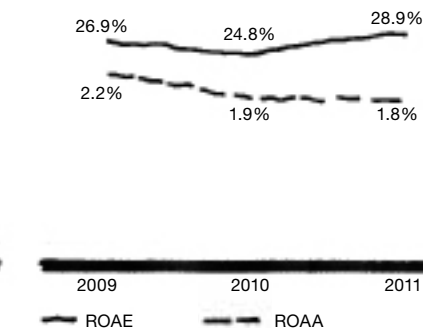
#### DEPOSIT AND LOAN GROWTH



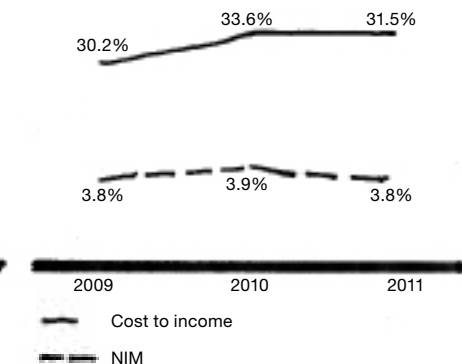
Source: TCB's management

Note: \* Deposit includes certificates of deposit from customers

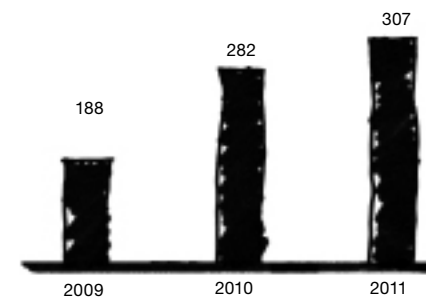
#### ROAA & ROAE



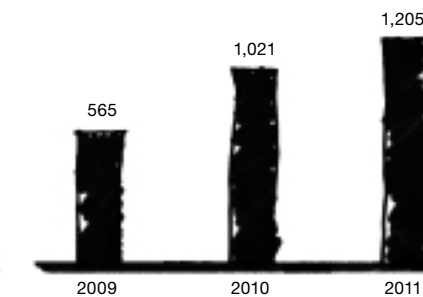
#### COST-TO-INCOME & NIM



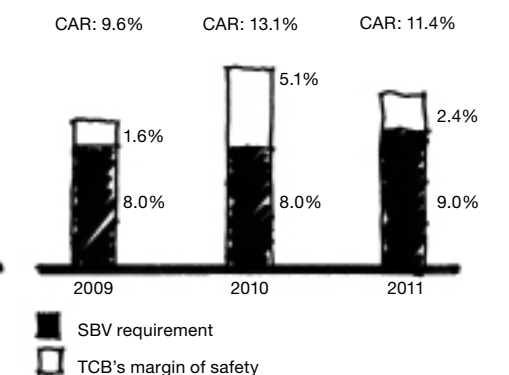
#### NUMBER OF BRANCHES



#### NUMBER OF ATMS



#### ACTUAL & REQUIRED CAR







## TECHCOMBANK

Techcombank is currently one of the largest JSCBs in Vietnam in terms of total assets, loans, deposits and net income. We have built industry-leading franchises in retail deposits, SME and retail lending. In the 19 years since our establishment, we have developed a diversified range of financial products and services to cater to the financial needs of Vietnam's 50 million strong labor force and 305,000 private enterprises. Techcombank has successfully ridden the wave of financial liberalization and the ensuing rapid growth of the financial service sector in Vietnam to become among the largest and most profitable banks in the country.

At Techcombank, our vision is to be:

- The bank of choice for SME and affluent/mass affluent retail customers in Vietnam, providing a full range of financial products and services through personalized customer-centric relationships;
- The premier retail liability franchise in Vietnam;
- An institution that delivers strong returns for our shareholders via business execution and rigorous corporate governance and risk management practices;
- A great working environment where our employees have the platform to develop, contribute and build successful careers; and
- The best bank and a leading business in Vietnam by 2014.

In order to realize this vision, Techcombank plans to enhance our leading SME-focused platform for both lending and deposit-taking. Further, we will utilize our extensive branch network, robust technology platform and corporate customer relationships to build a leading transaction banking business.

*'Techcombank was named Vietnam's Best Bank in 2011 by FinanceAsia.'*

## STRATEGY

Techcombank aims to extend our franchise as a leading bank and further strengthen our market position by executing on several strategic pillars.

### Focusing on Core Customer Segments

Our strategy is focused on providing a full range of banking products and services to two primary customer groups: Vietnam's rapidly growing number of SMEs and Vietnam's increasingly wealthy retail customers, especially affluent (financial assets of at least US\$60,000) and mass affluent (annual income of at least US\$4,500) customers. We believe focusing on our core customer segments will drive sustainable, high-quality growth. We are also focused on lending to these core customers, combining high-margin loan products with robust credit controls.

*'Techcombank serves 2.3 million retail and 66,000 SME and corporate customers.'*

Deepening our Distribution Channels

We have the third largest network of branch locations among Vietnam’s JSCBs with 307 branches and sub-branches. We continue to emphasize the importance of expanding physical and electronic distribution channels.

Consolidating Market Share and Profitability

We aim to consolidate our market share through new product offerings and a customer-centric service culture. We believe increasing transaction and fee services will generate high-margin, low risk income streams. We also aim to expand our deposit base, primarily from retail customers.

Maintaining a Conservative Risk Profile

We have adopted a conservative approach to lending and liquidity management, supported by a well-developed risk governance structure and risk management policies and procedures. We maintain a strong funding base and liquid balance sheet and are focused on secured, asset-backed lending. We also maintain a diversified loan portfolio with minimal exposure to SOEs and real estate developers. We maintain high capitalization ratios in excess of regulatory requirements. We emphasize the use of International Financial Reporting Standards (IFRS).

VIETNAM'S BANKING SECTOR

In Vietnam, as in other emerging markets, the banks that have built strong franchises in the right market segments and implemented robust risk governance structures have the potential for strong growth and attractive returns on capital. Banking provides a leveraged play on the economy as financial intermediation grows in importance and bank instruments replace cash. For all of the Vietnamese banking sector’s rapid growth over the last several years, it remains underpenetrated and SOEs continue to account for most loans in the banking system. According to SBV, only 20% of Vietnam’s population hold bank accounts and approximately 14% of transactions are non-cash as of December 31, 2011. According to Euromonitor, it is estimated that Vietnamese consumers hold only 550,000 credit cards as of June 30, 2011, leaving much room for growth as GDP per capita rises. Further, various estimates place the amount of physical gold and US dollars held outside the banking system at approximately US\$40-70 billion (equivalent to 40-70% of GDP). It is expected that much of this wealth will flow into the Vietnamese banking system. Vietnam’s banking sector has grown rapidly for most of the past decade, yet there have been challenges. Rapid credit growth ballooned Vietnam’s domestic credit as a percentage of GDP from 71% in 2006 to the high (but not yet critical) level of estimatedly 104% in 2011. More recently, many banks have struggled as tight monetary policy revealed underlying weaknesses in terms of limited access to funding and illiquid and undercapitalized balance sheets.

The quality of banking sector assets and risk controls remains a concern and Techcombank stands out for our strengths in many areas that are weaknesses for the banking sector overall, such as our liquid balance sheet, strong deposit franchise and robust risk controls, which we believe will enable us to capitalize on the sector opportunity.

FOCUS AREAS DRIVING OUR OUTPERFORMANCE

We have steadily built our status as the leading SME and retail bank since we began executing on our strategic pillars in 2000. The keys to our success include our extensive distribution network, our prudent risk-management model, our innovative product offerings and our focus on technological solutions.

Market-Leading Deposit Franchise

Techcombank has the second largest total deposits among private sector banks in Vietnam, with VND88,648 billion in total deposits at the end of 2011. Our extensive distribution network—the third largest in terms of branch locations and largest in terms of ATM locations among Vietnam’s JSCBs - gives us excellent coverage of the key urban markets that have high concentrations of SME and affluent/mass affluent retail customers. Persistent and disciplined growth of this network has been fundamental to our growth. As such, our deposits from customers have grown at a significantly higher rate than our peers’.

As of December 31, 2011, we had a network of over 307 branches and sub-branches in 35 provinces and cities throughout Vietnam. Techcombank has its own network of 1,205 ATMs and has joined card alliances to give our retail customers access to approximately 9,350 ATMs and 14,000 points of sale nationwide. Branches and sub-branches are our main distribution channel in Vietnam with ATMs and electronic banking playing an increasingly important role in facilitating customer transactions.

To support the success of our distribution network, we have placed a high priority on offering convenient, reliable and efficient

customer services. We have developed electronic banking channels, such as Internet and mobile phone banking, established a 24/7 customer service center and offer door-to-door service for SME and Priority Banking for Personal Financial Services (PFS) customers.

Prudent Risk Management Model

Techcombank’s rigorous and comprehensive risk management practices are regarded as among the best in the Vietnamese banking market. Through our strategic partnerships with HSBC, a leading global bank, and McKinsey, a world-class advisory firm, Techcombank has built a robust risk management platform underpinned by secured lending, a diversified loan book, low real estate exposure, streamlined processes and prudent policies.

RISK GOVERNANCE

Our risk governance structure includes a number of committees, divisions and departments that are responsible for credit approval and our overall risk management. Our Board of Directors has two committees that oversee and monitor our risk management platform. The Audit & Risk Committee addresses our overall risk management framework, while the Credit Risk & Problem Loans Management Committee addresses NPL management and bad debt recovery. In addition, the Audit Control & Compliance Department performs our internal audit functions and reports to the Board of Directors and Supervisory Board. Within the Board of Management, the Asset-Liability Committee addresses our asset-liability management, the Senior Credit Committee is responsible for approving loans above a certain size, and the Financial Investment Committee sets market risk limits for and approves selected investments by our Treasury Division. In addition to the committees listed above, we have sub-committees that focus on certain aspects of risk management as part of their broader mandates.

Our Risk Management Division has specialized departments for Corporate and Financial Institution Credit Assessment, Retail Credit Risk, Credit Monitoring for the Northern and Southern regions



*'Techcombank's loan-to-deposit ratio of 64.3% is one of the lowest in the market, reflecting its conservative lending practices.'*

(including monitoring of existing loans for deterioration and support for loan restructuring efforts and bad debt recovery), Market Risk Management, Operational Risk Management, Collateral Assessment and Management and Risk Strategy, including risk management policy, portfolio management and modeling development.

CREDIT APPROVAL AND COLLATERAL

Our SME, PFS, Corporate Banking and Treasury Divisions each have their own credit approval processes. The credit processes for each division are designed with the aim of combining appropriate level of rigor in the credit approval process with timely and responsive decision-making and customer service. The process for each division is tailored to the risk profile and service requirements of its customers and product portfolio. All divisions’ approval teams are separate from the teams that focus on credit origination and marketing, giving us greater independence to apply our credit

standards. Where loan size and simplicity permit, we have sought to improve the efficacy and efficiency of our credit approval process through use of credit scoring models.

To further shield ourselves against loan losses, we obtain significant collateral for most loans to customers, for loans to certain interbank borrowers and for certain bonds purchased by the Treasury Division. We enjoy a high degree of collateral coverage, with total collateral value of VND167,167 billion as of December 31, 2011 versus total net loans of VND62,562 billion and total interest-earning assets of VND155,009 billion. This level of collateral cover provides us with a significant additional buffer against loan loss. We conduct our own stringent appraisal of the assets offered as collateral for secured loans, typically applying a discount to benchmark values to arrive at an appraised value, which provides us with an additional buffer against illiquidity of the asset or changing market conditions.

ONGOING PORTFOLIO MONITORING

We have developed a framework to identify, monitor and report potential credit risks from disbursed loans and other outstanding credit exposures. Responsibility for ongoing monitoring of an individual loan is allocated to the branch or the appropriate body at the regional or head office depending on a variety of factors, including the size and quality or classification of the loan. In 2010, we improved our loan portfolio monitoring by implementing an early warning system that aims to identify performing loans at risk of becoming NPLs.

MARKET RISK MANAGEMENT

We were one of the first banks in Vietnam to establish a separate unit for monitoring and managing risks associated with market fluctuations. The Risk Management Division contains a Market Risk Management Department that is distinct from the Treasury Department and conducts round-the-clock monitoring of our foreign exchange, money market, securities and commodity exposures. In 2003, we became the first bank in Vietnam to successfully deploy a market risk monitoring system, which has been continually extended and improved.

ASSET AND LIABILITY RISK MANAGEMENT

We are keenly aware of the risks associated with asset and liability mismatches in terms of interest rates, maturity and currency, especially given the growth in the size and diversity of our funding and lending portfolios over the last several years. To address risks associated with asset-liability mismatches, we control the size, structure and P&L of assets and liabilities and develop contingency plans to ensure adequate access to funding. We also identify and analyze risks for specific assets and liabilities, set optimal ratios and limits for each component of the balance sheet and perform stress tests to measure our exposure to asset-liability mismatches to maintain sound liquidity. Finally we perform checks that all activities conform to our overall risk management framework.

OPERATION RISK MANAGEMENT

We consider operational risk to be the responsibility of each employee and cultivate awareness of operational risks as part of our culture. Our Risk Management Division and Operational Risk Management Department build key risk indicators to support line managers in the early identification of operational risks and collection of data on loss events. Our segregation of front and back-office functions also provides a system of internal controls designed to improve transparency and mitigate operational risks.

Our Audit Control & Compliance Department, which reports to the Supervisory Board and the Board of Directors, also minimizes our operational risks. This department conducts regular reviews of each department and branch’s compliance with Vietnamese banking regulations and our internal policies and procedures. Our Legal & Compliance Division provides legal and compliance advice to senior management, oversees legal and compliance functions and litigation matters, and sees that potential risks are properly identified and reported to management.

Our Operational Risk Management Department identifies, evaluates and suggests criteria to manage operational risks associated with technology, such as backup for IT systems, monitoring of IT projects, delivering warning messages through the IT system and training staff on information security.

Innovative Products and Services Aimed at Key Sectors

We offer a variety of loan, deposit and fee-generating products and services tailored to meet the needs of PFS, SME, Corporate Banking and Financial Institution clients. We have stayed ahead of the curve in introducing innovative products and services that offer customers greater convenience and functionality.

PERSONAL FINANCIAL SERVICES

PFS customers, especially those in the affluent and mass affluent segments, are the core of our deposit base and an increasing component of our loan portfolio. As of December 31, 2011, the PFS Division accounted for 35% of the Bank’s loans to customers and 65% of deposits from customers. We believe retail banking for affluent and mass affluent customers is an attractive business in Vietnam with high and sustainable growth potential. The growing incomes, spending and wealth levels of Vietnamese consumers and the low level of banking sector penetration make this sector highly attractive. PFS customers also have a more attractive risk/return profile compared to corporate borrowers and offer high levels and quality of collateral for most retail loan products.

In addition to our loan and banking services and wealth management product offerings, we have introduced savings and current account products with superior features and added value to meet customer requirements at different stages in their lives. We have developed bancassurance and structured finance products, particularly for Priority Banking customers. We have also launched successful retail products such as Techcombank Visa credit cards, and consumer finance and savings products that have helped us win recognition as an innovative and technology-oriented bank. We combine these product offerings with a high level of customer service, including “anytime, anywhere” attention from senior Priority Banking relationship managers for affluent customers.

