



**Ma San Group Corporation and its
subsidiaries**

Interim Financial Statements for the six-
month period ended 30 June 2012

**Ma San Group Corporation
Corporate Information**

Business Registration Certificate No

0303576603

20 July 2012

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 20 July 2012. The Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City. 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
Mr Madhur Maini	Member
Ms Nguyen Hoang Yen	Member
Mr Nguyen Thieu Nam	Member
Mr Lars Kjaer	Member

Registered Office

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

Auditors

KPMG Limited
Vietnam

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

The Board of Management is responsible for preparing the interim financial statements of Ma San Group Corporation ("the Company") and its subsidiaries (collectively "the Group") as at and for the six-month period ended 30 June 2012 in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial statements. In preparing those interim 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 interim financial statements; and
- prepare the interim financial statements on the going concern basis unless it is inappropriate to presume that 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 Group and 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 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 interim financial statements.

APPROVAL OF THE INTERIM 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 interim financial statements of the Company and the Group as of and for the six-month period ended 30 June 2012, which were prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial statements.

On behalf of the Board of Management



Nguyen Dang Quang
Chairman

Ho Chi Minh City, Vietnam
15 August 2012

File



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The Socialist Republic of Vietnam

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AUDITOR'S REPORT ON RESULTS OF FINANCIAL STATEMENTS REVIEW

To the Shareholders
Ma San Group Corporation

Scope

We have reviewed the accompanying interim financial statements of Ma San Group Corporation ("the Company") and its subsidiaries (collectively "the Group") which comprise the separate and consolidated balance sheets as at 30 June 2012 and the related separate and consolidated statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company's management on 15 August 2012. These interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these interim financial statements based on our review.

We conducted our review in accordance with the Vietnamese Standard on Auditing 910 *Engagements to Review Financial Statements*. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate and consolidated financial statements do not give a true and fair view of the financial positions of the Company and the Group as of 30 June 2012 and the results of their operations and their cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial statements.

KPMG Limited

Vietnam

Investment Certificate No: 011043000345

Review Report No: 12-01-304



Lam Thi Ngoc Hao

CPA No. N0866/KTV

Deputy General Director

Ha Vu Dinh

CPA No. 0414/KTV

Ho Chi Minh City, 15 August 2012

Ma San Group Corporation and its subsidiaries
Balance sheets at 30 June 2012

Form B 01 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			30/6/2012	31/12/2011	30/6/2012	31/12/2011
			VND million	VND million	VND million	VND million
ASSETS						
Current assets						
(100 = 110 + 120 + 130 + 140 + 150)	100		12,480,449	12,541,434	3,730,418	2,291,494
Cash and cash equivalents	110	5	8,920,656	9,573,593	3,364,152	1,510,736
Cash	111		685,673	175,717	424,125	23,284
Cash equivalents	112		8,234,983	9,397,876	2,940,027	1,487,452
Short-term investments	120	11	1,487,500	1,222,500	48,000	373,000
Accounts receivable	130	6	964,002	903,317	283,490	387,496
Accounts receivable - trade	131		154,059	193,615	-	-
Prepayments to suppliers	132		627,097	363,633	104,944	57,977
Other receivables	135		183,765	347,153	178,546	329,519
Allowance for doubtful debts	139		(919)	(1,084)	-	-
Inventories	140	7	919,639	612,845	-	-
Inventories	141		940,999	625,746	-	-
Allowance for inventories	149		(21,360)	(12,901)	-	-
Other current assets	150		188,652	229,179	34,776	20,262
Short-term prepayments	151		55,482	129,695	5,164	1,391
Deductible value added tax	152		124,806	55,418	27,293	17,739
Taxes and other receivables from State Treasury	154		-	103	-	-
Other current assets	158		8,364	43,963	2,319	1,132

The accompanying notes are an integral part of these interim financial statements

Ma San Group Corporation and its subsidiaries
Balance sheets at 30 June 2012 (continued)

Form B 01 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			30/6/2012	31/12/2011	30/6/2012	31/12/2011
			VND million	VND million	VND million	VND million
Long-term assets (200 = 210 + 220 + 250 + 260)	200		23,697,742	21,031,185	20,806,141	22,289,000
Accounts receivable – long-term	210	6	1,648	-	1,192,070	2,762,294
Other long-term receivables	218		1,648	-	1,192,070	2,762,294
Fixed assets	220		13,435,908	11,287,505	55,962	19,201
Tangible fixed assets	221	8	1,158,393	879,199	12,704	14,317
Cost	222		1,560,103	1,196,701	16,752	16,519
Accumulated depreciation	223		(401,710)	(317,502)	(4,048)	(2,202)
Intangible fixed assets	227	9	924,676	983,239	1,261	1,316
Cost	228		1,026,261	1,021,469	1,559	1,451
Accumulated amortisation	229		(101,585)	(38,230)	(298)	(135)
Construction in progress	230	10	11,352,839	9,425,067	41,997	3,568
Long-term investments	250	11	9,774,626	9,321,085	19,490,421	19,490,421
Investments in subsidiaries	251		-	-	10,557,997	10,557,997
Investments in an associate	252		9,409,126	9,321,085	8,932,424	8,932,424
Other long-term investments	258		365,500	-	-	-
Other long-term assets	260		485,560	422,595	67,688	17,084
Long-term prepayments	261	12	137,103	88,066	57,293	7,400
Deferred tax assets	262	13	51,410	24,798	-	-
Other long-term assets	268		34,179	32,626	10,395	9,684
Goodwill	269	14	262,868	277,105	-	-
TOTAL ASSETS (270 = 100 + 200)	270		36,178,191	33,572,619	24,536,559	24,580,494

The accompanying notes are an integral part of these interim financial statements

Ma San Group Corporation and its subsidiaries
Balance sheets at 30 June 2012 (continued)

Form B 01 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			30/6/2012	31/12/2011	30/6/2012	31/12/2011
			VND million	VND million	VND million	VND million
RESOURCES						
LIABILITIES (300 = 310 + 330)	300		16,050,523	12,017,587	9,290,536	6,821,280
Current liabilities	310		2,812,672	3,625,783	683,341	3,237,125
Short-term borrowings and liabilities	311	15	471,211	2,032,397	-	2,630,000
Accounts payable – trade	312		622,211	422,772	1,925	523
Advances from customers	313		18,244	7,994	-	-
Taxes payable to State Treasury	314	16	273,777	291,359	2,452	5,193
Payables to employees	315		31,695	12,618	-	-
Accrued expenses	316	17	999,252	824,384	322,695	339,697
Other payables	319	18	396,282	34,259	356,269	261,712
Long-term borrowings and liabilities	330		13,237,851	8,391,804	8,607,195	3,584,155
Other long-term liabilities	333	18	279,354	-	1,230,673	256,195
Long-term borrowings and liabilities	334	19	11,920,031	7,409,781	7,376,522	3,327,960
Deferred tax liabilities	335	13	1,030,269	973,459	-	-
Provision for severance allowance	336	20	8,197	8,564	-	-
EQUITY (400 = 410)	400		14,164,015	15,875,652	15,246,023	17,759,214
Owner's equity	410		14,164,015	15,875,652	15,246,023	17,759,214
Share capital	411	22	6,872,801	5,152,723	6,872,801	5,152,723
Capital surplus	412	22	7,999,167	2,166,136	7,999,167	2,166,136
Other capital	413	23	909,846	10,462,804	909,846	10,462,804
Foreign exchange differences	416		(13,513)	(16,066)	-	-
Other reserves	418		(7,122,663)	(6,569,981)	(530,235)	-
Retained profits	420		5,518,377	4,680,036	(5,556)	(22,449)
MINORITY INTERESTS	439		5,963,653	5,679,380	-	-
TOTAL RESOURCES (440 = 300 + 400 + 439)	440		36,178,191	33,572,619	24,536,559	24,580,494

Prepared by:

[Signature]

Doan Thi My Duyen
Chief Accountant

Approved by:

[Signature]

Nguyen Dang Quang
Chairman

15 August 2012

The accompanying notes are an integral part of these interim financial statements

Ma San Group Corporation and its subsidiaries
Statements of income for the six-month period ended 30 June 2012

Form B 02 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million
Total revenue	01	24	4,164,134	2,878,255	-	-
Less revenue deductions	02	24	102,259	39,629	-	-
Net revenue (10 = 01 – 02)	10	24	4,061,875	2,838,626	-	-
Cost of sales	11	0	2,464,704	1,658,410	-	-
Gross profit (20 = 10 – 11)	20		1,597,171	1,180,216	-	-
Financial income	21	26	556,138	469,904	643,224	178,296
Financial expenses	22	27	171,364	194,764	605,886	215,280
<i>In which: Interest expenses</i>	23		<i>160,593</i>	<i>159,688</i>	<i>433,718</i>	<i>182,673</i>
Selling expenses	24		526,559	384,890	-	-
General and administration expenses	25		306,998	141,499	99,903	64,946
Net operating profit/(loss) {30 = 20 + (21 - 22) - (24 + 25)}	30		1,148,388	928,967	(62,565)	(101,930)
Other income	31	28	100,223	7,165	79,458	-
Other expenses	32	29	12,089	8,122	-	31
Results of other activities (40 = 31 - 32)	40		88,134	(957)	79,458	(31)
Share of profit in an associate	41	30	88,041	43,233	-	-
Profit/(loss) before tax (50 = 30 + 40 + 41) (carried forward)	50		1,324,563	971,243	16,893	(101,961)

The accompanying notes are an integral part of these interim financial statements

Ma San Group Corporation and its subsidiaries
Statements of income for the six-month period ended 30 June 2012 (continued)

Form B 02 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million
Profit/(loss) before tax (50 = 30 + 40 + 41) (brought forward)	50		1,324,563	971,243	16,893	(101,961)
Income tax expense – current	51	31	170,639	144,870	-	-
Income tax expense – deferred	52	31	30,198	2,445	-	-
Net profit/(loss) after tax (60 = 50 - 51 - 52)	60		1,123,726	823,928	16,893	(101,961)
Attributable to:						
Minority interest	61		274,493	170,995	-	-
Equity holders of the Company	62		849,233	652,933	-	-
Earnings per share						
Basic earnings per share in VND	70	4	1,227	976	-	-
Diluted earnings per share in VND		4	1,128	859	-	-

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman

15 August 2012

The accompanying notes are an integral part of these interim financial statements

Ma San Group Corporation and its subsidiaries
Statements of cash flows for the six-month period ended 30 June 2012

Form B 03 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax	01		1,324,563	971,243	16,893	(101,961)
Adjustments for						
Depreciation and amortisation	02		179,719	55,396	6,181	1,811
Allowances and provisions	03		20,662	25,861	-	-
Net unrealised foreign exchange (gains)/losses	04		(702)	28,690	-	28,690
Loss on disposal of fixed assets and other long-term assets	05		1,489	197	-	-
Interest and facility income	05		(550,846)	(451,468)	(643,172)	(167,837)
Interest and facility expenses	06		160,593	159,688	596,664	182,673
Share of profit in associate	07		(88,041)	(43,233)	-	-
Operating profit/(loss) before changes in working capital	08		1,047,437	746,374	(23,434)	(56,624)
Change in receivables and other assets	09		165,651	7,135	(111,290)	(23,418)
Change in inventories	10		(327,621)	(197,722)	-	-
Change in payables and other liabilities	11		(144,483)	(163,704)	(50,015)	(19,136)
			740,984	392,083	(184,739)	(99,178)
Interest paid	13		(190,389)	(114,965)	(29,343)	(23,507)
Corporate income tax paid	14		(208,707)	(115,710)	-	-
Other payments for operating activities	16		(11,629)	(10,122)	-	-
Net cash generated from/(used in) operating activities	20		330,259	151,286	(214,082)	(122,685)

The accompanying notes are an integral part of these interim financial statements

Ma San Group Corporation and its subsidiaries
Statements of cash flows for the six-month period ended 30 June 2012 (continued)

Form B 03 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments for additions to fixed assets and other long-term assets	21		(2,013,957)	(535,252)	(38,771)	(12,237)
Proceeds from disposals of fixed assets and other long-term assets	22		795	-	-	-
Loans provided to parent company	23		-	(715,000)	-	-
Collection on loans provided to parent company	23		-	715,000	-	-
Loans provided to subsidiaries	23		-	-	-	(136,840)
Collection on loans provided to subsidiaries	23		-	-	2,000,000	97,651
Term deposit to banks	24		(13,303,416)	(18,212,710)	-	-
Term deposit received	24		12,347,916	18,655,210	-	-
Proceeds from investments in bonds	25		373,000	-	373,000	-
Payments for investments in bonds	25		(48,000)	(700,000)	(48,000)	(700,000)
Payment for investment in an associate	26		-	(1,000,000)	-	(1,000,000)
Receipts of interest	27		543,850	333,862	192,489	48,388
Net cash (used in)/generated from investing activities	30		(2,099,812)	(1,458,890)	2,478,718	(1,703,038)

The accompanying notes are an integral part of these interim financial statements

Ma San Group Corporation and its subsidiaries
Statements of cash flows for the six-month period ended 30 June 2012 (continued)

Form B 03 – DN

	Code	Note	<u>Group</u>	<u>Company</u>		
			From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issuance of new shares	31		411,000	-	411,000	-
Proceeds from minority interest capital contribution to subsidiaries	31		12,500	5,412,815	-	-
Proceeds from issuance of equity and debt instruments	31		1,666,240	-	1,666,240	-
Payments for repurchases of equity instruments	32		(4,634,395)	-	(4,634,395)	-
Proceeds from short-term and long-term borrowings	33		5,463,639	877,300	2,200,000	2,000,000
Payments for transaction cost for issuance of debt instruments	33		(54,065)	-	(54,065)	-
Payments to settle debts with parent company	34		-	(211,796)	-	-
Payments to settle debts to banks and other entities	34		(1,732,436)	(957,114)	-	-
Payments of dividend to minority interest by a subsidiary	36		(15,867)	-	-	-
Net cash generated from/(used in) financing activities	40		1,116,616	5,121,205	(411,220)	2,000,000
Net cash flows during the period (50 = 20 + 30 + 40)	50		(652,937)	3,813,601	1,853,416	174,277
Cash and cash equivalents at the beginning of the period	60		9,573,593	3,394,575	1,510,736	1,037,261
Effect of exchange rate fluctuations on cash and cash equivalents	61		-	21,900	-	21,890
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	5	8,920,656	7,230,076	3,364,152	1,233,428

The accompanying notes are an integral part of these interim financial statements

Ma San Group Corporation and its subsidiaries
Statements of cash flows for the six-month period ended 30 June 2012

Form B 03 – DN

NON-CASH INVESTING AND FINANCING ACTIVITIES

	<u>Group</u>		<u>Company</u>	
	From	From	From	From
	1/1/2012 to	1/1/2011 to	1/1/2012 to	1/1/2011 to
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
	VND million	VND million	VND million	VND million
Cost of investments acquired by issuing equity instruments	-	811,091	-	811,091
Capital to subsidiaries contributed by waiving receivable	-	487,500	-	-
Issuance of new shares through conversion of borrowings	796,524	-	-	-
Issuance of new shares through conversion of other capital	6,358,643	-	-	-

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman

15 August 2012

The accompanying notes are an integral part of these interim financial statements

Ma San Group Corporation and its subsidiaries
Notes to the interim financial statements for the six-month period ended 30 June 2012