According to a market survey conducted in late 2010, our customers demonstrated a high level of satisfaction based on services per customer, frequency of customer transactions,

percentage of satisfied customers and number of customers considering our products. The percentage of our customers willing to recommend our products to their friends and relatives was also high.

SME

SME customers are currently the mainstay of our lending business and a significant component of our loan book. As of December 31, 2011, loans to limited liability companies, joint stock companies and private enterprises represented a combined 59% of loans to customers, with the SME division accounting for the vast majority of these loans. On the deposit side, corporate lenders (mostly from the SME Division) accounted for 35% of customer deposits. We believe that SME banking is an attractive business line due to the rapid growth of Vietnam’s private sector, and due to its high level of productivity and efficiency compared to that of large SOEs. We also believe that SMEs offer a more attractive risk/return profile compared to SOEs and other large corporate borrowers and have high levels of available collateral.

We believe that as a group, SMEs have less of a tendency to require rollovers or de facto restructurings than larger corporates. We segment our SME customers into Micro SMEs (MSMEs) with annual revenue of less than US\$1 million, SMEs with annual revenue of US\$1-10 million and Middle Market Enterprises (MMEs) with annual revenue of US\$10-50 million. We tailor our products and loan application processes to fit the requirements of each category.

CORPORATE BANKING

Our Corporate Banking Division focuses on enterprises with annual revenue greater than US\$50 million, particularly those in Vietnam’s private sector. We offer these customers loan products similar to those offered to SME customers as well as project financing and syndicated loans. We also offer these enterprises liability products similar to those offered by the SME Banking Division.

TRANSACTION BANKING

Transaction banking is a significant and fast-growing source of fee income for us. This trend is expected to continue as Vietnam’s international trade grows, its payment system develops and companies’ cash management becomes more sophisticated. In 2010, we created a specialized Transaction Banking Division to focus on developing, marketing and aiding the Corporate Banking and SME Divisions to sell transaction banking products. Key transaction banking products include letters of credit, bank guarantees, cash management and payroll, domestic and international payment services, and cash handling and collection.

Technology and System Orientation

We view our information technology infrastructure as a core competency and a competitive advantage. We have proactively developed a comprehensive IT infrastructure to support our suite of banking products and activities. In 2002, we were the first JSBC in Vietnam to implement a core banking system, the T24 core banking system developed by Temenos that is used by many of the world’s leading financial institutions. We were the first financial institution in Vietnam to execute a Business Process Management platform for retail and SME credit application processes.

Techcombank continues to be a technology pioneer. We were the first JSBC to become a member of the Smartlink-Banknetvn ATM network, which today provides its customers with access to approximately 9,350 ATMs throughout Vietnam. We were one of the first Vietnamese banks to offer full-service Internet banking for retail customers, and the first to provide it for corporate and SME customers. We were also the first Vietnamese bank to offer payment services via mobile phone text message.

Additionally, we were the first Vietnamese bank to adopt an automated front- and middle-office treasury solution. Other major IT investments in recent years include implementation of Oracle’s Data Warehouse Model in 2010 and our recent purchase of Experian’s credit application process system in 2011.

2011 TRACK RECORD

New Products

In 2011, we launched a new payment service through our Fast i-banking platform that allows institutional clients to collect customer payments online. For example, Prudential Vietnam’s policyholders can now pay their insurance policy premium using our Fast i-banking platform with no extra fee.

Techcombank has also launched the F@stEasy card product for retail customers with higher transaction limits. Customers using the card can now spend or make ATM withdrawals of up to VND250 million per day versus the normal limit of VND50 million per day. Customers can also transfer up to VND1 billion per day online. Techcombank has also launched new supply chain financing products to our SME and corporate clients, providing them with the necessary working capital to optimize their cash flows and enhance liquidity through financing sales and purchases. We have customized this product for certain key industries, particularly agricultural industries, such as rubber processing and trading, aquaculture, animal feed production and distribution, and rice and cashew processing.

We also began issuing EMV cards, which apply very high security standards for both issuing systems and points of sale. EMV technology is based on the payment standards of the world’s three largest payment entities: Visa, MasterCard and EuroPay. At Techcombank, the current point of sale system is already secured according to EMV specifications.

Customer Service Program

Techcombank signed a credit facility agreement with the German Investment and Development Company (DEG). In the framework of this agreement, TCB will receive a medium-term loan from DEG worth US\$35 million to add to its pool of capital to be lent to Vietnam’s SMEs. This was the largest credit facility that DEG committed in Asia in 2011.

We also launched a comprehensive strategic co-operation program between Techcombank and Mercedes Benz Vietnam, which sees the two companies cooperating to provide unique tailor-made product packages to each other’s customers. With Mercedes’ financial support program, Techcombank will provide special car loan packages to Mercedes customers, develop Mercedes cards, take part in the company’s golf competitions and offer other benefits with Techcombank’s partnership.

In 2011, Techcombank also launched a long-term commitment loyalty program, which is the first comprehensive customer care program in Vietnam’s banking sector. For each transaction, loyal customers who use our credit cards, deposits and personal current accounts will accumulate points to be exchanged for valuable gifts, such as Vespa scooters, iPads, LCD televisions and mobile phones. We plan to expand the program to other banking services in the future.



### Technology Upgrade

In 2011, we continued to focus on our technological systems with an upgrade of our T24 core banking system. This included an upgrade of system hardware with new architecture, a database conversion from Jbase into Oracle and a system re-structuring by Multi-book.

### Risk Management Programs

In consultation with McKinsey, we have completed the qualitative comparative analysis (QCA) project, which will help us to build a credit rating system to evaluate SME customers that includes quantitative and financial risk elements. QCA is now a component in the computerized credit approval process ECM and is being rolled out in seven branches in Northern Vietnam.

### Recognition

Techcombank was recognized with several awards in 2011, including:

- “Vietnam’s Best Bank in 2011” from FinanceAsia magazine;
- “Best Cash Management Bank in Vietnam in 2011” from FinanceAsia magazine;
- “Best Trade Finance Bank in Vietnam in Vietnam in 2011” from FinanceAsia magazine;
- “Best Retail Bank in Vietnam in 2011” from Asian Banking & Finance magazine; and
- “Best Domestic Bank” in Vietnam in 2011 from The Asset magazine.



MANAGEMENT TEAM & PARTNERS

Management Team

**Simon Morris**  
*Chief Executive Officer*  
Simon Morris was appointed CEO of Techcombank as part of the bank’s strategy to make its market-leading platform meet international standards. He has a track record of building emerging market leaders with a particular expertise in consumer deposits, SME lending and asset quality.

Simon has thirty years of industry experience. Prior to joining Techcombank he was country Chief Executive Officer for Standard Chartered Bank Group in Indonesia, Philippines and Sri Lanka. Notably, in Indonesia, Simon implemented strong risk management controls and developed a scale platform that enabled the bank to increase net profit from US\$80 million to US\$150 million during his tenure.

**Pham Quang Thang**  
*Head of SME*  
Thang has over 16 years of experience in banking and was formerly with ABN AMRO Bank, Vietnam and National Australia Bank, London. He graduated from Washington State University, U.S.A and Swinburne University of Technology, Melbourne, Australia.

**Dang Tuyet Dung**  
*Head of Personal Financial Services*  
Dung has over 17 years of experience in banking, including 15 years with Citibank, Vietnam. She graduated from National Economics University, Hanoi, Vietnam.

**Phan Thanh Son**  
*Head of Markets*  
Son has 13 years of experience in banking and was formerly with Citibank Vietnam and Tien Phong Bank. He graduated from National Economics University, Hanoi, Vietnam

**Nguyen Cong Thanh**  
*Head of Corporate Banking*  
Thanh has over 11 years of experience in banking and investment. Thanh was formerly with Natixis Bank, ABN-AMRO Bank and Temasek Holdings. He graduated from University of Economics, Ho Chi Minh City, Vietnam.

**Bach Thuy Ha**  
*Head of Transaction Banking*  
Ha has over 17 years of experience in banking. Ha was formerly with Citibank Vietnam and Deutsche Bank. She graduated from University of Technology, Sydney, Australia and Leuven University, Belgium.

**Do Diem Hong**  
*Head of Financial Institutions*  
Hong was formerly with J.P. Morgan Chase in Vietnam. She graduated from France-Vietnam Management Training Center (CFVG).

**Nguyen Canh Vinh**  
*Head of Sales & Distribution*  
Vinh joined Techcombank in 1994 and has held various senior positions with Techcombank. He graduated from Latrobe University, Australia.

**Phung Quang Hung**  
*Head of IT & Operations*  
Hung has over 16 years of experience in banking and was formerly with ABN-AMRO in Vietnam. He graduated from University of Washington State, U.S.A.

**Truong Gia Tu**  
*Deputy Head of Risk Management*  
Tu has over 19 years of experience in banking and was formerly with Calyon and HSBC. He graduated from National University, Hanoi, Vietnam.

**Cu Anh Tuan**  
*Head of Finance & Planning*  
Tuan has over 16 years in accounting and finance and was formerly with State Capital Investment Corporation and Fujitsu. He graduated from Swinburne University of Technology, Melbourne, Australia.

**Le Xuan Vu**  
*Head of Strategy & Corporate Development*  
Vu joined Techcombank in 1997 and has held various senior positions. He graduated from North Central University, U.S.A.

**Le Phuong Phuong**  
*Head of Marketing*  
Phuong has 12 years of experience in marketing and PR. She was formerly with ANZ Vietnam and Navigos Group. She graduated from Southern Columbia University, U.S.A.

**Tran Thi Diep Anh**  
*Head of Human Resources*  
Diep Anh has 11 years of experience as a HR professional and was formerly with Cargill. She graduated from Hanoi Foreign Languages University and University of Transport and Communications, Vietnam.

Partner

HSBC

The HSBC Group is one of the largest banking and financial services organizations in the world and the largest foreign bank in Vietnam in terms of investment capital, network, product range, staff and customer base. In September 2008, HSBC became the first foreign bank to obtain official approval from the State Bank of Vietnam to set up a wholly foreign-owned bank in Vietnam.

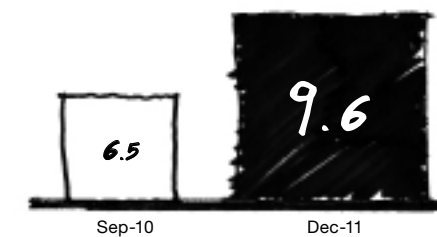
*'As a national asset of significant scale, Nui Phao deserves a world class mining and processing operation.'*

DOMINIC HEATON  
CEO of Masan Resources

Masan Resources is one of the largest private sector natural resource companies in Vietnam, currently developing the world-class Nui Phao polymetallic project in northern Vietnam. Nui Phao will be a globally significant producer of tungsten, fluorspar and bismuth - niche industrial minerals that are large enough to establish a private sector leader that can generate cash flows to consolidate the sector.

With Nui Phao as our flagship, we aim to acquire, develop and explore other assets to build Vietnam's premier private sector resources company.

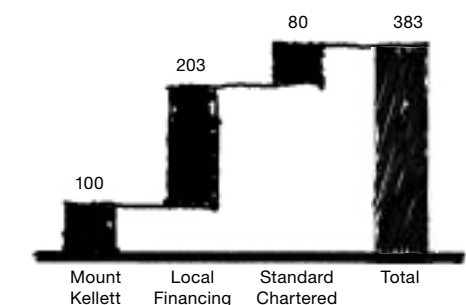
#### VALUE OF RESERVES



Note: Value of reserve is in US\$ billion.

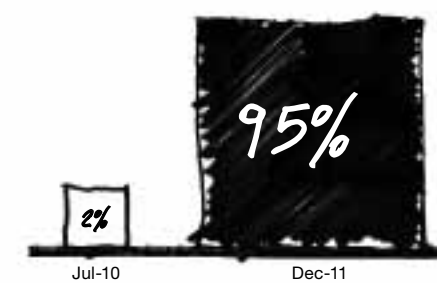
Approximate values based on total mineral content in proven and probable reserves based on Tungsten APT prices from Metal Bulletin, Acid-grade fluorspar prices from Industrial Minerals, Bismuth prices from Metal Bulletin, and Copper prices from LME.

#### FINANCING ARRANGED



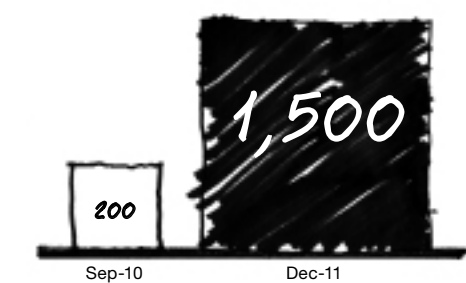
Note: Finance arranged is in US\$ million.

#### STATUS OF ON-SITE LAND TRANSFER COMPLETION



Note: Land discussed excludes Sector 6, the buffer zone not required until 5 years into the project.

#### NUMBER OF PEOPLE WORKING ON THE PROJECT







MASAN RESOURCES

Masan Resources is one of the largest private sector natural resources companies in Vietnam, currently developing the world-class Nui Phao polymetallic project in northern Vietnam.

Our current focus is to develop the Nui Phao on schedule and within budget. Once in production, Nui Phao will be among the world’s largest producers of tungsten, fluorspar and bismuth and is expected to generate approximately US\$400-500 million in revenue and approximately US\$250-300 million in EBITDA annually. Over the life of the project, Nui Phao is expected to generate around US\$6 billion in revenue and over US\$3 billion in EBITDA (based on prices, design cost and recoveries as of December 2011).

Masan Resources is looking to become Vietnam’s private sector resources champion by acquiring, exploring and developing resource assets of scale. Vietnam is endowed with significant resources across a variety of metals and minerals. These resources are largely undeveloped and, outside of state ownership, their market is highly fragmented. We believe that with our experienced management team, local access, strong execution capabilities, international partners and capital raising abilities, we have developed the right platform to consolidate these assets and build Masan Resources into the leading mineral mining company in Vietnam.

STRATEGY

Our execution strategy for building our business is focused on three key areas: leveraging local relationships to access and execute on opportunities, using our access to capital and cash flows to acquire and develop quality assets, and de-risking projects through the Masan platform.

We believe that leveraging local networks helps us to be first on scene and obtain preferential access to quality assets. Our expertise working within Vietnam’s regulatory landscape helps us to work effectively with central and local governments and navigate



regulatory requirements. Our government and community ties ensure we achieve swift execution onsite.

We aim to put our access to capital and cash flows to use in acquiring and developing assets with high potential. We believe in injecting the required capital not only to complete development of brownfield assets, but also to scale up operations, which helps to optimize productivity over the long term.

We minimize macroeconomic risk by hedging against commodity price fluctuations with Masan Resources’ diversified basket of metals and minerals. Our financial risk is low because of our access to Masan Group’s stable capital flows and investor networks, while our operational risk is mitigated by our access to Masan Group’s trading partners, customers and professional management expertise.

Achieving Global Standards

Masan Resources is committed to adhering to global standards as we develop and expand our business. We have assembled a team of world-class professionals with extensive international and regional experience who are passionate about building Masan Resources into Vietnam’s resources champion. Our execution partners, including Jacobs Engineering Group, Knight Piesold and Golder Associates, are assisting us in achieving this vision.