Form B 09 – DN

These notes form an integral part of and should be read in conjunction with the accompanying interim 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 interim 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	
		30/6/2012	31/12/2011
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	Trading and distribution	76.2%	76.5%
Masan Food Company Limited	Food Trading	76.2%	76.5%
Ma San Industrial One Member Company Limited (formerly known as Masan Industrial Corporation) (**)	Food sauce and instant noodle manufacturing	76.2%	76.5%
Viet Tien Food Technology One member Company Limited (formerly known as Viet Tien Food Technology Joint Stock Company) (**)	Food sauce manufacturing	76.2%	76.5%
Ma San HD One member Company Limited (formerly known as Ma San HD Joint Stock Company) (**)	Instant noodle manufacturing	76.2%	76.5%
Ma San PQ Corporation	Food sauce manufacturing	72.0%	72.3%

Ma San Group Corporation and its subsidiaries
Notes to the interim financial statements for the six-month period ended 30 June 2012
(continued)

Form B 09 – DN

Name	Principal activity	Percentage of economic interests at	
		30/6/2012	31/12/2011
Minh Viet Packaging Joint Stock Company	Packaging	76.2%	76.5%
Vinacafe Bien Hoa Joint Stock Company	Beverage manufacturing	38.3%	38.4%
Ma San Horizon Corporation	Investment holding	100%	100%
Ma San Resources Corporation	Investment holding	65%	65%
Ma San Thai Nguyen Resources Company Limited	Investment holding	65%	65%
Thai Nguyen Trading and Investment Company Limited	Investment holding	65%	65%
Nui Phao Mining Company Limited	Exploring and processing mineral	65%	65%

(*) 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.

(**) During the period, Masan Industrial Corporation, Viet Tien Food Technology Joint Stock Company and Ma San HD Joint Stock Company obtained approval from the Planning and Investment Department to change their names to Masan Industrial One member Company Limited, Viet Tien Food Technology One member Company Limited and Ma San HD One member Company Limited, respectively.

All the subsidiaries are incorporated in Vietnam.

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

As at 30 June 2012, the Company had 46 employees (31/12/2011: 41 employees) and the Group had 5,669 employees (31/12/2011: 5,555 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 interim financial statements.

(a) Basis of interim financial statement preparation

(i) *General basis of accounting*

The interim 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. These interim financial statements should be read in conjunction with the separate and consolidated financial statements of the Company for the year ended 31 December 2011.

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

Non-common control business combination

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

Ma San Group Corporation and its subsidiaries
Notes to the interim financial statements for the six-month period ended 30 June 2012
(continued)

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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.

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Notes to the interim financial statements for the six-month period ended 30 June 2012
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(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) *Fair value measurement and disclosures*

According to Circular 210/2009/TT-BTC of the Ministry of Finance on presentation and disclosures of the financial instruments ("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 35.

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

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

If a market for a financial instrument is not active, or when the Vietnamese Accounting Standards and the Vietnamese Accounting System do not provide guidance on measurement of fair values in the case when quoted prices in an active market is not available, the Group and the Company do not determine the fair value of the financial assets and financial liabilities for disclosure purposes.

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(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 period have been translated into VND at rates approximating those ruling at the transaction dates.

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

(e) Cash and cash equivalents

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

(f) Investments

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

(g) Accounts receivable

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

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(h) Inventories

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

The Group apply the perpetual method of accounting for inventory.

(i) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

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

(j) Finance lease tangible fixed assets

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

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

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Notes to the interim financial statements for the six-month period ended 30 June 2012
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(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 years.

(iii) Brand name

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

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(l) Construction in progress

Construction in progress represents the cost of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the 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 starting 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 are stated at cost and amortised over their useful lives ranging from six months to two years.

(iv) *Borrowing fees*

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

(v) *Insurance fees*

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

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(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 period comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

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

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

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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, gains/losses from repurchase of equity instruments and acquisition of/disposal to minority interests are recorded in Other Reserves in equity.

(s) Revenue

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

(t) Financial income and financial expenses

(i) *Financial income*

Financial income comprises interest income from deposits and loans 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 period in which they are incurred on a nominal basis, except where the borrowing costs relate to borrowings in respect of the construction of tangible fixed assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the fixed assets concerned.

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(u) Operating lease payments

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

(v) Earnings per share

The Group presents basic 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 period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(w) Segment reporting

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

(x) Related parties

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

(y) Share – based payments

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

(z) Off balance sheet items

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

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3. Segment reporting

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.

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Notes to the interim financial statements for the six-month period ended 30 June 2012 (continued)

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Business segments

	Food and beverage		Mining		Financial services		Total	
	From	From	From	From	From	From	From	
	1/1/2012 to	1/1/2011 to	1/1/2012 to	1/1/2011 to	1/1/2012 to	1/1/2011 to	1/1/2012 to	1/1/2011 to
	30/6/2012	30/6/2011	30/6/2012	30/6/2011	30/6/2012	30/6/2011	30/6/2012	30/6/2011
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Segment revenue	4,061,875	2,838,626	-	-	-	-	4,061,875	2,838,626
Segment gross margin	1,597,171	1,180,216	-	-	-	-	1,597,171	1,180,216
Segment results	1,006,457	871,910	150,298	73,649	88,041	43,233	1,244,796	988,792
Unallocated expenses							(99,924)	(66,061)
Financial income							181,621	164,521
Financial expenses							(90,064)	(115,052)
Net operating profit (include share of profit in associate)							1,236,429	972,200
Other income							100,223	7,165
Other expenses							(12,089)	(8,122)
Income tax expense							(200,837)	(147,315)
Net profit							1,123,726	823,928

The sales of the Group's products are subject to seasonality. Total revenue increases in the fourth quarter of each year as distributors prepare for an anticipated increase in consumer demand in the months leading up to the Tet (Lunar New Year) holidays, which occurs in the first quarter of each year. The Group typically increases the production of sauces and instant noodles in anticipation of the increase in demand and also increases advertising and promotional efforts in the fourth quarter of each year to boost sales during the period leading to the festive season.

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	Food and beverage		Mining		Financial services		Total	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011	30/6/2012	31/12/2011	30/6/2012	31/12/2011
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Segment assets	9,381,205	9,387,054	13,549,757	12,570,448	9,409,126	9,321,085	32,340,088	31,278,587
Unallocated assets							3,838,103	2,294,032
Total assets							36,178,191	33,572,619
Segment liabilities	4,261,172	4,967,970	3,561,949	918,720	-	-	7,823,121	5,886,690
Unallocated liabilities							8,227,402	6,130,897
Total liabilities							16,050,523	12,017,587

	From	From	From	From	From	From	From	From
	1/1/2012 to	1/1/2011 to	1/1/2012 to	1/1/2011 to	1/1/2011 to	1/1/2012 to	1/1/2011 to	1/1/2012 to
	30/6/2012	30/6/2011	30/6/2012	30/6/2011	30/6/2011	30/6/2012	30/6/2011	30/6/2012
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Capital expenditures	385,213	163,763	1,599,866	358,791	-	-	1,985,079	522,554
Depreciation	81,224	46,968	4,420	1,136	-	-	85,644	48,104
Amortisation of intangible fixed assets	62,327	1,846	865	310	-	-	63,192	2,156

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

Geographical segments

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

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4. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share at 30 June 2012 was based on the profit attributable to ordinary shareholders of VND849,233 million (the six-month period ended 30 June 2011: VND652,933 million) of the Group and a weighted average number of ordinary shares outstanding of 692,084,849 shares during the period (the six-month period ended 30 June 2011: 668,945,004 shares), calculated as follow:

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

(i) Net profit attributable to ordinary shareholders

	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million
Net profit attributable to ordinary shareholders	849,233	652,933

(ii) Weighted average number of ordinary shares

	From 1/1/2012 to 30/6/2012	From 1/1/2011 to 30/6/2011
Issued ordinary shares at the beginning of the period	515,272,269	515,272,269
Effect of shares issued for cash	5,645,604	-
Effect of shares issued to discharge convertible bonds and loans	378,506	-
Effect of shares issued to discharge other capital	96,463,766	-
Effect of equity instruments bought back	50,609,123	-
Effect of share issued solely after the passage of time	23,715,581	153,672,735
Weighted average number of ordinary shares at the end of the period	692,084,849	668,945,004

(b) Diluted earnings per share

The calculation of diluted earnings per share for six-month period ended 30 June 2012 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.

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

	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million
Net profit attributable to shareholders (basic)	849,233	652,933
Adjustment of profit attributable to minority interest in a subsidiary	-	5,443
Profit attributable to ordinary shareholders (diluted)	849,233	658,376

The diluted net profit attributable to shareholders took into account income effect of potential dilutive ordinary shares.

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

	From 1/1/2012 to 30/6/2012	From 1/1/2011 to 30/6/2011
Weighted average number of ordinary shares (basic)	692,084,849	668,945,004
Effect of potential ordinary shares	60,912,432	98,843,039
Weighted average number of ordinary shares (diluted)	752,997,281	767,788,043

5. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	30/6/2012 VND million	31/12/2011 VND million	30/6/2012 VND million	31/12/2011 VND million
Cash on hand	1,445	2,804	417	432
Cash in banks	684,228	172,913	423,708	22,852
Cash equivalents	8,234,983	9,397,876	2,940,027	1,487,452
	8,920,656	9,573,593	3,364,152	1,510,736

Cash and cash equivalents at 30 June 2012 of the Group and the Company included amounts denominated in currencies other than VND amounting to VND5,450,327 million (31/12/2011: VND2,334,375) and VND1,794,568 million (31/12/2011: VND199,750 million), respectively.

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6. Accounts receivable

As at 30 June 2012, certain trade receivables of the Group were pledged with banks as security for loans granted to a subsidiary (see Note 15).

During the period, prepayments to suppliers amounting to VND469,506 million (31/12/2011: VND287,414 million) were included in additions in construction in progress.

Other receivables comprised:

	<u>Group</u>		<u>Company</u>	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
	VND million	VND million	VND million	VND million
Other short-term receivables				
Non-trade receivables from related companies	79,458	232,399	147,153	266,265
Accrued interest receivable from:				
• Deposits	61,730	44,022	4,723	4,931
• Investments in bonds	3,045	13,757	3,045	13,757
Services receivable	22,895	44,566	22,895	44,566
Others	16,637	12,409	730	-
	183,765	347,153	178,546	329,519
Other long-term receivables				
Long-term interest receivables	1,648	-	-	-
Other long-term receivables from related companies	-	-	1,192,070	2,762,294
	1,648	-	1,192,070	2,762,294

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Non-trade receivables from related companies consist of:

	<u>Group</u>		<u>Company</u>	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
	VND million	VND million	VND million	VND million
Amounts due from Ma San Corporation - parent company				
Reimbursement of cost from parent company	79,458	-	79,458	-
Accrued interest and tax on convertible instrument	-	230,446	-	230,446
Amounts due from other related companies				
Non-trade – short-term	-	1,953	67,695	35,819
Non-trade – long-term	-	-	1,192,070	2,762,294

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

At 30 June 2012, the non-trade long-term amounts due from other related companies of the Company were unsecured, interest free and receivable in accordance with contract terms, and consist of:

- (a) Facility fees of 12% to 15% per annum amounting to VND442,025 million on unsecured loan facilities amounting to USD188 million and VND2,200 billion made available to the subsidiaries which have not been drawn down. The facility fees are payable in 2014 and 2016.
- (b) 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;
- (c) VND262,495 million relates to interest receivables, which is due in 2014, accrued on a VND2,000 billion loan extended to a subsidiary in 2011 which has been repaid during the period.

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. Cash and cash equivalents are placed with financial institutions which are regulated. Investments and transactions involving derivative financial instruments are allowed only with counterparties after assessment by management. Management does not foresee any significant credit risks from these deposits nor expect these financial institutions to default.

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

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

Movements of allowance for doubtful debts were as follows:

	<u>Group</u>		<u>Company</u>	
	From	From	From	From
	1/1/2012 to	1/1/2011 to	1/1/2012 to	1/1/2011 to
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
	VND million	VND million	VND million	VND million
Opening balance	1,084	705	-	-
Increase in allowance during the period/year	88	379	-	-
Written back	(253)	-	-	-
Closing balance	919	1,084	-	-

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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 and other receivables as of 30 June 2012. The ageing analysis of the trade and other receivables is as follows:

	Group				Company			
	30/6/2012		31/12/2011		30/6/2012		31/12/2011	
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
	Gross	Impairment losses	Gross	Impairment losses	Gross	Impairment losses	Gross	Impairment losses
Not past due	258,377	-	480,085	-	178,546	-	329,519	-
Past due 0 – 30 days	65,473	-	47,526	-	-	-	-	-
Past due 31 – 180 days	12,673	-	11,247	-	-	-	-	-
Past due over 180 days	1,301	(919)	1,910	(1,084)	-	-	-	-
	337,824	(919)	540,768	(1,084)	178,546	-	329,519	-

Ma San Group Corporation and its subsidiaries
Notes to the interim financial statements for the six-month period ended 30 June 2012
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7. Inventories

	Group	
	30/6/2012	31/12/2011
	VND million	VND million
Goods in transit	52,181	31,028
Raw materials	520,269	409,748
Tools and supplies	15,853	1,152
Work in progress	113,205	64,939
Finished goods	239,491	118,879
	<hr/>	<hr/>
	940,999	625,746
Allowance for inventories	(21,360)	(12,901)
	<hr/>	<hr/>
	919,639	612,845
	<hr/>	<hr/>

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

	Group	
	From 1/1/2012	From 1/1/2011
	to 30/6/2012	to 31/12/2011
	VND million	VND million
Opening balance	12,901	6,347
Increase in allowance during the period/year	25,938	86,491
Allowance utilised during the period/year	(12,368)	(79,937)
Written back	(5,111)	-
	<hr/>	<hr/>
Closing balance	21,360	12,901
	<hr/>	<hr/>

As at 30 June 2012, certain inventories of the Group were pledged with banks as security for loans granted to a subsidiary (see Note 15).

Ma San Group Corporation and its subsidiaries
Notes to the interim financial statements for the six-month period ended 30 June 2012
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8. Tangible fixed assets

Group

	Buildings and structures VND million	Leasehold improvements VND million	Office equipment VND million	Machinery and equipment VND million	Motor vehicles VND million	Total VND million
Cost						
Opening balance	244,496	21,562	38,917	860,263	31,463	1,196,701
Additions	680	112	10,672	7,802	5,526	24,792
Transfer from construction in progress	193,596	664	3,835	146,007	74	344,176
Disposals	(553)	-	(350)	(4,663)	-	(5,566)
Closing balance	438,219	22,338	53,074	1,009,409	37,063	1,560,103
Accumulated depreciation						
Opening balance	35,162	6,157	15,967	246,934	13,282	317,502
Charge for the period	9,276	2,719	5,711	67,002	2,782	87,490
Disposals	(345)	-	(328)	(2,609)	-	(3,282)
Closing balance	44,093	8,876	21,350	311,327	16,064	401,710
Net book value						
Opening balance	209,334	15,405	22,950	613,329	18,181	879,199
Closing balance	394,126	13,462	31,724	698,082	20,999	1,158,393

Included in the cost of tangible fixed assets were assets costing VND41,566 million which were fully depreciated as of 30 June 2012 (31/12/2011: VND39,221), but which are still in active use.

The carrying amount of tangible fixed assets retired from active use and held for disposal amounted to VND17,745 million as of 30 June 2012 (31/12/2011: VND23,946 million).

The carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND27,533 million as of 30 June 2012 (31/12/2011: VND7,914 million).

As at 30 June 2012, tangible fixed assets with a carrying value of VND474,964 million (31/12/2011: VND312,378 million) were pledged with banks as security for loans granted to the subsidiaries.