We care deeply about the impact of our projects on the environment and community surrounding them. Thus, our environmental and social action plans are built in accordance with Equator Principles, the gold standard for social and environmental sustainability for mining projects, to minimize any adverse impacts from our projects and to add value to the communities surrounding our projects. We have provided some additional infrastructure to the people relocating to the resettlement sites provided by our projects, as well as training to help them to be able to pursue alternate careers.

VIETNAM’S RESOURCE SECTOR

We believe the resource sector is one of the core areas that represent Vietnam’s value. It is an underdeveloped and fragmented sector where a local private sector company can achieve scale and develop market leadership. The Nui Phao project fits Masan’s entry strategy and product selection criteria, as it will be a globally significant producer of tungsten, fluorspar and bismuth – niche industrial minerals that are significant enough to establish a private sector leader that can generate cash flows to consolidate the sector.

Vietnam is endowed with significant deposits of a variety of bulk and niche minerals, including bauxite, rare earths, tungsten, titanium, phosphate, coal and iron ore. However, with the exception of coal, a majority of the current mining projects in the country are small in scope, representing an untapped opportunity for development on a larger scale.

1. Using commodity prices as of December 2011

FOCUS AREAS DRIVING OUR OUTPERFORMANCE

Nui Phao Project’s Strategic Advantage

Nui Phao represents the ideal platform to build Masan Resources into Vietnam’s leading private-sector resource company.

UNIQUE ASSET OF SCALE

Nui Phao is a unique mine with one of the world’s largest deposits of tungsten, fluorspar and bismuth, as well as deposits of copper with traces of gold. When in full production, Nui Phao is expected to generate US\$400 to US\$500 million in revenue and approximately US\$250-300 million in EBITDA annually<sup>1</sup>.

THE RIGHT COMMODITIES

A distributed revenue base lends the project stability in a volatile environment for commodities. In addition, given the concentration of supply for tungsten, fluorspar and bismuth and the prospects for copper linked to emerging markets growth, the view on future prices for these commodities is favorable.

LOW COST OF OPERATIONS

As an open-pit mine with a low strip ratio, Nui Phao will be one of the world’s lowest cost producers of tungsten. Cash costs on a tungsten basis are projected to be negative, which will help the project withstand commodity price fluctuations. The project will produce ammonium paratungstate, acid-grade fluorspar, bismuth and copper concentrate (containing some payable gold). The products will be separated from the ore using a combination of conventional froth flotation and gravity separation processes.

SIGNIFICANT PROGRESS

Over US\$130 million had already been invested into the project prior to Masan Group’s acquisition, with resources and reserves established, a feasibility study completed and a substantial amount of long lead-time equipment already on site. This significantly

reduces both the risk for Masan Group in developing this project and the time to revenue generation. Since acquisition, Masan Resources has additionally invested over US\$100 million to further advance the project, with production set to begin in early 2013.

INFRASTRUCTURE AVAILABILITY

The project is spread over an area of 9.21km² in the Dai Tu District of the Thai Nguyen Province, only 80 km from Hanoi and about 180 km and 240 km from the Hai Phong and Quang Ninh ports, respectively. Basic infrastructure including roads, rail lines and access to power and water are in place, allowing for a shorter project development timeline.

NUI PHAO RESOURCES<sup>2</sup>

Classification	Tonnes	WO <sub>3</sub> %	CaF <sub>2</sub> %	Bi %	Cu %	Au g/t
Measured	25,450,000	0.27	8.70	0.12	0.26	0.28
Indicated	39,560,000	0.16	8.30	0.06	0.14	0.15
<b>Total Measured + Indicated</b>	<b>65,010,000</b>	<b>0.20</b>	<b>8.40</b>	<b>0.09</b>	<b>0.19</b>	<b>0.20</b>
Inferred	32,400,000	0.15	6.40	0.07	0.17	0.14

Source: The Mineral Resource estimate stated above have been compiled under the direction of Cube Consulting Pty Ltd’s Chris Black, who is qualified for such reporting as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (JORC Code).This Mineral Resources estimate has been compiled in accordance with the JORC Code.

NUI PHAO RESERVES<sup>3</sup>

Classification	Tonnes	WO <sub>3</sub> %	CaF <sub>2</sub> %	Bi %	Cu %	Au g/t
Proven	25,200,000	0.26	8.31	0.12	0.25	0.27
Probable	27,350,000	0.17	7.71	0.08	0.17	0.18
<b>Total Proven + Probable</b>	<b>52,540,000</b>	<b>0.21</b>	<b>8.00</b>	<b>0.10</b>	<b>0.21</b>	<b>0.22</b>

Source: The Ore Reserves estimate stated above have been compiled under the direction of Cube Consulting Pty Ltd’s Quinton de Klerk, who is qualified for such reporting as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (JORC Code).This Ore Reserves estimate has been compiled in accordance with the JORC Code.

2. As of September 2011, 0.1% WO<sub>3</sub> equivalent cut-off

3. As of November 2011, 0.1% WO<sub>3</sub> equivalent cut-off

Mineral Reserves and Resources

WORLD-CLASS DEPOSIT

Nui Phao is one of the world’s largest identified tungsten deposits outside China, with 52.5 million tons of ore reserves with average WO<sub>3</sub> (tungsten trioxide) grade of 0.21%. Once in production, Nui Phao will be the largest producer of tungsten outside China and among the largest producers of acid-grade fluorspar and bismuth in the world. The region has additional exploration potential to extend the mining life past the current plan of 16 years.



*'We are working at the grassroots level to provide vocational training, employment and economic restoration to affected members of the community. To date, over 2,100 people have received assistance from such programs.'*

## 2011 TRACK RECORD

Since taking over Nui Phao, Masan Group has focused on critical areas for de-risking the project and aiding successful development. We have achieved several important milestones. In 2010, we were focused on the fundamental building blocks for realizing the project, namely, achieving regulatory requirements for the project, arranging financing to ensure project development, re-building the team and accelerating compensation and resettlement. In 2011, we have built on this success and have focused on accelerating project development.

### Design

Jacobs Engineering was hired early in the year to provide engineering design and procurement services and has made significantly progress on both the design and the procurement of critical equipment for the project.

### Construction

Earthworks and concrete works contractors were appointed. Earthworks, the first step towards construction, were started in July 2011, and concrete works commenced on schedule.

### Compensation and Resettlement

As of December 2011, approximately 95% of the land required for the project had been acquired, as opposed to about 2% upon acquisition of the project, paving the way for construction.

### Resource and Reserve Update

During the year, Cube Consulting was appointed to re-estimate the resource and reserve contained in the Nui Phao mine. This included administering an additional drilling program with over 6,000 meters of drilling, re-building of the block models and updating price and cost assumptions. The results, substantially in line with the earlier resource and reserve estimate, not only re-confirmed the world-class nature of the deposit, but also confirmed the increased size of the proven reserve (the highest classification for economically mineable ore), boosting confidence in the fundamentals of the project.

### Team

The team was fully built out during the year. As of December 31, 2011, Nui Phao had 277 permanent employees on its rolls, with over 1,500 people working together on site to complete the project.

### Financing

In February 2012, Masan Thai Nguyen Resources signed an agreement for a two-year, US\$80 million loan from Standard Chartered Bank. This loan reaffirms the international quality of the project.



OUR KEY MINERALS

Tungsten

Tungsten is a gray-to-white metal with several unique properties:

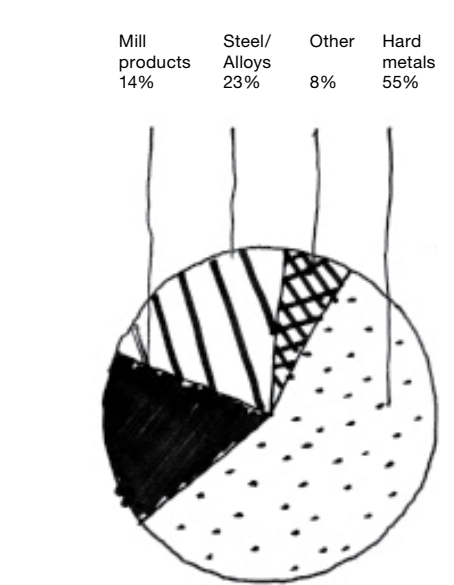
- It has the highest melting point of all the metals;
- It is extremely hard with very high tensile strength and wear resistance. Tungsten carbide, a tungsten compound widely used in industry, is nearly as hard as diamond; and
- It is very heavy, having a density similar to that of gold.

Given its unique properties, tungsten is used in a variety of industrial applications for which it is virtually impossible to substitute without affecting performance:

- Hardmetals (cemented carbides) - Due to its hardness and wear resistance, over 50% of the world’s tungsten is used in producing hardmetals. These are tungsten carbide-based materials that have a variety of applications, including use in cutting tools for metals and stone; large-scale tools such as drill bits for mining drills; delicate tools such as the drills used in dentistry; molding tools in the steel industry; armaments (cannon shells, grenades and missiles); and even ball-point pen tips.
- Steels and superalloys - The hardness and high melting point of tungsten also lends themselves to applications in the steel industry. Tungsten is used in cutting tools and superalloys employed in applications such as jet turbine engines.
- Lamp filaments - Probably the most well-known application of tungsten is its role in the filaments in light bulbs. However, its use in this industry is slowly reducing as more efficient sources of lighting are developed and used.

- Other electrical and electronic applications - Tungsten has many other electrical and electronic applications, such as its use in circuit boards and in the production of electrical contacts and electrodes.
- Chemical and other applications - Tungsten also has a range of chemical and niche applications in the glass, ceramics, paint and petroleum industries.

GLOBAL PRIMARY TUNGSTEN DEMAND BY END-USE SECTOR IN 2010



Source: Roskill estimates  
Note: Mill products includes, but is not limited to, lamp filaments and other electrical and electronic applications

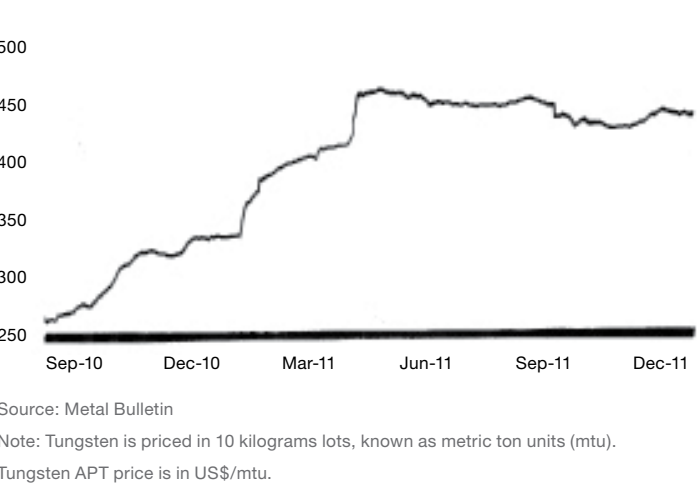
GLOBAL SUPPLY

China dominates the world’s production of primary tungsten with over 85% of tungsten production in 2010 (estimated), as well as over 65% of identified tungsten reserves (source: U.S. Geological Survey).

In recent years, China has implemented production and export quotas as domestic requirements for tungsten continue to increase. The country is looking to move up the value chain by shifting from providing tungsten raw material to selling finished tungsten products to consumers globally. In November 2010, China announced an export quota for 2011 of 15,700 metric tons of tungsten, up from 14,300 metric tons in 2010.

A recent report by the European Union names tungsten one of the “critical raw elements” for Europe given the metal’s economic importance and concentration of supply sources.

HISTORICAL TUNGSTEN APT PRICE SINCE ACQUISITION



WORLD PRODUCTION AND RESERVES OF PRIMARY TUNGSTEN (IN METRIC TONS OF TUNGSTEN)

Country	Production	Production	% of World Production	Reserves*
	2009	2010E		
China	51,000	52,000	85.2%	1,900,000
Russia	2,500	2,500	4.1%	250,000
Bolivia	1,000	1,100	1.8%	53,000
Austria	900	1,000	1.6%	10,000
Portugal	900	950	1.6%	4,200
Canada	2,000	300	0.5%	120,000
USA	Withheld	Withheld	NA	140,000
Others	3,000	3,300	5.4%	400,000
World Total (rounded)	61,300	61,000	100.0%	2,900,000

Source: USGS  
(\*) World total for production excludes the United States production

Fluorspar

Fluorspar is a mineral composed of calcium fluoride (CaF<sub>2</sub>). Fluorspar specimens are broadly classified into one of two industrial grades based on purity: acid grade fluorspar contains more than 97% CaF<sub>2</sub> and metallurgical grade fluorspar contains less than 97% CaF<sub>2</sub>. Acid grade and metallurgical grade fluorspar are used in a variety of applications.

Acid grade fluorspar is the primary industrial source of fluorine in the world. It is mainly used to manufacture the following products:

- Hydrofluoric acid (HF) - HF is used in a diverse set of industries.
  - Approximately 60% of HF is used as a feedstock for manufacturing a host of fluorocarbons such as CFCs, HCFCs and HFCs. These fluorocarbons are primarily used as refrigerants in air conditioners and as foam blowing agents/propellants in the manufacture of polymers.
  - HF is also used as a catalyst in petroleum alkylation, as a cleaning and etching agent in the semiconductor industry, and in the pickling of stainless steel.
- Aluminum fluoride and synthetic cryolite - These are both critical raw materials in the electrolytic extraction of aluminum.

Metallurgical grade fluorspar is most commonly used as a flux in steel manufacturing, iron foundries and ferroalloy practices.

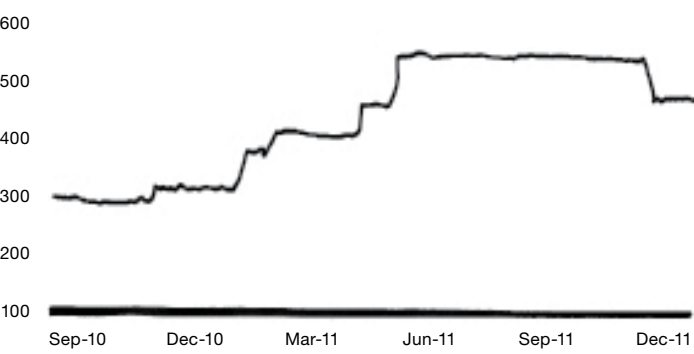
As a source of fluorine, fluorspar is virtually irreplaceable since there are no other known abundant sources of the element.

GLOBAL SUPPLY

China and Mexico together account for over 70% of world fluorspar production. Approximately 70-75% of the fluorspar produced around the world is acid grade, with the rest being metallurgical grade. Both China and Mexico produce both grades. World resources of fluorspar are reasonably widely spread, with South Africa and Mongolia also having sizeable reserves.

A recent report by the European Union names fluorspar one of the 14 “critical raw materials” for Europe given the mineral’s economic importance and concentration of supply sources.

HISTORICAL FLUORSPAR PRICE SINCE ACQUISITION



Source: Industrial Minerals

Note: Flourspar price is in US\$/mt.