Ma San Group Corporation and its subsidiaries
Notes to the interim financial statements for the six-month period ended 30 June 2012
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Company:

	Leasehold improvements VND million	Office equipment VND million	Total VND million
Cost			
Opening balance	14,896	1,623	16,519
Additions	-	233	233
Closing balance	14,896	1,856	16,752
Accumulated depreciation			
Opening balance	1,830	372	2,202
Charge for the period	1,568	278	1,846
Closing balance	3,398	650	4,048
Net book value			
Opening balance	13,066	1,251	14,317
Closing balance	11,498	1,206	12,704

Ma San Group Corporation and its subsidiaries
Notes to the interim financial statements for the six-month period ended 30 June 2012
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9. Intangible fixed assets

Group

	Land use rights VND million	Software VND million	Brand name VND million	Customer relationships VND million	Total VND million
Cost					
Opening balance	142,625	13,762	544,435	320,647	1,021,469
Transfer from construction in progress	-	172	-	-	172
Additions	-	4,620	-	-	4,620
Closing balance	142,625	18,554	544,435	320,647	1,026,261
Accumulated amortisation					
Opening balance	12,053	6,067	9,422	10,688	38,230
Charge for the period	1,925	2,111	27,254	32,065	63,355
Closing balance	13,978	8,178	36,676	42,753	101,585
Net book value					
Opening balance	130,572	7,695	535,013	309,959	983,239
Closing balance	128,647	10,376	507,759	277,894	924,676

Included in the cost of intangible fixed assets were assets costing VND2,306 million which were fully amortised as of 30 June 2012 (31/12/2011: nil), but which are still in use.

As at 30 June 2012, land use rights with a carrying value of VND54,798 million (31/12/2011: VND55,088 million) were pledged with banks as security for loans granted to the Group's subsidiaries.

Ma San Group Corporation and its subsidiaries
Notes to the interim financial statements for the six-month period ended 30 June 2012
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Company:

	Software VND million
Cost	
Opening balance	1,451
Additions	108
	<hr/>
Closing balance	1,559
	<hr/>
Accumulated amortisation	
Opening balance	135
Charge for the period	163
	<hr/>
Closing balance	298
	<hr/>
Net book value	
Opening balance	1,316
Closing balance	1,261
	<hr/>

10. Construction in progress

	<u>Group</u>		<u>Company</u>	
	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 31/12/2011 VND million	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 31/12/2011 VND million
Opening balance	9,425,067	7,616,520	3,568	1,569
Acquisition on business combination	-	4,273	-	-
Additions during the period/year	2,278,842	2,028,436	38,429	16,895
Transfer to tangible fixed assets	(344,176)	(222,070)	-	(14,896)
Transfer to intangible fixed assets	(172)	-	-	-
Transfer to long-term prepayments	(6,722)	(2,092)	-	-
	<hr/>			
Closing balance	11,352,839	9,425,067	41,997	3,568
	<hr/>			

During the period, borrowing costs capitalised into construction in progress amounted to VND479,033 million (for the year ended 31 December 2011: VND198,437 million).

Ma San Group Corporation and its subsidiaries
Notes to the interim financial statements for the six-month period ended 30 June 2012
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11. Investments

	<u>Group</u>		<u>Company</u>	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
	VND million	VND million	VND million	VND million
Long-term investments				
Investments in subsidiaries	-	-	10,557,997	10,557,997
Investment in an associate (a)	9,409,126	9,321,085	8,932,424	8,932,424
Other long-term investments (b)	365,500	-	-	-
	9,774,626	9,321,085	19,490,421	19,490,421
Short-term investments				
Short-term investments in bonds (c)	48,000	373,000	48,000	373,000
Term deposits in banks (c)	1,439,500	849,500	-	-
	1,487,500	1,222,500	48,000	373,000

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

	30/6/2012	31/12/2011
	VND million	VND million
Ma San Consumer Corporation	8,400,824	8,400,824
Hoa Bang Lang Consultant Company Limited	516,600	516,600
Orchid Consultant Company Limited	441,200	441,200
Masan Horizon Corporation	1,199,373	1,199,373
	10,557,997	10,557,997

Ma San Group Corporation and its subsidiaries
Notes to the interim financial statements for the six-month period ended 30 June 2012
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The following are the details of the consolidated subsidiaries as at 30 June 2012:

Name	Address
Hoa Bang Lang Consultant Company Limited	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Orchid Consultant Company Limited	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Gerbera Consultant Company Limited	6 th Floor , Me Linh Point Tower, 2 Ngo Duc Ke Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Dahlia Company Limited	6 th Floor , Me Linh Point Tower, 2 Ngo Duc Ke Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Ma San Consumer Corporation	12 th Floor, Kumho Asiana Plaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Masan Food Company Limited	12 th Floor, Kumho Asiana Plaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Ma San Industrial One member Company Limited (formerly known as Masan Industrial Corporation)	Lot 6, Tan Dong Hiep A Industrial Park, Di An District, Binh Duong Province, Vietnam
Viet Tien Food Technology One member Company Limited (formerly known as 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 One member Company Limited (formerly known as 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 I, Bien Hoa City, Dong Nai province, Vietnam.
Ma San Horizon Corporation	Suite 802, 8 th Floor, Central Tower, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

Ma San Group Corporation and its subsidiaries
Notes to the interim financial statements for the six-month period ended 30 June 2012
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Name	Address
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, 8 th Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam
Thai Nguyen Trading and Investment Company Limited	8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Nui Phao Mining Company Limited	Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam

(a) Investment in an associate

Investment in an associate represents investment in 30.61% (31/12/2011: 30.61%) of the effective economic interest in Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”) as of 30 June 2012, including 15.77% through direct equity interest and 14.84% through convertible bonds issued by Techcombank which the Company has agreed to irrevocably and mandatorily convert.

(b) Other long-term investments

Other long-term investments represent deposits with original terms to maturity of more than twelve months from their transaction dates. The term deposits are denominated in Vietnam Dong and earned interest ranging from 11% to 14% per annum during the period (31/12/2011: N/A).

(c) Short-term investments

Term deposits in banks represent deposits with original terms to maturity of more than three months and less than 12 months from their transaction dates. The term deposits are denominated in Vietnam Dong and earned interest ranging from 9% to 14% per annum during the period (2011: 14%).

The short-term investments in bonds represent investment in 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 30 June 2012, the fair values of the short-term investments approximate their carrying values.

Ma San Group Corporation and its subsidiaries
Notes to the interim financial statements for the six-month period ended 30 June 2012
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(d) Transactions in subsidiaries for the six-month period ended 30 June 2012 – transactions with non - controlling interests

On 15 May 2012, Ma San Consumer Corporation (“MSC”), a subsidiary, issued shares to certain employees, resulting in the following effects:

	VND million
Shares issued at par not subscribed by the Group	12,500
Net assets diluted	(34,947)
	<hr/>
Difference recorded in other reserves	(22,447)
	<hr/>

Other reserves movements were as follow:

	VND million
Balance at 1 January 2012	(6,569,981)
Increase in minority interests in MSC	(22,447)
Equity instruments repurchased (Note 23(b))	(530,235)
	<hr/>
Balance at 30 Jun 2012	(7,122,663)
	<hr/>

(e) Transactions in subsidiaries in 2011

(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 on that date for VND3,327,552 million.

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

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

Ma San Group Corporation and its subsidiaries
Notes to the interim financial statements for the six-month period ended 30 June 2012
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(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.

(f) 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.

12. Long-term prepayments

Group

	Pre- operating expenses VND million	Prepaid land costs VND million	Printing axes VND million	Tools and supplies VND million	Borrowing fees VND million	Insurance fees VND million	Website fees VND million	Total VND million
Opening balance	56,796	2,346	610	3,419	6,720	17,495	680	88,066
Additions	-	-	1,444	1,178	54,065	15,248	-	71,935
Transfer from construction in progress	-	-	-	6,722	-	-	-	6,722
Amortisation for the period	-	(35)	(1,353)	(1,742)	(3,900)	(22,318)	(272)	(29,620)
Closing balance	56,796	2,311	701	9,577	56,885	10,425	408	137,103

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Company

	Borrowing fees VND million	Others VND million	Total VND million
Opening balance	6,720	680	7,400
Additions	54,065	-	54,065
Amortisation for the period	(3,900)	(272)	(4,172)
Closing balance	56,885	408	57,293

13. Deferred tax assets and liabilities

(i) *Recognised deferred tax assets and liabilities*

	<u>Group</u>	
	30/6/2012 VND million	31/12/2011 VND million
Deferred tax assets:		
Allowance for provision doubtful debts	165	206
Accrued sales discount	5,991	17,469
Accrued advertising and promotion expenses	20,396	21,740
Accrued transportation costs	9,869	7,426
Other payables and accruals	50,277	5,519
Other long-term payables	2,311	-
Tax loss carry-forwards	26,029	-
Unrealised profit	25,147	3,591
Less: offset against deferred tax assets	(88,775)	(31,153)
	51,410	24,798
Deferred tax liabilities:		
Construction in progress	(751,021)	(751,021)
Tangible fixed assets	(12,069)	(12,808)
Intangible fixed assets	(102,276)	(106,785)
Other receivables	(73,491)	(3,533)
Accrued interest income	(180,187)	(130,465)
Less: offset against deferred tax liabilities	88,775	31,153
	(1,030,269)	(973,459)
	(978,859)	(948,661)

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(ii) Movement in temporary differences during the period

	31/12/2011	Group Recognised in income	30/6/2012
	VND million	VND million	VND million
Allowance for provision doubtful debts	206	(41)	165
Accrued sales discount	17,469	(11,478)	5,991
Accrued advertising and promotion expenses	21,740	(1,344)	20,396
Accrued transportation costs	7,426	2,443	9,869
Other payables and accruals	5,519	44,758	50,277
Other long-term payables	-	2,311	2,311
Tax loss carry-forwards	-	26,029	26,029
Unrealised profit	3,591	21,556	25,147
Construction in progress	(751,021)	-	(751,021)
Tangible fixed assets	(12,808)	739	(12,069)
Intangible fixed assets	(106,785)	4,509	(102,276)
Other receivables	(3,533)	(69,958)	(73,491)
Accrued interest income	(130,465)	(49,722)	(180,187)
	(948,661)	(30,198)	(978,859)

(iii) Unrecognised deferred tax assets

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

	Group	Group	Company	Company
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
	VND million	VND million	VND million	VND million
Deductible temporary differences	92,330	62,763	92,330	62,763
Tax losses	27,643	58,760	17,768	53,630
	119,973	121,523	110,098	116,393

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 can utilise the benefits therefrom.

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Notes to the interim financial statements for the six-month period ended 30 June 2012
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The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available	
		<u>Group</u> VND million	<u>Company</u> VND million
2014	Outstanding	5,428	-
2015	Outstanding	4,700	-
2016	Outstanding	95,139	71,072
2017	Outstanding	23,489	-
		<hr/>	<hr/>
		128,756	71,072
		<hr/>	<hr/>

14. Goodwill

	<u>Group</u> 30/6/2012 VND million
Cost	
Opening balance/closing balance	284,728
	<hr/>
Accumulated amortisation	
Opening balance	7,623
Amortisation for the period	14,237
	<hr/>
Closing balance	21,860
	<hr/>
Net book value	
Opening balance	277,105
Closing balance	262,868
	<hr/>

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Notes to the interim financial statements for the six-month period ended 30 June 2012
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15. Short-term borrowings and liabilities

	<u>Group</u>		<u>Company</u>	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
	VND million	VND million	VND million	VND million
Short-term borrowings	368,426	1,298,728	-	2,000,000
Current portion of long-term borrowings (see Note 19)	102,785	733,669	-	630,000
	471,211	2,032,397	-	2,630,000

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

	Currency	Interest rate per annum	<u>Group</u>		<u>Company</u>	
			30/6/2012	31/12/2011	30/6/2012	31/12/2011
			VND million	VND million	VND million	VND million
Short-term borrowings						
Secured bank loans	VND	11.8%-13.1%	119,451	815,822	-	-
Secured bank loans	USD	4.5%-5.4%	133,549	1,536	-	-
Unsecured bank loans	VND	13.0%	111,702	481,370	-	-
Unsecured bank loans	USD	5.0%	3,724	-	-	-
Unsecured loan from a subsidiary	VND	15.0% - 18.0%	-	-	-	2,000,000
			368,426	1,298,728	-	2,000,000

As at 30 June 2012, the bank loans were secured by the following assets of the Group:

- (i) Inventories and trade receivables with a carrying amount of VND100 billion and USD13.75 million, equivalent to VND286,385 million (31/12/2011: USD5 million, equivalent to VND104,140 million), respectively; and
- (ii) Fixed assets with a carrying value of VND529,762 million (31/12/2011: VND367,466 million). Part of these fixed assets with carrying value of VND491,327 million (31/12/2011: VND310,560 million) was also used as security for long term borrowings and accordingly, included in the amount of security disclosed in Note 19.

During the period, the Company entered into an agreement with a subsidiary to extend the maturity of the VND2,000 billion loan from that subsidiary from twelve months to four years, and accordingly, has reclassified the amount to a long-term loan.

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16. Taxes payable to State Treasury

	<u>Group</u>		<u>Company</u>	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
	VND million	VND million	VND million	VND million
Corporate income tax	164,562	202,630	-	-
Value added tax	55,275	41,071	-	-
Import-export tax	21,252	14,810	-	-
Personal income tax	11,916	11,580	1,497	2,159
Other taxes	20,772	21,268	955	3,034
	273,777	291,359	2,452	5,193

17. Accrued expenses

	<u>Group</u>		<u>Company</u>	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
	VND million	VND million	VND million	VND million
Advertising and promotion expenses	176,592	177,364	-	-
Accrued interest payable	378,801	253,095	278,640	244,954
Accruals for inventories purchased	131,299	13,616	-	-
Sales discount	34,381	69,876	-	-
Transportation expenses	40,716	29,703	-	-
Bonus and 13 th month salary	14,971	50,755	-	1,470
Consultant fee	70,864	104,942	36,234	66,056
Accruals for construction work	86,080	42,500	-	-
Withholding tax	6,124	33,273	4,293	27,217
Others	59,424	49,260	3,528	-
	999,252	824,384	322,695	339,697

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Notes to the interim financial statements for the six-month period ended 30 June 2012
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18. Other payables

	<u>Group</u>		<u>Company</u>	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
	VND million	VND million	VND million	VND million
Other short-term payables				
Social and health insurance	1,968	1,002	-	12
Short-term deposits from customers	480	19,705	-	-
Interest expenses payable to a subsidiary	-	-	-	261,698
Obligation to issue shares (Note 23(a))	356,269	-	356,269	-
Others	37,565	13,552	-	2
	396,282	34,259	356,269	261,712
Other long-term payables				
Long-term payables	279,232	-	279,232	-
Other long-term payables to a subsidiary	-	-	951,441	256,195
Others	122	-	-	-
	279,354	-	1,230,673	256,195

Obligation to issue shares represents the liability to issue an additional variable number of shares as noted in Note 23(a).

The long-term payables comprise the gross amount of interest relating to certain instruments described in Note 23(a), and were unsecured and payable every six months from the disbursement date of the instruments.

Other long-term payables of the Company to a subsidiary amounting to VND951,441 million (31/12/2011: VND256,195 million) comprise of interest expenses and facility fees, which were unsecured and payable on maturity of the loan and facility agreement.