WORLD PRODUCTION AND RESERVES OF FLUORSPAR (IN ‘000 METRIC TONNES)

Country	Production	Production	% of World Production	Reserves*
	2009	2010E	2010E	
China	2,900	3,000	55.6%	24,000
Mexico	1,040	1,000	18.5%	32,000
Mongolia	460	450	8.3%	12,000
Russia	240	220	4.1%	-
South Africa	204	130	2.4%	41,000
Spain	140	120	2.2%	6,000
Namibia	74	110	2.0%	3,000
Morocco	75	80	1.5%	-
Brazil	64	65	1.2%	-
Kazakhstan	67	65	1.2%	-
Kenya	16	30	0.6%	2,000
Others	180	170	3.1%	110,000
World Total (rounded)	5,460	5,400	100.0%	230,000

Source: USGS

(\*) Measured as 100% calcium fluoride

Bismuth

Bismuth is a brittle white metal with many unique properties:

- It has one of the lowest melting points among metals;
- It expands on freezing;
- It has very low thermal and electrical conductivity; and
- It is non-toxic.

Bismuth is used across a wide range of applications that capitalize on its particular properties:

- Free-machining steel and free-machining aluminum - Owing to bismuth’s low melting point, adding it to steel or aluminum increases the metals’ machinability by reducing power required and wear on tools.
- Low melting-point alloys - With its low melting point and tendency to expand upon solidification, bismuth is used in low-melting-point alloys that have applications in solder wires, safety fuses and molded products that require the reproduction of fine detail.
- Pharmaceutical products - Bismuth is used in a variety of pharmaceutical and cosmetic products such as antacids.

Bismuth’s properties are similar to those of lead, except that it is non-toxic, making it a suitable and safer substitute. Growth in the usage of bismuth has been boosted as countries around the world clamp down on lead usage for various applications:

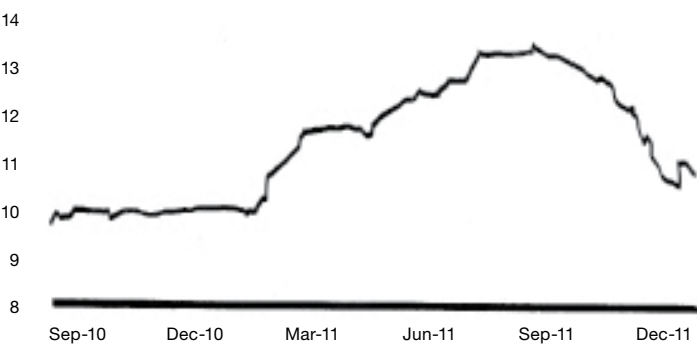
- In plumbing fixtures and brass, to avoid toxicity from lead from the pipes leaching into the water;
- As an additive to zinc alloys during galvanization;
- As an additive to steel to improve machinability; and
- In shots, bullets and sinkers.

GLOBAL SUPPLY

There are very few standalone bismuth mines, bismuth is usually found in association with other metals such as lead, tungsten, copper, silver, gold and zinc. Most commercially produced bismuth is a byproduct of processing these metals, particularly lead. Therefore, a more accurate measure of bismuth production is refinery production rather than mine production. Due to this reason, the growth in lead production also determines, to a substantial extent, the growth in bismuth production.

China dominates both the world’s bismuth supply and its reserves, with 80% of refinery production and 75% of world reserves in 2009.

HISTORICAL BISMUTH PRICE SINCE ACQUISITION



Source: Metal Bulletin

Note: Bismuth price is in US\$/lb.

WORLD REFINERY PRODUCTION AND RESERVES OF BISMUTH (IN METRIC TONS)

Country	Production	Production	% of World Production	Reserves
	2009	2010	2010	
China	12,300	13,000	81.3%	240,000
Mexico	854	850	5.3%	10,000
Belgium	800	800	5.0%	NA
Peru	600	600	3.8%	11,000
Japan	423	420	2.6%	NA
Canada	150	150	0.9%	5,000
Kazakhstan	125	125	0.8%	5,000
Others	150	55	0.3%	49,000
World Total (rounded)	15,000	16,000	100.0%	320,000

Source: USGS



Copper

Copper is a reddish, orange-ish or brownish metal, depending on its level of oxidation. It is one of the most extensively used metals in the world owing to its unique properties:

- It is amongst the most malleable and ductile of the metals;
- It has the second highest thermal and electrical conductivity of all the elements (bested only by silver); and
- It is highly resistant to corrosion.

Copper is used in a variety of applications, including:

- Electrical products - The primary use of copper globally is in the production of power cables and other electrical products such as generators, motors and transformers, which are used in the power generation and transmission industry, and in machinery.
- Building construction - The second-largest use of copper and its alloys (such as brass and bronze) is in the building construction industry. It is used for roofing and plumbing, especially in water pipes, taps, valves and fittings, because of the corrosion-resistant quality and malleability of the metal.
- Electronic product manufacturing - The high electrical and thermal conductivity of copper also means it is used extensively in the electronics industry.
- Industrial machinery production - Owing to their durability, machinability, and ability to be cast with high precision and tolerances, copper alloys are ideal for making products such as gears, bearings and turbine blades.

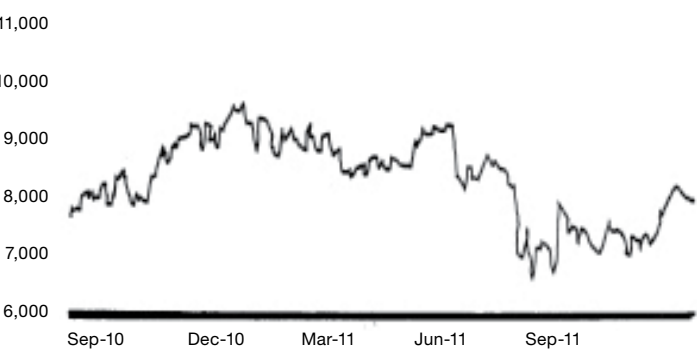
Several of the above applications of copper are brought together in vehicles, where copper is an essential component in the motors, wiring, radiators, connectors, brakes and bearings.

About 98% of all copper is used in the form of pure metal or in alloys, with the remaining 2% being diverted for the production of compounds.

GLOBAL SUPPLY

The supply of copper is widely distributed globally. Chile produces over 30% of the world’s primary copper. However, the rest of the production is spread across a host of countries that includes Peru, China, the United States and Australia. In addition, about one-third of the world’s copper consumption is sourced through recycling.

HISTORICAL COPPER PRICE SINCE ACQUISITION



Source: Bloomberg  
Note: Copper price is in US\$/mt

WORLD MINE PRODUCTION AND RESERVES OF COPPER (IN ‘000 METRIC TONNES)

Country	Production	Production	% of World Production	Reserves
	2009	2010E		
Chile	5,390	5,520	34.1%	150,000
Peru	1,275	1,285	7.9%	90,000
China	995	1,150	7.1%	30,000
USA	1,180	1,120	6.9%	35,000
Australia	854	900	5.6%	80,000
Indonesia	996	840	5.2%	30,000
Zambia	697	770	4.8%	20,000
Russia	725	750	4.6%	30,000
Canada	491	480	3.0%	8,000
Poland	439	430	2.7%	26,000
Kazakhstan	390	400	2.5%	18,000
Mexico	238	230	1.5%	38,000
Others	2,190	2,300	14.2%	80,000
World Total (rounded)	15,900	16,200	100.0%	630,000

Source: USGS

MANAGEMENT TEAM & PARTNERS

Management Team

Masan Resources has assembled a world-class team of international mining industry professionals who have extensive experience building and operating projects in the region with international best practices. We have the right team to successfully develop and operate the Nui Phao project and to develop Masan Resources into Vietnam’s premier private sector resources company.

**Dominic Heaton**  
*Chief Executive Officer*  
Dominic Heaton is responsible for developing Nui Phao, leading exploration activities and building Masan Resources into a multi-asset resource company of scale.

Since joining Masan Resources, Dominic has assembled a world-class management team to build Masan Resources into Vietnam’s resources champion and has been instrumental in advancing the development of the Nui Phao Mine.

He has over 25 years of mining experience in Southeast Asia at Placer Pacific, Aurora Gold, Oxiana, OZ Minerals and MMG. He has been General Manager of the Sepon mine in Laos and General Manager of Operations of the Martabe mine in Indonesia. Dominic graduated from James Cook University and La Trobe University in Australia.

**Vu Hong**  
*First Deputy General Director/Director of External Relations*  
Hong has over 30 years of experience and has worked with the World Bank, mainly in South East Asia on infrastructure and development products. He graduated from Hanoi Water Resources University and the University of Roorkee, India.

**Craig Bradshaw**  
*Operations Director*  
Craig has close to 20 years of experience in the commercial and administrative verticals of mining. He was formerly Senior Commercial Manager for Lane Xang Minerals Ltd.’s Sepon Mine. He graduated from the University of Southern Queensland, Australia.

**Dale Smith**  
*Construction Director*  
Dale has over 23 years of experience in the mining industry with over 10 years of experience in project development. He was formerly Project Director at the Sepon Project, owned by Lane Xang Minerals Limited, a subsidiary of Minerals and Metals Group, Laos. He graduated from University of Queensland, Australia.

**Russell Griffin**  
*Director of Sales & Marketing*  
Russell has considerable experience developing markets for new mines and expansions in Australia and Southeast Asia with companies including OZ Minerals. He graduated from the University of South Australia.

**Richard Kitchener**  
*Mine and Geology Manager*  
Richard has over 20 years in mining operations in Vietnam, Laos, China, Armenia, Kyrgyzstan, the United Kingdom and Australia. He was formerly with Swan Gold Mining and Ban Phuc Nickel Mines. He graduated from Camborne Schools of Mines, England.

**Les Adrian**  
*Environment Manager*  
Les has over 20 years of experience assessing environmental impact and developing environmental, health and safety management plans for mining projects with companies such as Cameco Corporation and Bisha Mining. He graduated from University of Regina, Saskatchewan, Canada and the Saskatchewan Institute of Applied Sciences.

**Morgan Carroll**  
*Health, Safety and Security Manager*  
Morgan has 14 years of experience in occupational risk, health and safety management. He was formerly with Sepon Gold and Copper Mine in Laos and Barrick’s North Mara Gold Mine in Tanzania. Morgan holds a host of certifications in the health and safety field and graduated from the University of Cape Town, South Africa.

**Dang Ngoc Ngoan**  
*Human Resources and Administration Manager*  
Ngoan has seven years in human resources. He graduated from Hue University of Sciences, Vietnam, and has completed significant additional training in the field of Human Resources Management.

**Nick Green**  
*Deputy Construction Manager*  
Nick has over 13 years of experience delivering construction solutions in Australia, Tasmania, Laos, Indonesia, Papua New Guinea and Ghana. He graduated from the University of Tasmania, Australia and is currently working towards a Master’s degree in Project Management at Queensland University of Technology, Australia.

**Luke O’Neill**  
*Project Controls Manager*  
Luke has eight years of experience in construction and building design and was formerly with Sepon Copper Expansion in Laos. He graduated from Holmesglen Vocational Training in Melbourne, Australia.

**Wilson Soon**  
*Deputy Chief Financial Officer*  
Wilson has over six years of experience as an auditor at PricewaterhouseCoopers and KPMG. He graduated from London School of Economics, U.K. and is a member of the Association of Chartered Certified Accountants.

**Nguyen Thi Hai Yen**  
*Accounting Manager*  
Yen has 16 years of accounting experience. She graduated from Hanoi National Economic University, Vietnam and Hanoi Foreign Trade University, Vietnam.

**Partners**  
  
INVESTOR

**Mount Kellett**  
  
Mount Kellett Capital Management L.P. is a multi-strategy investment firm focused on global special situation and opportunistic private investing. Mount Kellett closed its first fund, MKCP I, in December 2009 with approximately US\$3 billion in aggregate capital commitments and currently has over US\$4.1 billion in assets under management. Mount Kellett invests across North America, Asia and Europe.

In 2010, Mount Kellett invested US\$100 million in Masan Resources for a 20% share ownership.

OFFTAKERS

**CMC Cometals**  
  
CMC Cometals is a subsidiary of Commercial Metals Company which manufactures, recycles and markets steel, metals and related products around the world. The CMC Cometals division markets and distributes worldwide millions of tons per year of ores and minerals, refractories, and chemicals that are key inputs for the steel, aluminum, chemical, and aerospace industries. Commercial Metals Company is listed on the NYSE under the symbol CMC.

Nui Phao has an offtake agreement with CMC Cometals for the fluorspar to be produced by the project.

**5N Plus**  
  
5N Plus is a leading producer of specialty metal and chemical products. 5N Plus deploys a range of proprietary and proven technologies to manufacture products that are used in a number of advanced pharmaceutical, electronic and industrial applications.

Nui Phao has an offtake agreement with Sidech, a subsidiary of 5N Plus, the world’s only specialist producer of bismuth.

TECHNICAL SERVICES

**Jacobs Engineering Group**  
  
Jacobs Engineering Group Inc. is one of the world’s largest and most diverse providers of professional technical services. With 2010 revenues of nearly US\$10 billion, the company offers full-spectrum support to industrial, commercial and government clients across multiple markets. Services include scientific and specialty consulting as well as services catering to all aspects of engineering, construction, operations and maintenance.

Jacobs has over 60 years operating experience in the Asia Pacific region and is currently providing engineering and procurement services for the Nui Phao project.

**MANAGEMENT  
REPORT**



OVERVIEW

2011 was again a challenging year for Vietnam. The country endured inflation that reached 18.6%, which increased the cost of capital for businesses and dampened consumer sentiments. In addition, the financial sector suffered from illiquidity, rising NPLs, and underperforming securities and real estate markets. In this environment, Masan Group succeeded in raising significant capital, executing on merger and acquisition (M&A) transactions, building out our operations and businesses, and delivering growth in our financial results. Since the beginning of 2011 and until the date of this report, we have raised over half a billion US dollars from reputable investors and partners such as the KKR, J.P. Morgan, Standard Chartered, Mount Kellett, and the Richard Chandler Corporation. We have acquired a majority stake in Vietnam’s largest instant coffee maker, commenced construction activities at our Nui Phao project, and grown our earnings on a pro forma basis by 62.0% from 2010, to VND3,280 billion. This result was largely supported by better results from Masan Consumer and Techcombank. The market acknowledged our achievements, with our share price significantly outperforming the VNIndex during this period. As of December 31, 2011, our market capitalization was approximately US\$2.4 billion, making us the largest private sector company listed in Vietnam<sup>1</sup>.

In 2011, we transformed Masan Food into Masan Consumer to leverage our platform into other consumer categories. This strategy was validated by a US\$159 million investment by KKR, who acquired a 10% equity stake in Masan Consumer, and a subsequent syndicated loan arranged by J.P. Morgan and Standard Chartered. In October 2011, Masan Consumer acquired a 50.2% stake in Vinacafe, our first step into the beverage sector. Financially, Masan Consumer generated net sales of VND7,057 billion in 2011, a 26.3% increase from 2010. Net profit after tax was VND2,254 billion, a 79.9% increase from 2010. On a pro forma basis, which normalizes our financial results by incorporating Vinacafe’s

results from January 1, 2010, and adding back the amortization of goodwill and intangible assets from the acquisition of Vinacafe for the financial year 2011, Masan Consumer generated net sales of VND8,310 billion and earnings of VND2,466 billion. The growth was driven by increased sales in each of our existing product lines as a result of our continued efforts to penetrate rural markets and by the introduction of new product categories and variants.