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Notes to the interim financial statements for the six-month period ended 30 June 2012
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19. Long-term borrowings and liabilities

	<u>Group</u>		<u>Company</u>	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
	VND million	VND million	VND million	VND million
Long-term borrowings (a)	5,790,530	3,329,726	4,000,000	2,000,000
Promissory notes (b)	2,855,764	2,855,764	-	-
Convertible bonds and loans (c)	1,176,522	1,957,960	1,176,522	1,957,960
Secured convertible bonds (d)	2,200,000	-	2,200,000	-
	12,022,816	8,143,450	7,376,522	3,957,960
Repayable within twelve months (Note 15)	(102,785)	(733,669)	-	(630,000)
Repayable after twelve months	11,920,031	7,409,781	7,376,522	3,327,960

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

				<u>Group</u>		<u>Company</u>	
	Currency	Interest rate per annum	Year of maturity	30/6/2012	31/12/2011	30/6/2012	31/12/2011
				VND million	VND million	VND million	VND million
a. Long-term borrowings							
Secured bank loans	VND	9.6%-18.0%	2012-2018	1,741,107	1,080,302	-	-
Secured bank loans	USD	4.3%-10.8%	2014	4,049,423	2,249,424	-	-
Unsecured loan from a subsidiary	VND	13.0%	2016	-	-	4,000,000	2,000,000
				5,790,530	3,329,726	4,000,000	2,000,000
b. Promissory notes							
	VND		2016-2017	2,855,764	2,855,764	-	-
c. Convertible bonds and loans issued to:							
TPG International Finance Corporation (c.1)	VND	15.0%	2012	-	630,000	-	630,000
Jade Dragon (Mauritius) Limited (c.2)	VND	8.0%-20.4%	2014-2016	608,562	760,000	608,562	760,000
	USD	2.0%-6.0%	2015	567,960	567,960	567,960	567,960
				1,176,522	1,957,960	1,176,522	1,957,960
d. Secured bonds							
	VND	15.0%	2016	2,200,000	-	2,200,000	-

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Notes to the interim financial statements for the six-month period ended 30 June 2012
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- (a) As at 30 June 2012, long-term borrowings comprised of:
- (i) VND loans amounting to VND430,830 million were secured over fixed assets with a carrying amount of VND491,327 million (31/12/2011: VND430,302 million).
 - (ii) VND loan amounting to VND809,319 million was secured over proportionately existing and future assets and exploitation rights relating to Nui Phao mine and 68,521,729 shares held by the Company in Techcombank, with maximum facility of VND2,376,900 million.
 - (iii) VND loan amounting to VND500,958 million and USD loan amounting to VND133,758 million were secured over proportionately existing and future assets and exploitation rights relating to Nui Phao mine and 69,321,837 shares held by the Company in Techcombank, with maximum facility of USD90 million equivalent to VND1,874,520 million.
 - (iv) VND loan amounting to VND1,666,240 million was secured over 275,748,141 shares held by Ma San Horizon in Ma San Resources Corporation and VND5,087,836 million charter capital held by Ma San Resources Corporation in Ma San Thai Nguyen Resources Company Limited. The facility is also guaranteed by the Company.
 - (v) 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 30 June 2012 is repayable in one instalment on the termination date.

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

At 30 June 2012, Masan Food Company Limited's investments in subsidiaries with carrying value of VND879,023 million (31/12/2011: VND679,023 million) were pledged as security for this loan.

As at 30 June 2012, long-term borrowings of the Company comprised an unsecured VND loan from a subsidiary amounting to VND4,000,000 million which was unsecured and bore interest at 13% per annum. The loan matures in 5 years from the drawdown dates. 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 ("NPM") from a foreign investor and its affiliates (collectively, the "majority vendor") in 2010. These promissory notes were issued as part of the consideration for the acquisition of NPM.

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.

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- (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% (31/12/2011: 12%) 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% (31/12/2011: 4%) 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 NPM's audited financial statements for the year after the year that NPM produces more than 300,000 metric ton units of contained tungsten trioxide. Any potential adjustment in the shareholding of MR will be included in the call option and put options as described below, without any adjustments to the cost of the exercise prices of such options.
 - (iii) **MR call and put options** – the majority vendor has granted the Group a call option to purchase 100% of its shares in MR in cash within three years of the option date, which will increase its economic interest in MR from 65% to 80%. The exercise prices are defined on a quarterly basis over the three year period and ranged from VND1,164,320 million to VND1,710,000 million. In return, the Company has granted the majority vendor a put option to put 100% of its shares in MR for the primary shares of the Company based on a valuation of VND1,710,000 million during the period of one month after the lapse of the above three year period at VND65,915 per share.
- (c.1) The long-term bonds issued to TPG consist of (i) three convertible bonds, with a principal of VND180,000 million each, entered into with TPG Star Masan, Limited, TPG Star Masan II, Limited and TPG Star Masan III, Limited (collectively "TPG"); and (ii) a convertible bond with a principal of VND90,000 million entered into with TPG Star Masan, Limited.
- Interest was charged at 15% per annum, compounded annually and payable on redemption of the bond. Interest is not payable if the conversion option is exercised. In June 2012, the bonds were fully converted into 30,922,285 shares issued by the Company.
- (c.2) This loan represents a convertible loan, with a principal of VND608,562 million (31/12/2011: VND760,000 million), entered into with International Finance Corporation ("IFC"), wherein VND38,562 million (31/12/2011: VND190,000 million) is convertible to the Company's shares.

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Notes to the interim financial statements for the six-month period ended 30 June 2012
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Among others, the agreement provides 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 2012 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. IFC exercised the option to convert VND151,438 million into 3,521,803 shares issued by the Company in June 2012. At 30 June 2012, VND38,562 million remains available for conversion by IFC into 896,802 shares up to 15 April 2016.
 - (iii) Ma San Consumer Corporation guarantees this loan. The loan is secured by the Company's 2,800,000 shares in Ma San Consumer Corporation.
- (c.3) This loan represents a USD-denominated convertible loan, with a principal amount of USD30 million.

Among others, the agreement provides the following:

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

Ma San Group Corporation and its subsidiaries
Notes to the interim financial statements for the six-month period ended 30 June 2012
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(d) The VND2,200 billion bonds were secured against 22.3 million convertible bonds issued by Techcombank and bear semi-annual coupons of 15% per annum payable every six months from the disbursement date. The Company also issued options allowing the holders to convert the bonds or to subscribe for primary shares of the Company based on an initial strike price of VND100,000 or VND120,000 per share and subject to ratchet adjustments and other terms of the definitive agreements. However, the maximum number of shares to be issued will be 33.8 million. During the period, the Company and the Group complied with the loan covenants on the above borrowings.

20. Provision for severance allowance

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

	From 1/1/2012 to 30/6/2012 VND million	Group From 1/1/2011 to 31/12/2011 VND million
Opening balance	8,564	4,552
Acquisition through business combination	-	2,805
Provision made during the period/year	-	1,855
Provision used during the period/year	(367)	(648)
Closing balance	8,197	8,564

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 six-month period ended 30 June 2012, the Group contributed VND2,042 million (2011: VND5,650 million) and the Company contributed VND43 million (2011: VND39 million) to the unemployment insurance fund and the amounts were recorded as part of labour and staff costs in the consolidated and separate statements of income.

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21. Movement in owners' equity

Group

	Share capital	Capital surplus	Other Capital	Foreign exchange differences	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	-	-	811,091	-	-	-	811,091	-	811,091
Increase in minority interest from share capital issued by subsidiaries	-	-	-	-	2,555,761	-	2,555,761	2,857,054	5,412,815
Unrealised exchange differences in a subsidiary	-	-	-	(18,769)	-	-	(18,769)	(3,893)	(22,662)
Net profit for the period	-	-	-	-	-	652,933	652,933	170,995	823,928
Balance at 30 June 2011	5,152,723	2,166,136	10,462,804	(15,580)	(6,506,321)	3,364,939	14,624,701	4,548,959	19,173,660

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Notes to the interim financial statements for the six-month period ended 30 June 2012 (continued)