2011 was particularly challenging for the banking sector where we witnessed illiquidity and rising NPLs. However, Techcombank outperformed, continuing to invest in expanding its branch and ATM network and increasing its market share. Techcombank generated net interest income of VND5,298 billion in 2011, a 66.4% increase from 2010. Profit before tax was VND4,221 billion, a 53.9% increase from 2010. Net profit after tax was VND3,154 billion, a 52.2% increase from 2010. Techcombank’s growth was primarily driven by a 19.9% increase in loans to customers, to VND63,451 billion, and 10.1% increase in customer deposits, to VND88,648 billion. The banking sector in Vietnam is going through a consolidation phase and we expect larger banks with a more established liability franchise and strong risk management practices such as ours to continue to outperform.

Masan Resources achieved several significant milestones in the development of the Nui Phao project in 2011. We hired Jacob Engineering, who have progressed the design and procurement of critical equipment for the project. In July 2011, we commenced construction with concrete work starting soon thereafter. In addition, we completed approximately 95% of the compensation and resettlement process for the land required immediately for construction. In terms of financing, we closed our transaction with Mount Kellett, who invested US\$100 million for a 20% equity stake, and we have begun drawing down on our local banking facilities. In March 2012, Masan Thai Nguyen Resources, a subsidiary of Masan Resources, raised US\$80 million in a loan from Standard Chartered. The recent loan validates the progress of the Nui Phao

project and is a bridge for future international financing for Masan Resources. The Nui Phao project is on track to begin production by the first quarter of 2013 with full ramp-up by the end of that year.

Altogether, 2011 brought a validation of our sectorial and execution strategy. Today we have developed three market-leading operating platforms: Masan Consumer in branded consumer products, Techcombank in financial services, and Masan Resources in minerals and mining. With our leading businesses and financial flexibility, we believe our current operating businesses are well positioned to deliver earnings growth of 30–50% in 2012. As a whole, Masan Group is well prepared to consolidate our position as Vietnam's premier private sector group in the coming years through a combination of organic growth and M&A.

BUSINESS ENVIRONMENT

Our operations are focused on Vietnam and our performance and the quality of our assets depend substantially on the Vietnamese economy. The economic environment in Vietnam may be significantly impacted by a variety of external factors, including economic developments throughout Asia and globally.

Macroeconomic factors that may have an impact on performance include personal expenditure and consumption, demand for products and services, debt service burden of consumers or businesses and general availability of credit, as well as factors such as the spread of disease, large-scale acts of war, terrorism or any other adverse social, geographic or political incidents.

In 2012, Vietnam's economy is expected to continue expanding at a rapid pace, despite concerns regarding inflation, currency depreciation and the banking sector's NPLs.

Internationally, there is a risk that the global economic recovery will be weaker than is currently expected. Not only would this damage

exports, but it would also have a follow-on effect on consumer and business spending in Vietnam, inhibiting economic growth. Vietnam will continue to be vulnerable to movements in international commodity prices. Global fuel prices are expected to remain at a relatively high level throughout the forecast period. Strong demand-side pressure and the depreciation of the Vietnamese dong against the US dollar are expected to make it more expensive to import goods, pushing up overall prices for goods and services.

FACTORS AFFECTING OUR BUSINESS AND RESULTS OF OPERATIONS

We are a holding company whose material assets are the shares of the companies that we hold, primarily Masan Consumer, Masan Resources and Techcombank. Thus, risks that affect the businesses of these companies could also affect our business, financial condition, results of operations and prospects.

We have a 76.5% economic interest in Masan Consumer as of December 31, 2011 and consolidate the company as a subsidiary on our financial statement. Events that affect Masan Consumer's business, financial condition, results of operations and prospects will directly affect our business, financial condition, results of operations and prospects.

We have a 30.6% economic interest in Techcombank as of December 31, 2011, which includes convertible bonds that are mandatorily convertible. As we do not own a controlling stake in Techcombank, we account for our investment using the equity accounting method. Events that affect Techcombank’s business and financial condition will in turn affect our net profit, impacting our business and financial condition.

We have an 80.0% economic interest in Masan Resources as of December 31, 2011. Of this economic interest, 65.0% is held

1. Market capitalization as of December 31, 2011 (for Masan Group, 546 million basic shares outstanding assuming TPG convertible bond are converted); VND/US\$ exchange rate of 21,000; private sector company defined as a company with no major state ownership or legacy as a state-owned enterprise

through shares and we consolidate this percentage of the company as a subsidiary on our financial statement. The remaining economic interest is held in the form of a call option to purchase 15% of Masan Resources from a minority shareholder and is not recorded on our balance sheet in accordance with Vietnam Accounting Standards (VAS). Events that affect Masan Resources’ business, financial condition, results of operations and prospects will directly affect our business, financial condition, results of operations and prospects.

Risk factors that may affect our businesses and financial results include regulatory, business, competition and operational risks as well as other factors that may be beyond our control.

**Masan Group’s subsidiaries and associates operate in industries that face significant competition and our market-leading positions may be challenged if our competitors make significant strides to capture market share.**

Masan Consumer competes mainly on the basis of brand image, pricing, distribution network and product mix. The entrance of established foreign brands and companies has heightened the competitiveness of the basic foods market in Vietnam. Competition may cause competitors to significantly increase their advertising expenditures and promotional activities or to engage in irrational or predatory pricing behavior. Masan Consumer may be required to make substantially greater investments in research and development, as well as promotions and marketing. Such expenditures may lower our profit margins and thereby adversely affect our results of operations.

Techcombank may face tougher competition from both local and foreign financial institutions as a result of Vietnam joining the World Trade Organization in 2007. The State Bank of Vietnam also allows foreign banks to operate in Vietnam through local branches. As the State Bank of Vietnam continues liberalizing the banking sector, Techcombank may also face greater competition from other

local banks, which may result in a material adverse effect on our business, financial condition, results of operations and prospects.

It is expected that when Masan Resources commences operations of its Nui Phao project, a substantial portion of its revenues will be derived from exports. The company will compete with global producers of tungsten, fluorspar, bismuth, and copper, including producers from China, in the world mineral markets, primarily on the basis of quality, price, transportation cost and reliability of supply. There can be no assurance that Nui Phao’s competitors will not seek to sell higher-grade minerals, significantly reduce their prices to gain market share, discover more readily accessible mine sites or have a more reliable supply.

**Masan Group is dependent on a continued ability to recruit or retain appropriately skilled personnel for its key management positions**

Although Masan Group is not dependent on any one member of our respective Boards of Directors, Supervisory Boards, Management Boards or senior management teams, our success depends to a significant extent on their skills, capabilities and efforts, as well as our ability to recruit and retain them and other appropriately skilled personnel. Due to intense competition in Vietnam, we face a continuing challenge in recruiting and retaining a sufficient number of skilled professionals. A loss of key personnel may have a material adverse effect on its business, financial condition, results of operations and prospects.

**Masan Group’s business outlook is directly tied to the economic prospects of Vietnam**

Our business outlook is directly tied to the economic prospects of Vietnam. Thus, if Vietnam should experience an economic recession, this will materially impact us.

CONSOLIDATED INCOME STATEMENT

	2011	2010	2011	2010
	Audited	Audited	Pro forma	Pro forma
	VND million	VND million	VND million	VND million
Total Revenue	7,239,003	5,689,498	8,492,379	6,991,410
Less Sales Deductions	(182,154)	(103,211)	(182,580)	(103,459)
Net sales	7,056,849	5,586,287	8,309,799	6,887,951
Cost of Goods Sold	(3,997,834)	(3,194,617)	(4,934,726)	(4,223,462)
Gross profit	3,059,015	2,391,670	3,375,073	2,664,489
Selling, General & Administrative Expenses	(1,416,523)	(1,164,997)	(1,538,839)	(1,289,880)
Financial Income	1,185,206	1,620,919	1,213,380	409,028
Financial Expenses	(347,725)	(270,277)	(352,144)	(281,895)
Net Operating Profit	2,479,973	2,577,315	2,697,470	1,501,742
Other Profit / (Expense)	(4,134)	8,208	11,970	22,327
Share of Profit in an Associate	392,733	160,598	965,368	634,470
Profit Before Tax	2,868,572	2,746,121	3,674,808	2,158,539
Tax	(372,564)	(116,904)	(394,535)	(133,603)
Net Profit <sup>(*)</sup>	2,496,008	2,629,217	3,280,273	2,024,936

(\*) Net profit is before removing minority interest.

CONSOLIDATED BALANCE SHEET

	December 31, 2011	December 31, 2010
	Audited	Audited
<b>CURRENT ASSETS</b>	<b>12,541,434</b>	<b>4,626,838</b>
Cash and cash equivalents	9,573,593	3,394,575
Short-term Investments	1,222,500	490,000
Net Operating Receivables	192,531	63,420
Other Receivables	710,786	250,789
Inventories	612,845	290,200
Other Current Assets	229,179	137,854
<b>LONG TERM ASSETS</b>	<b>21,031,185</b>	<b>16,502,700</b>
Fixed Assets	11,287,505	8,261,999
Tangible Fixed Assets	879,199	561,229
Leasing Fixed Asset	-	11,686
Intangible Fixed Asset	983,239	72,564
Construction in Progress	9,425,067	7,616,520
Long-term Investments	9,321,085	8,099,909
Other Long-term Assets	422,595	140,792
<b>TOTAL ASSETS</b>	<b>33,572,619</b>	<b>21,129,538</b>

CONSOLIDATED BALANCE SHEET

	December 31, 2011	December 31, 2010
	Audited	Audited
	VND million	VND million
<b>CURRENT LIABILITIES</b>	<b>3,625,783</b>	<b>3,224,917</b>
Short-term Debt	2,032,397	1,124,674
Current Account Payables	422,772	443,583
Advance from Customers	7,994	7,997
Tax Payables	291,359	152,842
Payroll Payables	12,618	5,395
Accured Expense	824,384	502,838
Other Payables	34,259	987,588
<b>LONG TERM LIABILITIES<sup>(*)</sup> (**)</b>	<b>8,391,804</b>	<b>5,756,133</b>
Long-term Debt	7,409,781	5,000,560
Other Long-term Liabilities	982,023	755,573
<b>TOTAL LIABILITIES</b>	<b>12,017,587</b>	<b>8,981,050</b>
<b>EQUITY</b>	<b>15,875,652</b>	<b>10,623,685</b>
Chartered Capital	5,152,723	5,152,723
Capital Surplus	2,166,136	2,166,136
Other Capital	10,462,804	9,651,713
Differences in Forex Revaluation	(16,066)	3,189
Other Reserves	(6,569,981)	(9,062,082)
Retained Earnings	4,680,036	2,712,006
<b>MINORITY INTEREST</b>	<b>5,679,380</b>	<b>1,524,803</b>
<b>TOTAL RESOURCES</b>	<b>33,572,619</b>	<b>21,129,538</b>

(\*) Excluding promissory notes, our total debt of short-term and long-term financial borrowings would be VND6,586 billion. The promissory notes of VND2,856 billion will be extinguished in the event the options to purchase primary shares in Masan Group are exercised with payments in the form of said promissory notes in lieu of cash. The options were given as part of the Nui Phao acquisition and are currently “in the money” as of December 31, 2011. Masan Group has the right to force convert the said options as of December 31, 2011.

(\*\*) Our total debt would be significantly lower if we were to exclude convertible instruments that are “in the money”.

AUDITED RESULTS

Revenue

Net sales increased by 26.3% from VND5,586 billion in 2010 to a record VND7,057 billion in 2011. The growth was primarily driven by Masan Consumer’s increased sales in each of its existing product lines, particularly Nam Ngu fish sauce and Omachi instant noodles. The launch of several new product lines and our acquisition of Vinacafe, which started to contribute to our sales figures in the fourth quarter of 2011 also supported our overall net sales. During the year, we continued our efforts to penetrate further into rural markets. Masan Consumer’s sales network increased to 163,594 points of sale as of December 31, 2011, extending our reach to consumers and boosting our net sales.

Cost of Goods Sold

Cost of goods sold in 2011 was VND3,998 billion compared to VND3,195 in 2010, a 25.1% increase. Cost of goods sold as a percentage of net sales decreased to 56.7% in 2011 from 57.2% in 2010. This is mainly attributable to an increase in average selling price and enhanced economies of scale for our operations. Further, we achieved production cost savings through various initiatives, including our “Fit to Compete” program, which was applied across multiple departments such as R&D, Procurement, and Production.

Gross Profit Margin

As a result of the foregoing, gross profit increased by 27.9% from VND2,392 billion in 2010 to VND3,059 billion in 2011. Our gross profit margin increased to 43.3% in 2011 from 42.8% in 2010, led by premium sauces and instant noodle margin enhancement as well as the aforementioned cost-saving initiatives.

Selling Expenses

Selling expenses in 2011 were VND1,010 billion compared to VND951 billion in 2010. Selling expenses as a percent of net sales decreased from 17.0% in 2010 to 14.3% in 2011. This was due to Masan Consumer’s focus on managing expenses and the aforementioned “Fit to Compete” program.

General & Administration Expenses

General & administration expenses in 2011 were VND406 billion, compared to VND214 billion in 2010. General & administration expenses as a percentage of net sales increased from 3.8% in 2010 to 5.8% in 2011. This was a direct result of increased personnel expenses, which reflect the hiring of additional business development professionals and key management personnel, respectively, at the group and subsidiary levels.

Financial Income

Financial income decreased by 26.9% from VND1,621 billion in 2010 to VND1,185 billion in 2011. The decrease was primarily due to the recognition of negative goodwill amounting to VND1,240 billion in relation to the acquisition of Nui Phao through Masan Resources in 2010. Such decline was partially offset by an increase in net interest income from our larger cash balance. If we were to exclude the negative goodwill in 2010, financial income increased from VND381 billion in 2010 to VND1,185 billion in 2011.

Financial Expenses

Financial expenses increased by 28.7% to VND348 billion in 2011, from VND270 billion in 2010, driven mainly by an increase in interest expense to banks.

Share of Profit in an Associate

Share of profit in an associate represents Masan Group’s share of Techcombank’s profit for its equity interest and amounted to VND393 billion in 2011, a 144.5% increase from 2010. This increase reflects both Techcombank’s growth in earnings as well as the increase in our economic interest in Techcombank, which grew from 19.9% to 28.9% on December 31, 2010 and to 30.8% on January 10, 2011. As a result of Techcombank’s ESOP issuance during 2011, our current existing economic interest is 30.6%. Techcombank posted strong results in 2011, achieving net income of VND3,154 billion, a 52.2% increase from 2010.

Net Profit After Tax

In 2011, our core business outperformed as reflected by our EBIT<sup>2</sup> growth of 33.9% to VND1,642 billion from VND1,227 billion in 2010. Net profit after tax was VND2,496 billion in 2011, decreasing slightly by 5.1% from VND2,629 billion in 2010. This decrease was a result of a one-time gain recorded as financial income from the negative goodwill in relation to our acquisition of Nui Phao in 2010. For details on our normalized, pro forma results, please see the “Discussion on Audited vs. Pro Forma Results” section below.

Cash and Cash Equivalents

Masan Group had a strong cash position (cash and cash equivalent and short-term investments) of VND10,796 billion as at December 31, 2011, compared to VND3,885 billion in 2010, an increase of 177.9%. The increase is a result of Masan Consumer’s operating cash flows and the capital raising that occurred at Masan Group and our subsidiaries. In April 2011, Masan Consumer raised US\$159 million by issuing primary shares representing a 10% equity interest at the time to KKR. Masan Consumer subsequently raised US\$108 million through a loan facility arranged by J.P. Morgan in August

2011. In March 2011, Masan Resources closed its equity transaction with Mount Kellett, raising approximately US\$100 million in return for a 20% equity interest. In events subsequent to 2011, Masan Group raised approximately US\$185 million in the first quarter of 2012, and Masan Resources raised US\$80 million from a loan arranged by Standard Chartered. Altogether, on a consolidated basis, we have built a significant cash position to invest in our existing businesses and fund new opportunities.

Fixed Assets

As at December 31, 2011, fixed assets amounted to VND11,288 billion, increasing by 36.6% from VND8,262 billion as at December 31, 2010. The increase was mainly derived from the acquisition of Vinacafe, expansion of Masan Consumer’s sauce and instant noodles factories, and increased capital expenditures for the Nui Phao project. During the year, Masan Consumer acquired a 50.2% stake of Vinacafe, which increased our intangible assets by VND930 billion.

Investments in Associate

Investments in associate increased by 15.1% to VND9,321 billion as at December 31, 2011 from VND8,100 billion as at December 31, 2010. Masan Group increased its economic interest in Techcombank to 30.8% on January 10, 2011 from 28.9% on December 31, 2010 through the purchase of 2,834,402 convertible bonds issued by Techcombank from other bondholders. Our economic interest in Techcombank is currently 30.6% due to Techcombank’s issuance of new shares for ESOP.

2. EBIT is calculated by taking gross profit subtracting SG&A.

Total Assets

Total assets increased by 58.9% from VND21,130 billion as at December 31, 2010 to VND33,573 billion as at December 31, 2011, resulting from our capital raising activities, the consolidation of Vinacafe’s balance sheet after the acquisition, increase in investment in the associate, and our earnings.

Borrowings

As at December 31, 2011, short-term and long-term borrowings increased by 54.2% to VND9,442 billion, representing 28.1% of total assets. Much of the increase in borrowings occurred at Masan Consumer, including the US\$108 million syndicated loan arranged by J.P. Morgan. In addition, Masan Resources, through the Nui Phao project, began drawing down on its banking facilities to fund construction. Excluding the promissory notes, our short-term and long-term borrowings amounted to VND6,586 billion. The promissory notes of VND2,856 billion will be extinguished in the event the options to purchase primary shares in Masan Group are exercised with payments in the form of said promissory notes in lieu of cash. The options were given as part of the Nui Phao acquisition and are currently “in the money” as at December 31, 2011. We have the right to force convert the said options as at December 31, 2011 based on the terms of the options. Our total debt would be significantly lower if we were to exclude convertible instruments that are currently “in the money”.

Owners’ Equity

Owners’ equity as at December 31, 2011 was VND15,876 billion, as compared to VND10,624 billion as at December 31, 2010, representing a 49.4% increase year over year. The increase in owner’s equity was mainly derived from our earnings, equity-linked instruments issued to increase our economic interest in Techcombank and equity investments made in our subsidiaries.

Minority Interest

Minority interest as at December 31, 2011 increased to VND5,679 billion from VND1,525 billion as at December 31, 2010, mainly due to minority investments made in our subsidiaries by KKR and Mount Kellett and the acquisition of Vinacafe.

DISCUSSION ON AUDITED VS. PRO FORMA RESULTS

Pro forma are unaudited numbers that are derived from our audited results with adjustments made to reflect normalized earnings. These adjustments include (a) adding back the amortization of goodwill from the transfer of ownership in Techcombank for the financial years 2010 and 2011, assuming Masan Group held a 30.6% interest in Techcombank from January 1, 2010; (b) assuming Masan Consumer held a 50.2% interest in Vinacafe since January 1, 2010 and adding back the amortization of goodwill and intangible assets from the acquisition of Vinacafe for the financial year 2011; and (c) excluding the negative goodwill from the acquisition of the Nui Phao Mine for the financial year 2010.

PRO FORMA FINANCIAL RESULTS

Revenue

Pro forma net sales increased by 20.6% from VND6,888 billion in 2010 to a record VND8,310 billion in 2011. The growth was primarily driven by Masan Consumer’s increased sales in each of its existing product lines, the launch of several new product lines, and Vinacafe’s sales growth of 21.8% to VND1,586 billion in 2011 from VND1,302 billion in 2010.

Cost of Goods Sold

Pro forma cost of goods sold in 2011 was VND4,935 billion compared to VND4,223 in 2010, a 16.8% increase. Pro forma cost of goods sold as a percentage of net sales decreased to 59.4% in 2011 from 61.3% in 2010. This is mainly attributable to cost saving initiatives implemented at Masan Consumer, higher average selling prices, and a decrease of raw material prices for Vinacafe.

Selling Expenses, and General and Administration Expenses (SG&A)

Pro forma SG&A in 2011 was VND1,539 billion compared to VND1,290 billion in 2010. Pro forma SG&A as a percentage of net sales remained stable at 18.5% in 2011.

Financial Income

Pro forma financial income increased by 196.6% from VND409 billion in 2010 to VND1,213 billion in 2011, mainly derived from income from bank deposits as a result of our higher cash balance.

Share of Profit in an Associate

Pro forma share of associate’s results increased by 52.2% to VND965 billion in 2011 from VND634 billion in 2010, resulting entirely from Techcombank’s strong net income growth.

Net Profit After Tax

Pro forma net profit after tax was VND3,280 billion in 2011, representing a 62.0% increase from VND2,025 billion in 2010. This increase was contributed by the strong performance of Masan Consumer, Vinacafe and Techcombank.



**FINANCIAL REPORT**

The Financial Report was reviewed by our auditor, KPMG. In this secction, “Board of Management” refers to our Board of Directors. This section was prepared in British English, while other sections were prepared using American English.

# 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



Nguyen Dang Quang  
Chairman  
Ho Chi Minh City, Vietnam

30 March 2012

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



Chang Hung Chun  
CPA No. 0863/KTV  
Deputy General Director

Ho Chi Minh City, 30 March 2012



Tran Dinh Vinh  
CPA No. 0339/KTV

# BALANCE SHEETS

At 31 December 2011

	Code	Note	Group		Company	
			31/12/2011	31/12/2010	31/12/2011	31/12/2010
			VND million	VND million	VND million	VND million
<b>ASSETS</b>						
<b>Current assets</b>	<b>100</b>		<b>12,541,434</b>	<b>4,626,838</b>	<b>2,291,494</b>	<b>1,636,159</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>9,573,593</b>	<b>3,394,575</b>	<b>1,510,736</b>	<b>1,037,261</b>
Cash	111		175,717	1,155,118	23,284	1,037,261
Cash equivalents	112		9,397,876	2,239,457	1,487,452	-
<b>Short-term investments</b>	<b>120</b>	<b>12</b>	<b>1,222,500</b>	<b>490,000</b>	<b>373,000</b>	<b>-</b>
<b>Accounts receivable</b>	<b>130</b>	<b>6</b>	<b>903,317</b>	<b>314,209</b>	<b>387,496</b>	<b>592,463</b>
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)	-	-
<b>Inventories</b>	<b>140</b>	<b>7</b>	<b>612,845</b>	<b>290,200</b>	<b>-</b>	<b>-</b>
Inventories	141		625,746	296,547	-	-
Allowance for inventories	149		(12,901)	(6,347)	-	-
<b>Other current assets</b>	<b>150</b>		<b>229,179</b>	<b>137,854</b>	<b>20,262</b>	<b>6,435</b>
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

	Code	Note	Group		Company	
			31/12/2011	31/12/2010	31/12/2011	31/12/2010
			VND million	VND million	VND million	VND million
<b>Long-term assets</b>	<b>200</b>		<b>21,031,185</b>	<b>16,502,700</b>	<b>22,289,000</b>	<b>18,672,990</b>
<b>Accounts receivable – long-term</b>	<b>210</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>2,762,294</b>	<b>-</b>
Other receivables	218		-	-	2,762,294	-
<b>Fixed assets</b>	<b>220</b>		<b>11,287,505</b>	<b>8,261,999</b>	<b>19,201</b>	<b>2,039</b>
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
<b>Long-term investments</b>	<b>250</b>	<b>12</b>	<b>9,321,085</b>	<b>8,099,909</b>	<b>19,490,421</b>	<b>18,661,978</b>
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
<b>Other long-term assets</b>	<b>260</b>		<b>422,595</b>	<b>140,792</b>	<b>17,084</b>	<b>8,973</b>
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	-	-
<b>TOTAL ASSETS</b>	<b>270</b>		<b>33,572,619</b>	<b>21,129,538</b>	<b>24,580,494</b>	<b>20,309,149</b>

# BALANCE SHEETS

At 31 December 2011 (continued)

	Code	Note	Group		Company	
			31/12/2011	31/12/2010	31/12/2011	31/12/2010
			VND million	VND million	VND million	VND million
<b>RESOURCES</b>						
<b>LIABILITIES</b>	<b>300</b>		<b>12,017,587</b>	<b>8,981,050</b>	<b>6,821,280</b>	<b>3,138,393</b>
<b>Current liabilities</b>	<b>310</b>		<b>3,625,783</b>	<b>3,224,917</b>	<b>3,237,125</b>	<b>1,180,433</b>
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
<b>Long-term borrowings and liabilities</b>	<b>330</b>		<b>8,391,804</b>	<b>5,756,133</b>	<b>3,584,155</b>	<b>1,957,960</b>
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	-	-
<b>EQUITY</b>	<b>400</b>		<b>15,875,652</b>	<b>10,623,685</b>	<b>17,759,214</b>	<b>17,170,756</b>
<b>Owners’ equity</b>	<b>410</b>		<b>15,875,652</b>	<b>10,623,685</b>	<b>17,759,214</b>	<b>17,170,756</b>
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
<b>MINORITY INTERESTS</b>	<b>439</b>		<b>5,679,380</b>	<b>1,524,803</b>	<b>-</b>	<b>-</b>
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>33,572,619</b>	<b>21,129,538</b>	<b>24,580,494</b>	<b>20,309,149</b>

Prepared by:

Ta Thi Thuy Trang  
Chief Accountant

Approved by:

Nguyen Dang Quang  
Chairman

30 March 2012



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# STATEMENTS OF INCOME

For the year ended 31 December 2011

	Code	Note	Group		Company	
			2011	2010	2011	2010
			VND million	VND million	VND million	VND million
<b>Total revenue</b>	<b>01</b>	<b>24</b>	<b>7,239,003</b>	<b>5,689,498</b>	<b>-</b>	<b>-</b>
<b>Less sales deductions</b>	<b>02</b>	<b>24</b>	<b>(182,154)</b>	<b>(103,211)</b>	<b>-</b>	<b>-</b>
<b>Net sales</b>	<b>10</b>	<b>24</b>	<b>7,056,849</b>	<b>5,586,287</b>	<b>-</b>	<b>-</b>
<b>Cost of sales</b>	<b>11</b>	<b>25</b>	<b>(3,997,834)</b>	<b>(3,194,617)</b>	<b>-</b>	<b>-</b>
<b>Gross profit</b>	<b>20</b>		<b>3,059,015</b>	<b>2,391,670</b>	<b>-</b>	<b>-</b>
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)
<b>Net operating profit/(loss)</b>			<b>2,479,973</b>	<b>2,577,315</b>	<b>(222,560)</b>	<b>24,137</b>
<b>Results of other activities</b>	<b>40</b>					
Other income	31	28	22,169	19,370	-	-
Other expenses	32	29	(26,303)	(11,162)	(73)	-
<b>Share of profit in an associate</b>	<b>41</b>	<b>30</b>	<b>392,733</b>	<b>160,598</b>	<b>-</b>	<b>-</b>
<b>Profit/(loss) before tax</b>	<b>50</b>		<b>2,868,572</b>	<b>2,746,121</b>	<b>(222,633)</b>	<b>24,137</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>31</b>	<b>(247,114)</b>	<b>(140,638)</b>	<b>-</b>	<b>-</b>
<b>Income tax (expense)/benefit – deferred</b>	<b>52</b>	<b>31</b>	<b>(125,450)</b>	<b>23,734</b>	<b>-</b>	<b>-</b>
<b>Net profit/(loss) (carried forward to next page)</b>	<b>60</b>		<b>2,496,008</b>	<b>2,629,217</b>	<b>(222,633)</b>	<b>24,137</b>



STATEMENTS OF INCOME

For the year ended 31 December 2011 (continued)

	Code	Note	Group		Company	
			2011	2010	2011	2010
			VND million	VND million	VND million	VND million
Net profit/(loss) (brought forward from previ-ous 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:

*Lahal*

Ta Thi Thuy Trang  
Chief Accountant



Approved by:

*Nguyễn Đăng Quang*

Nguyễn Đăng Quang  
Chairman

30 March 2012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Group:									
	Share capital	Capital surplus	Other capital	Foreign exchange differences	Other reserves	Bonus and welfare funds	Retained profits	Equity at-tributable to equity holders of Company	Minority interests	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Balance at 1 January 2010	4,853,998	1,421,817	-	-	(1,947,256)	(1,178)	434,707	4,762,088	307,451	5,069,539
Increase in minority interests 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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011 (continued)

	Share capital	Capital surplus	Other capital	Foreign exchange differ-ences	Other reserves	Retained profits	Equity attributable to equity holders of Company	Minority interests	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
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

SEPARATE STATEMENT OF CHANGES IN EQUITY

For year ended 31 December 2011

Company	Share capital	Capital surplus	Other capital	Retained profits	Total
	VND million	VND million	VND million	VND million	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:

*Lahat*

Ta Thi Thuy Trang  
Chief Accountant

Approved by:



Nguyen Dang Quang  
Chairman

30 March 2012

# STATEMENTS OF CASH FLOWS

For the year ended 31 December 2011

	Code	Note	Group		Company	
			2011	2010	2011	2010
			VND million	VND million	VND million	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

	Code	Note	Group		Company	
			2011	2010	2011	2010
			VND million	VND million	VND million	VND million
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments for additions to fixed assets and other long-term assets	21		(2,208,260)	(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

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2011 (continued)

	Code	Note	Group		Company	
			2011	2010	2011	2010
			VND million	VND million	VND million	VND million
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from shares issued	31		-	1,057,621	-	1,057,621
Proceeds from minority interest capital contribution to subsidiaries	31		5,329,180	40,000	-	-
Proceeds from short-term and long-term borrowings	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:

*Lahal*

Ta Thi Thuy Trang  
Chief Accountant

Approved by:



Nguyễn Dang Quang  
Chairman

30 March 2012

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

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

## 1. REPORTING ENTITY

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

The 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	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%	-
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.

## 1. REPORTING ENTITY (CONTINUED)

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).



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*(ii) Basis of consolidation (continued)*

*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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*(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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### m. Long-term prepayments (continued)

(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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### q. Taxation (continued)

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

### 3. SEGMENT REPORTING BY BUSINESS (CONTINUED)

Business segments	Food and beverage		Mining		Financial services		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	VND	VND	VND	VND	VND	VND	VND	VND
	million	million	million	million	million	million	million	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	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND	VND	VND	VND	VND	VND	VND	VND
	million	million	million	million	million	million	million	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

### 3. SEGMENT REPORTING BY BUSINESS (CONTINUED)

Business segments (continued)	2011	2010	2011	2010	2011	2010	2011	2010
	VND	VND	VND	VND	VND	VND	VND	VND
	million	million	million	million	million	million	million	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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 4. BUSINESS COMBINATION (CONTINUED)

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

	Pre-acquisition carrying amounts	Fair value adjustments	Recognised value on acquisition
	VND million	VND million	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)
<b>Total net identifiable assets acquired</b>	<b>699,479</b>	<b>909,213</b>	<b>1,608,692</b>
Share of net assets acquired			808,322
Goodwill on acquisition			278,774
Consideration paid			1,087,096
Cash acquired			(278,268)
<b>Net cash outflow</b>			<b>808,828</b>
Cost of acquisition comprised:			
Cash payment			1,069,096
Transactions cost			18,000
<b>Consideration paid</b>			<b>1,087,096</b>

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

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	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	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
	<b>347,153</b>	<b>166,823</b>	<b>329,519</b>	<b>587,771</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 6. ACCOUNTS RECEIVABLE (CONTINUED)

Other receivables include the following amounts due from related parties:

	Group		Company	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	VND million
<b>Amounts due from Ma San Corporation - parent company</b>				
Non-trade – short-term	230,446	109,561	230,446	109,561
<b>Amounts due from other related companies</b>				
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.

## 6. ACCOUNTS RECEIVABLE (CONTINUED)

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)	-	-
<b>Closing balance</b>	<b>1,084</b>	<b>705</b>	<b>-</b>	<b>-</b>

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		Company	
	31/12/2011		31/12/2011	
	Gross	Impairment losses	Gross	Impairment losses
	VND million	VND million	VND million	VND million
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)	-	-
	<b>540,768</b>	<b>(1,084)</b>	<b>329,519</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 7. INVENTORIES

	Group		Company	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	VND million
Goods in transit	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)	-	-
	<b>612,845</b>	<b>290,200</b>	-	-

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

	Group	
	2011	2010
	VND million	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)
<b>Closing balance</b>	<b>12,901</b>	<b>6,347</b>

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	Leasehold improvements	Office equipment	Machinery and equipment	Motor vehicles	Total
	VND million	VND million	VND million	VND million	VND million	VND million
<b>Cost</b>						
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	-
<b>Closing balance</b>	<b>244,496</b>	<b>21,562</b>	<b>38,917</b>	<b>860,263</b>	<b>31,463</b>	<b>1,196,701</b>
<b>Accumulated depreciation</b>						
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	-
<b>Closing balance</b>	<b>35,162</b>	<b>6,157</b>	<b>15,967</b>	<b>246,934</b>	<b>13,282</b>	<b>317,502</b>
<b>Net book value</b>						
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).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 8. TANGIBLE FIXED ASSETS (CONTINUED)

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.

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

## 9. FINANCE LEASE TANGIBLE FIXED ASSETS

<u>Group:</u>		Machinery and equipment
		VND million
<b>Cost</b>		
Opening balance		16,871
Transfer to tangible fixed assets		(16,871)
<b>Closing balance</b>		<b>-</b>
<b>Accumulated depreciation</b>		
Opening balance		5,185
Charge for the year		467
Transfer to tangible fixed assets		(5,652)
<b>Closing balance</b>		<b>-</b>
<b>Net book value</b>		
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.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 10.INTANGIBLE FIXED ASSETS

Group

	Land use rights	Software	Brand name	Customer relation- ships	Total
	VND million	VND million	VND million	VND million	VND million
<b>Cost</b>					
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)
<b>Closing balance</b>	<b>142,625</b>	<b>13,762</b>	<b>544,435</b>	<b>320,647</b>	<b>1,021,469</b>
<b>Accumulated amortisation</b>					
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)
<b>Closing balance</b>	<b>12,053</b>	<b>6,067</b>	<b>9,422</b>	<b>10,688</b>	<b>38,230</b>
<b>Net book value</b>					
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.

## 10.INTANGIBLE FIXED ASSETS (CONTINUED)

Company:

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

## 11.CONSTRUCTION IN PROGRESS

	Group		Company	
	2011	2010	2011	2010
	VND million	VND million	VND million	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)	-	-	-
<b>Closing balance</b>	<b>9,425,067</b>	<b>7,616,520</b>	<b>3,568</b>	<b>1,569</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 12.INVESTMENTS

	Group		Company	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	VND million
<b>Long-term investments</b>				
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
	<b>9,321,085</b>	<b>8,099,909</b>	<b>19,490,421</b>	<b>18,661,978</b>
<b>Short-term investments</b>				
Short-term investments in bonds (b)	373,000	-	373,000	-
Term deposits to banks (b)	849,500	490,000	-	-
	<b>1,222,500</b>	<b>490,000</b>	<b>373,000</b>	<b>-</b>

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

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

## 12.INVESTMENTS (CONTINUED)

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
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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 12.INVESTMENTS (CONTINUED)

### 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.

## 12.INVESTMENTS (CONTINUED)

### c. Transactions in subsidiaries (continued)

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)
<b>Difference recorded in other reserves</b>	<b>2,290,862</b>

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)
<b>Difference recorded in other reserves</b>	<b>(69,489)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 12.INVESTMENTS (CONTINUED)

### c. Transactions in subsidiaries (continued)

(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)
<b>Difference recorded in other reserves</b>	<b>270,728</b>

Other reserve movements were as follows:

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

### 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	Prepaid land costs	Printing axles	Tools and supplies	Borrowing fees	Insurance fees	Website fees	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	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)
<b>Closing balance</b>	<b>56,796</b>	<b>2,346</b>	<b>610</b>	<b>3,419</b>	<b>6,720</b>	<b>17,495</b>	<b>680</b>	<b>88,066</b>

### Company

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 14.DEFERRED TAX ASSETS AND LIABILITIES

(i) Recognised deferred tax assets and liabilities

	Group		Company	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	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)	-	-

## 14.DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(ii) Movement in temporary differences during the year

	Group			
	31/12/2010	Recognised in income	Recognised on acquisition date	31/12/2011
	VND million	VND million	VND million	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	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	VND million
Other accruals	-	205	-	-
Tax losses	58,760	7,150	53,630	893
	58,760	7,355	53,630	893

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 14.DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

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	Company
		VND million	VND million
2014	Outstanding	9,000	3,572
2015	Outstanding	4,700	-
2016	Outstanding	235,015	210,948
		<b>248,715</b>	<b>214,520</b>

## 15.GOODWILL

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

## 16.SHORT-TERM BORROWINGS AND LIABILITIES

	Group		Company	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	VND million
Short-term borrowings	1,298,728	1,084,303	2,000,000	-
Current portion of long-term borrowings (see Note 20)	733,669	40,371	630,000	-
	<b>2,032,397</b>	<b>1,124,674</b>	<b>2,630,000</b>	<b>-</b>

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

	Currency	Interest rate per annum	Group		Company	
			31/12/2011	31/12/2010	31/12/2011	31/12/2010
			VND million	VND million	VND million	VND million
<b>Short-term borrowings</b>						
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	-	-
			<b>1,298,728</b>	<b>1,084,303</b>	<b>2,000,000</b>	<b>-</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 16.SHORT-TERM BORROWINGS AND LIABILITIES (CONTINUED)

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	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	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
	<b>291,359</b>	<b>152,842</b>	<b>5,193</b>	<b>1,360</b>

## 18.ACCRUED EXPENSES

	Group		Company	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	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 13 <sup>th</sup> 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
	<b>824,384</b>	<b>502,838</b>	<b>339,697</b>	<b>175,667</b>

## 19.OTHER PAYABLES

	Group		Company	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	VND million
<b>Other short-term payables</b>				
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
	<b>34,259</b>	<b>987,588</b>	<b>261,712</b>	<b>982,651</b>
<b>Other long-term payables</b>				
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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 20.LONG-TERM BORROWINGS AND LIABILITIES

	Group		Company	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	VND million
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)	-
<b>Repayable after twelve months</b>	<b>7,409,781</b>	<b>5,000,560</b>	<b>3,327,960</b>	<b>1,957,960</b>

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

	Currency	Interest rate per annum	Year of maturity	Group		Company	
				31/12/2011	31/12/2010	31/12/2011	31/12/2010
				VND million	VND million	VND million	VND million
<b>a. Long-term borrowings</b> (a)							
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	-
				<b>3,329,726</b>	<b>222,233</b>	<b>2,000,000</b>	<b>-</b>

## 20.LONG-TERM BORROWINGS AND LIABILITIES (CONTINUED)

	Cur- rency	Interest rate per annum	Year of maturity	Group		Company	
				31/12/2011	31/12/2010	31/12/2011	31/12/2010
				VND million	VND million	VND million	VND million
<b>b. Promissory notes</b>	(b)	VND	2016-2017	2,855,764	2,855,764	-	-
<b>c. Convertible bonds and loans issued to:</b>							
TPG	(c.1)	VND	15%	2012	630,000	630,000	630,000
International Finance Corporation	(c.2)	VND	8.0%-20.4%	2014-2016	760,000	760,000	760,000
Jade Dragon (Mauritius) Limited	(c.3)	USD	2%-6%	2015	567,960	567,960	567,960
				<b>1,957,960</b>	<b>1,957,960</b>	<b>1,957,960</b>	<b>1,957,960</b>
<b>d. Finance lease liabilities</b>							
Finance lease liabilities		VND	12%	2011-2013	-	804	-
Finance lease liabilities		USD	7%	2011-2013	-	4,170	-
					<b>-</b>	<b>4,974</b>	<b>-</b>

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

- 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).
- 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.
- 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 20.LONG-TERM BORROWINGS AND LIABILITIES (CONTINUED)

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.

## 20.LONG-TERM BORROWINGS AND LIABILITIES (CONTINUED)

(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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 20.LONG-TERM BORROWINGS AND LIABILITIES (CONTINUED)

(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	2010
	VND million	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)
<b>Closing balance</b>	<b>8,564</b>	<b>4,552</b>

## 21.PROVISION FOR SEVERANCE ALLOWANCE (CONTINUED)

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
<b>Authorised share capital</b>	515,272,269	5,152,723	515,272,269	5,152,723
<b>Issued share capital</b>				
Ordinary shares	515,272,269	5,152,723	515,272,269	5,152,723
<b>Capital surplus</b>	-	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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 22.SHARE CAPITAL AND CAPITAL SURPLUS (CONTINUED)

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
<b>Balance at the end of the year</b>	<b>515,272,269</b>	<b>5,152,723</b>	<b>515,272,269</b>	<b>5,152,723</b>

## 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)	-	-	-
<b>Net sales</b>	<b>7,056,849</b>	<b>5,586,287</b>	<b>-</b>	<b>-</b>

## 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	-	-
	<b>3,997,834</b>	<b>3,194,617</b>	<b>-</b>	<b>-</b>

## 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	-	-
	<b>1,185,206</b>	<b>1,620,919</b>	<b>645,584</b>	<b>255,443</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 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
	<b>347,725</b>	<b>270,277</b>	<b>717,657</b>	<b>169,015</b>

## 28.OTHER INCOME

	Group		Company	
	2011	2010	2011	2010
	VND million	VND million	VND million	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	-	-
	<b>22,169</b>	<b>19,370</b>	<b>-</b>	<b>-</b>

## 29.OTHER EXPENSES

	Group		Company	
	2011	2010	2011	2010
	VND million	VND million	VND million	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	-
	<b>26,303</b>	<b>11,162</b>	<b>73</b>	<b>-</b>

## 30.SHARE OF PROFIT IN AN ASSOCIATE

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

## 31.INCOME TAX

### a. Recognised in the statement of income

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



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 31.INCOME TAX (CONTINUED)

### 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
	<b>12.99%</b>	<b>372,564</b>	<b>4.26%</b>	<b>116,904</b>

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

Company

	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	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 31.INCOME TAX (CONTINUED)

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 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:

<u>Group</u>			
Related Party	Nature of transaction	2011	2010
		VND million	VND million
<b>Parent Company</b>			
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
<b>Other related parties</b>			
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
<b>Board of Management members</b>	Remuneration to members of Board of Management	48,286	1,339
	Capital contributed	-	20,000

## 32.SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

<u>Company</u>			
Related Party	Nature of transaction	2011	2010
		VND million	VND million
<b>Parent Company</b>			
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
<b>Other related parties</b>			
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	-
<b>Board of Management members</b>	Remuneration to members of Board of Management	4,985	1,339
	Capital contributed	-	20,000

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

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

**b. Leases**

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

	Group		Company	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND million	VND million	VND million	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	-	-
	<b>200,295</b>	<b>120,984</b>	<b>59,357</b>	<b>2,440</b>

### 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:

### 34.EARNINGS PER SHARE (CONTINUED)

*(i) Net profit attributable to ordinary shareholders*

	2011	2010
	VND million	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	-
<b>Weighted average number of ordinary shares at the end of the year</b>	<b>678,369,685</b>	<b>492,546,102</b>

**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	2010
	VND million	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	-
<b>Net profit attributable to shareholders (diluted)</b>	<b>1,987,659</b>	<b>2,283,039</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 34.EARNINGS PER SHARE (CONTINUED)

(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
<b>Weighted average number of ordinary shares (diluted)</b>	<b>787,956,372</b>	<b>538,012,522</b>

## 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:

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 36.FINANCIAL RISK MANAGEMENT (CONTINUED)

<u>Group</u>	Carrying amount	Contractual cash flows	Within 1 year	1 – 2 years	2 – 5 years	More than 5 years
	VND million	VND million	VND million	VND million	VND million	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)	-
	<b>10,736,211</b>	<b>(11,991,949)</b>	<b>(4,057,854)</b>	<b>(1,243,825)</b>	<b>(4,072,486)</b>	<b>(2,617,784)</b>

<u>Company</u>	Carrying amount	Contractual cash flows	Within 1 year	1 – 2 years	2 – 5 years	More than 5 years
	VND million	VND million	VND million	VND million	VND million	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)	-
	<b>6,816,087</b>	<b>(9,777,491)</b>	<b>(3,940,485)</b>	<b>(452,506)</b>	<b>(5,384,500)</b>	<b>-</b>

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.

## 36.FINANCIAL RISK MANAGEMENT (CONTINUED)

### 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:

	<u>Group</u>		<u>Company</u>	
	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)
	<b>4,042,423</b>	<b>(856,620)</b>	<b>1,582,847</b>	<b>8,423,296</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

### 36.FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	Group	Company
	Exchange rate as at 31/12/2011	Exchange rate as at 31/12/2011
	VND	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	Company
	Increase/(decrease) in net profit as at 31/12/2011	Decrease in net loss as at 31/12/2011
	VND million	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.

### 36.FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	Group	Company
	31/12/2011	31/12/2011
	VND million	VND million
<b>Fixed rate instruments</b>		
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)
<b>Variable rate instruments</b>		
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.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011 (continued)

## 36.FINANCIAL RISK MANAGEMENT (CONTINUED)

### d. Estimating the fair value (continued)

#### 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.

## 36.FINANCIAL RISK MANAGEMENT (CONTINUED)

### 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.

36.FINANCIAL RISK MANAGEMENT (CONTINUED)

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	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
		VND million	VND million	VND million	VND million	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)

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

36.FINANCIAL RISK MANAGEMENT (CONTINUED)

Company

31 December 2011	Note	Held to maturity	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
		VND million	VND million	VND million	VND million	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
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:

  
Chief Accountant

Approved by:

  
Nguyen Dang Quang  
Chairman



30 March 2012

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**GENERAL  
CORPORATE  
INFORMATION**

CORPORATE OVERVIEW

Our company’s legal name is Ma San Group Corporation and was incorporated in November 2004 under the name Ma San Shipping Corporation. We officially changed our name to Ma San Group Corporation in August 2009 and successfully listed on the Ho Chi Minh Stock Exchange on November 5, 2009. While the listed entity was formally incorporated in 2004, Masan, through our majority shareholder and our underlying operating businesses and their predecessor companies, has been in existence as a business group for over 15 years.

We are a holding company, with controlling stakes in Masan Consumer and Masan Resources representing an economic interest of 76.5% and 65%, respectively, as of December 31, 2011. We have an economic interest, through shares and mandatory convertible subordinated debt, in Techcombank of 30.6% as of December 31, 2011.

CORPORATE GOVERNANCE

Governance Structure

Approval	Annual General Meeting	
Validation	Board of Directors	Supervisory Board
Strategic Management	Management Board <ul style="list-style-type: none"><li>Chief Executive Officer</li><li>Deputy Chief Executive Officer</li><li>Chief Financial Officer<sup>1</sup></li><li>Chief Accountant</li></ul>	
Implementation	Business Development	Finance & Accounting, Legal & Administration

BOARD OF DIRECTORS

The Board of Directors (the “Board”) is elected by shareholders to oversee the activities of the Company. Members of the Board of Directors meet regularly to discuss strategic decisions raised by the Management Board. Details on the responsibilities of the Board are presented in the Board of Directors section.

SUPERVISORY BOARD

The Supervisory Board oversees the activities of the Board of Directors and the Management Board.

MANAGEMENT BOARD

The Management Board’s prime responsibilities include strategic management, resource allocation at the senior management level, financial accounting and controls, capital management, governance, and internal control.

BUSINESS DEVELOPMENT

The Business Development team is responsible for transaction execution, business analytics, relationship management, and subsidiary management.

FINANCE & ACCOUNTING, LEGAL AND ADMINISTRATION

Finance & Accounting, Legal and Administration are departments responsible for financial reporting, legal and regulatory compliance, and managing the administrative functions of the Company. Senior professionals from the Finance & Accounting and Legal departments play pivotal roles in transaction execution and post-deal follow up.

Board of Directors

BOARD RESPONSIBILITY AND DELEGATION OF AUTHORITY

The Board of Directors has two executive members, and four non-executive members. The Board of Directors is chaired by the Chairman, a non-executive members. The roles of the Chairman and Chief Executive Officer are separate. During the year, there were no changes in the structure of the Board of Directors.

Members of the Board of Directors include:

- Dr. Nguyen Dang Quang, Chairman;
- Mr. Ho Hung Anh, Vice Chairman;
- Mr. Madhur Maini, member;
- Mr. Nguyen Thieu Nam, member;
- Ms. Nguyen Hoang Yen, member; and
- Mr. Lars Kjaer, member.

1. Official appointment as Chief Financial Officer pending upcoming resolution by the Board of Directors.

The Chairman plays an important leadership role and is involved in:

- Chairing meetings of the Board and providing effective leadership to it;
- Maintaining dialogue with the Chief Executive Office and providing appropriate strategic input;
- Monitoring the performance of the Board; and
- Being a respected ambassador for the Group, including chairing meetings of shareholders, managing community issues and interacting with key stakeholders.

The Board is responsible for charting the direction, strategies and financial objectives of the Group and monitoring the progress in relation to such matters. It does not form committees under itself.

Non-executive members regularly communicate with the management of the Group to understand the progress and performance of the operations.

BOARD MEETINGS

The Board regularly meets to discuss the direction, strategy and progress of the business. Typically, the topics at the Board meetings include:

- Reports on major projects and current business issues;
- Reports on financial performance;
- Specific business proposals; and
- Minutes from the previous meeting and outstanding issues.

ACTIVITIES OF THE BOARD

In 2011 the Board’s activities mainly included discussion and approval of the following items:

- Setting up the Company’s representative office in Singapore;
- Raising capital; and
- Deciding business development plan and annual budget.

There were no separate meetings of non-executive Board members. Activities of the Board involved all members.

Management Board

The Management Board is responsible for implementing the Company’s business development plan and business performance reporting. The Chief Executive Officer chairs the Management Board.

Currently, the Management Board is comprised of the two most senior executives at Masan Group, the Chief Executive Officer and the Deputy Chief Executive Officer, and the two most senior members of the Finance & Accounting team. Members of the Management Board include:

- Mr. Madhur Maini, Chief Executive Officer;
- Mr. Nguyen Thieu Nam, Deputy Chief Executive Officer;
- Mr. Eric Chan Hong Wai, Chief Financial Officer<sup>2</sup>; and
- Ms. Ta Thi Thuy Trang, Chief Accountant.

Background of members of the Management Board are provided in Masan Group’s Professional Management Team section, excluding the Chief Executive Officer, whose background can be found in the CEO Message section.

Supervisory Board

Members of the Supervisory Board were appointed at the General Meeting of Shareholders.

The Supervisory Board is composed of the following members:

- Mr. Nguyen Quynh Lam – Head of the Supervisory Board. Lam has more than 20 years of experience in managerial and accounting positions. He was formerly with Da My JSC and La Giang Commerce JSC. He graduated from University of Mining and Geology, Hanoi, Vietnam.
- Ms. Nguyen Thu Hien – Member. Hien has more than 20 years of experience in the banking and finance industry. She was formerly with Incombank and Masan Consumer. She graduated from University of Economics, Baku City, Union of Soviet Socialist Republics.
- Mr. Dang Ngoc Ca – Member. Please refer to Masan Group’s Professional Management Team section.

ACTIVITIES OF THE SUPERVISORY BOARD

2. Official appointment as Chief Financial Officer pending upcoming resolution by the Board of Directors.



The Supervisory Board oversees activities of the Board and the Management Board in compliance with the Company’s Charter, the Internal Corporate Governance Regulations of the Company and relevant laws. Particularly, the Supervisory Board participates in regular and extraordinary meetings of the Board and shareholders’ meetings.

Internal Corporate Governance Rules

Our Internal Corporate Governance Rules were approved during a Shareholder Meeting held on October 9, 2009. Objectives of the Internal Corporate Governance Rules are to:

- Ensure an effective corporate governance plan;
- Ensure shareholders’ rights;
- Ensure equal rights among shareholders;
- Ensure related party transactions are transacted at arm’s length;
- Enhance transparency; and
- Facilitate the performance of management of the Board of Directors and supervision of the Supervisory Board.

The Internal Corporate Governance Rules define the responsibilities and delegation of authority of the Board of Directors, members of the Board of Directors, the Supervisory Board, and members of the Supervisory Board.

Nine out of the eleven members of the Board, the Management Board and the Supervisory Board have qualifications in business administration.

Remuneration of the Board, the Supervisory Board, and the Management Board

The Group is developing policies on remuneration for members of the Board and the Supervisory Board. Remuneration of the Management Board comprises a fixed component as well as a variable component.

SHAREHOLDER INFORMATION

As of December 31, 2011, Masan Group's charter capital is VND5,152,722,690,000.

	December 31, 2011		December 31, 2010	
	in shares	in %	in shares	in %
Significant shareholders				
Ma San Corporation	250,421,247	48.5998 %	250,421,247	48.5998%
Sunflower Construction Company Limited	99,817,804	19.3719%	99,817,804	19.3719%
BI Private Equity New Markets II K/S	50,011,218	9.7058%	54,684,328	10.6127%
State	0	0	0	0
Founding shareholders				
Nguyen Dang Quang	10	0.0000%	10	0.0000%
Ho Hung Anh	19,768,269	3.8365%	21,768,269	4.2246%
Foreign significant shareholders				
BI Private Equity New Markets II K/S	50,011,218	9.7058%	54,684,328	10.6127%

MASAN CORPORATION

Masan Corporation was incorporated on September 13, 2000. Its registered activities cover market research and commercial promotion, investment, management and technology transfer consulting, establishment and management of investment projects, office leasing and real estate business.

SUNFLOWER CONSTRUCTION COMPANY LIMITED

Sunflower Construction Company Limited was incorporated on August 10, 2009. Its registered activities cover civil work construction, construction and mining materials, equipment and machinery trading, goods consignee agent, market research, commercial promotion, management and investment consulting (excluding financial and accounting consulting).

BI PRIVATE EQUITY NEW MARKETS II K/S (BANKINVEST)

Further information on BankInvest is provided in Masan Group’s Partners section.

FOUNDING SHAREHOLDERS

Nguyen Dang Quang was Chairman of Masan Group and Ho Hung Anh was Vice Chairman of Masan Group as of December 31, 2011. As of the date of this report, they are still in their positions.

SIGNIFICANT FOREIGN SHAREHOLDERS

Masan Group’s only significant foreign institutional shareholder was BankInvest. Further information on BankInvest is provided in Masan Group’s Partners section.

Shareholdings and Changes in Shareholdings of the BOD during 2011

	December 31, 2011	December 31, 2010	Increase/ Decrease
Nguyen Dang Quang, Chairman	0.0000%	0.0000%	0.0000%
Ho Hung Anh, Vice Chairman	3.8364%	4.2246%	-0.3882%
Madhur Maini, Chief Executive Officer	0.1160%	0.1160%	0.0000%
Nguyen Thieu Nam, Deputy Chief Executive Officer	0.0214%	0.4096%	-0.3882%
Nguyen Hoang Yen, Member	4.2268%	4.2268%	0.0000%
Lars Kjaer, Member	0.0000%	0.0000%	0.0000%

Information Related to Trading and Transfer of Shares of Internal Shareholders

In 2011, there were transactions in Masan Group shares conducted by members of Board of Directors, Management Board, Supervisory Board, their related persons and major shareholders. The table below sets out such transactions:

Trading/Transfer date	Internal shareholders Major shareholders	Number of shares bought	Number of shares sold
Oct 19 - Nov 19, 2011	BI Private Equity New Markets II K/S	500,000	NA
Nov 15, 2011	Nguyen Thieu Nam	N/A	2,000,000
Nov 16, 2011	Nguyen Quynh Lam	N/A	2,000,000
Oct 4, 2011	BI Private Equity New Markets II K/S	N/A	500,000
Sep 30 - Oct 5, 2011	Ho Hung Anh	N/A	2,000,000
Sep 19, 2011	BI Private Equity New Markets II K/S	N/A	4,000,000
May 4-13, 2011	BI Private Equity New Markets II K/S	N/A	216,000
Feb 8 - Mar 8, 2011	BI Private Equity New Markets II K/S	N/A	457,110
Jan 4, 2011	Favor Sea Holdings Limited	N/A	3,000

EQUITY INFORMATION

	As of December 31, 2011
Charter capital (VND billion)	5,153
Share price	90,500
52-week high share price (VND)	158,000
52-week low share price (VND)	73,500
Number of shares issued (share)	515,272,269
Number of ordinary shares (share)	515,272,269
Number of preference shares (share)	0
Number of treasury shares (share)	0
Dividend yield (%)	0
Number of convertible bonds (bond)	4
Principle amount of convertible bond (VND billion)	630

GLOSSARY OF TERMS

ATM	Automatic Teller Machine	SG&A	Selling, General and Administration expenses
BankInvest	BankInvest Group	SME	Small and Medium Sized Enterprises
The Board	The Board of Directors	SOE	State-owned Enterprise
CAR	Capital Adequacy Ratio	Techcombank, or the Bank	Vietnamese Technological and Commercial Joint Stock Bank
C&R	Compensation and Resettlement	The Board	The Board of Directors
Dragon Capital	Dragon Capital Group and the funds and entities it manages	TPG	Texas Pacific Group
ESOP	Employee Share Ownership Plan	US\$	United States Dollar
EMV	Europay, MasterCard and VISA	USGS	U.S. Geological Survey
House Foods	House Foods Corporation Inc.	Vinacafe	Vinacafé Bien Hoa Joint Stock Company
HSBC	The Hong Kong and Shanghai Banking Corporation	Vinacafé	Coffee brand owned by Vinacafé Bien Hoa Joint Stock Company
IFC	International Finance Corporation	VND	Vietnam Dong
IFRS	International Financial Reporting Standards		
M&A	Mergers and Acquisitions		
Masan	a term referring to Masan Group, inclusive of Masan Consumer, Masan Resources, Techcombank and their subsidiaries		
Masan Consumer	Ma San Consumer Corporation, renamed from Masan Food		
Masan Food	Ma San Food Corporation		
Masan Group or the Group	Ma San Group Corporation		
Masan Horizon	Ma San Horizon Corporation		
Masan Resources	Ma San Resources Corporation		
Masan Thai Nguyen Resources	Ma San Thai Nguyen Resources Company Limited		
MIS	Management Information System		
MNC	Multinational Company		
Mount Kellett	Mount Kellett Capital Management L.P.		
Nui Phao	Nui Phao Mining Limited Company, restructured from Nui Phao Mining Join Venture Company Ltd as the result of the Nui Phao acquisition		
NPL	Non-performing Loan		
P&L	Profit and loss		
R&D	Research and Development		
ROA	Return On Assets		
ROAA	Return On Average Assets		
ROAE	Return On Average Equity		
ROE	Return On Equity		
SBV	State Bank of Vietnam		

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this report that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms, such as “anticipate”, “believe”, “can”, “could”, “estimate”, “anticipate”, “project”, “expect”, “intend”, “may”, “plan”, “aim”, “will” and “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), planned projects and other matters discussed in this document regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this report involve known and unknown risks, uncertainties and other factors that may cause our actual financial results, performance or achievements to be materially different from any future financial results, performance or achievements expressed or implied by such forward-looking statements or other projections.

Forward-looking statements are based on our beliefs and assumptions, which in turn are based on currently available information. We are in the business of acquiring, actively building, managing and investing in market-leading businesses in several of the fastest growing areas of the Vietnamese economy. Our outlook is predominantly based on our interpretation of what we consider to be the key economic factors affecting our business, the Vietnamese economy and the sectors we operate in. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, many of which are beyond our control. Accordingly, investors are cautioned not to place undue reliance on the forward-looking statements in this report. These statements speak only as of the date of this report or the respective dates indicated in this report, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

CONTACTS

Masan Group

Address : 8th Floor, Central Plaza 17 Le Duan, District 1  
Ho Chi Minh City, Vietnam  
Tel : (84) 8 6256 3862  
Fax : (84) 8 3827 4115  
Website : www.masangroup.com

Masan Consumer

Address : 12th Floor, Kumho Asiana Plaza Saigon  
39 Le Duan, District 1  
Ho Chi Minh City, Vietnam  
Tel : (84) 8 6255 5660  
Fax : (84) 8 3810 9463  
Website : www.masanconsumer.com  
www.masangroup.com/masanconsumer

Techcombank

Address : 72 Ba Trieu, Hoan Kiem District  
Hanoi, Vietnam  
Tel : (84) 4 3944 6368  
Fax : (84) 4 3944 6384  
Website : www.techcombank.com.vn  
www.masangroup.com/techcombank

Masan Resources

Address : 8th Floor, Central Plaza  
17 Le Duan, District 1  
Ho Chi Minh City, Vietnam  
Tel : (84) 8 6256 3862  
Fax : (84) 8 3827 4115  
Website : www.masanresources.com