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	Share capital VND million	Capital surplus VND million	Other capital VND million	Foreign exchange differences VND million	Other reserves VND million	Retained profits VND million	Equity attributable to equity holders of Company VND million	Minority interests VND million	Total VND million
Balance at 1 January 2012	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
Issuance of new shares through conversion of equity instruments (Note 22 and 23(b))	964,638	5,394,006	(6,358,644)	-	-	-	-	-	-
Issuance of new shares due to conversion of debt instruments (Note 22 and 23(b))	344,440	439,025	-	-	-	-	783,465	-	783,465
Issuance of new shares for cash	411,000	-	-	-	-	-	411,000	-	411,000
Issuance of equity instruments (Note 23(a))	-	-	909,846	-	-	-	909,846	-	909,846
Increase in minority interest from share capital issued by subsidiaries (Note 11(d))	-	-	-	-	(22,447)	-	(22,447)	34,947	12,500
Equity instruments repurchased (Note 23(b))	-	-	(4,104,160)	-	(530,235)	-	(4,634,395)	-	(4,634,395)
Foreign exchange differences in a subsidiary	-	-	-	2,553	-	-	2,553	1,374	3,927
Net profit for the period	-	-	-	-	-	849,233	849,233	274,493	1,123,726
Dividend paid	-	-	-	-	-	-	-	(15,867)	(15,867)
Transfer to funds	-	-	-	-	-	(10,892)	(10,892)	(10,674)	(21,566)
Balance at 30 June 2012	6,872,801	7,999,167	909,846	(13,513)	(7,122,663)	5,518,377	14,164,015	5,963,653	20,127,668

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Company

	Share capital VND million	Capital surplus VND million	Other capital VND million	Other reserves VND million	Retained profits VND million	Total VND million
Balance at 1 January 2011	5,152,723	2,166,136	9,651,713	-	200,184	17,170,756
Issuance of equity instrument	-	-	811,091	-	-	811,091
Net loss for the period	-	-	-	-	(101,961)	(101,961)
Balance at 30 June 2011	5,152,723	2,166,136	10,462,804	-	98,223	17,879,886
Balance at 1 January 2012	5,152,723	2,166,136	10,462,804	-	(22,449)	17,759,214
Issuance of new shares through conversion of equity instruments (Note 22 and 23(b))	964,638	5,394,006	(6,358,644)	-	-	-
Issuance of new shares due to conversion of debt instruments (Note 22 and 23(b))	344,440	439,025	-	-	-	783,465
Issuance of new shares for cash	411,000	-	-	-	-	411,000
Issuance of equity instruments (Note 23(a))	-	-	909,846	-	-	909,846
Equity instruments repurchased (Note 23(b))	-	-	(4,104,160)	(530,235)	-	(4,634,395)
Net profit for the period	-	-	-	-	16,893	16,893
Balance at 30 June 2012	6,872,801	7,999,167	909,846	(530,235)	(5,556)	15,246,023

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22. Share capital and capital surplus

The Company's authorised and issued share capital comprise:

	30/6/2012		31/12/2011	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	687,280,123	6,872,801	515,272,269	5,152,723
Issued share capital				
Ordinary shares	687,280,123	6,872,801	515,272,269	5,152,723
Capital surplus	-	7,999,167	-	2,166,136

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

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

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

	From 1/1/2012 to 30/6/2012		From 1/1/2011 to 31/12/2011	
	Number of shares	VND million	Number of shares	VND million
Balance at beginning of the period/year	515,272,269	5,152,723	515,272,269	5,152,723
Issuance of new shares due to conversion of equity instruments	96,463,766	964,638	-	-
Issuance of new shares due to conversion of debt instruments	34,444,088	344,440	-	-
Issuance of new shares for cash	41,100,000	411,000	-	-
Balance at the end of the period/year	687,280,123	6,872,801	515,272,269	5,152,723

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23. Other capital

Other capital represents the fair value of the Company's fixed number of shares to be issued at a future date.

Movements of other capital during the period/year were as follows:

	From 1/1/2012 to 30/6/2012		From 1/1/2011 to 31/12/2011	
	Number of shares to be issued	VND million	Number of shares to be issued	VND million
Balance at beginning of the period/year	154,393,705	10,462,804	143,579,160	9,651,713
Issuance of equity instruments for acquisition of shares in Techcombank	-	-	10,814,545	811,091
Issuance of equity instruments for cash (a)	19,602,824	909,846	-	-
Equity instruments repurchased (b)	(57,929,939)	(4,104,160)	-	-
Issuance of ordinary shares through conversion of equity instruments	(96,463,766)	(6,358,644)	-	-
Balance at the end of the period/year	19,602,824	909,846	154,393,705	10,462,804

(a) Parent company credit support

During the period, the Company entered into convertible loan agreements for USD80 million (equivalent to VND1,666,240 million) with a term of four years.

To enhance the creditworthiness of the Company and facilitate the financing transaction, the parent company also entered into arrangements with the Company and the lenders in which the parent company undertakes the risks and obligations to subscribe to the Conversion Shares and directly pay the principals and deferred interests to the lenders in the event that the lenders do not exercise the conversion option.

Among others, the agreements provide the following:

- (i) The convertible loans bear semi-annual coupons of 5% per annum in year one, 6% per annum in years two and three, and 7% per annum for the remaining term of the convertible loans. A deferred interest which would achieve an effective rate of return of 10% is payable if the conversion option is not exercised; and
- (ii) The shares to be issued on conversion ("Conversion Shares") shall be determined based on an initial conversion price of VND85,000 per share and subject to ratchet adjustments and other terms of the definitive agreements. However, the maximum number of Conversion Shares will be 25.6 million. The mandatorily issuable minimum number of Conversion Shares is 19.6 million, which is treated as an equity instrument.

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(b) Equity instruments repurchased

In the second half of 2010 and first half of 2011, the Company issued equity instruments as partial consideration for its acquisitions during the same period, which resulted in its increased economic interest in its subsidiaries and associate. In the second quarter of 2012, the Company had excess cash and saw an opportunity to reduce its fully diluted share count in a weak equity markets. In June 2012, the Company bought back the equity instruments which would have required the Company to issue 57,929,939 ordinary shares with a carrying value of VND4,104,160 million by paying purchase consideration of VND4,634,395 million, equalling VND80,000 per share. On such date the closing market price of the Group was VND100,000 per share. The remaining equity instruments were converted into 96,463,766 shares according to the conversion terms.

24. Total revenue

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

Net sales comprised:

	<u>Group</u>		<u>Company</u>	
	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million
Total revenue				
▪ Sales of finished goods	4,164,134	2,870,531	-	-
▪ Services and other sales	-	7,724	-	-
Less sales deductions				
▪ Sales discounts	(73,513)	(12,459)	-	-
▪ Sales returns	(28,746)	(27,170)	-	-
	<hr/> 4,061,875	<hr/> 2,838,626	<hr/> -	<hr/> -

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25. Cost of sales

	<u>Group</u>		<u>Company</u>	
	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million
Total cost of sales				
▪ Finished goods sold	2,443,877	1,604,350	-	-
▪ Allowance for returned goods	-	28,478	-	-
▪ Allowance for inventories	20,827	25,582	-	-
	<hr/> 2,464,704	<hr/> 1,658,410	<hr/> -	<hr/> -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

26. Financial income

	<u>Group</u>		<u>Company</u>	
	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million
Interest income from:				
• Deposits	524,162	347,792	154,885	50,386
• Loans to subsidiaries	-	-	141,333	13,775
• Loan to parent company	-	20,010	-	20,010
• Recharge to parent company	-	53,891	-	53,891
• Investments in bonds	26,684	29,775	26,684	29,775
Facility income from subsidiaries	-	-	320,270	-
Foreign exchange gains	4,408	10,459	52	10,459
Others	884	7,977	-	-
	<hr/> 556,138	<hr/> 469,904	<hr/> 643,224	<hr/> 178,296
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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27. Financial expenses

	<u>Group</u>		<u>Company</u>	
	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million
Interest expense on loans from:				
• Banks	79,751	77,244	-	-
• Bondholders	80,842	82,444	163,116	82,444
• Subsidiaries	-	-	270,602	100,229
Facility fee expenses to subsidiaries	-	-	162,946	
Foreign exchange losses	1,385	31,159	16	28,690
Others	9,386	3,917	9,206	3,917
	<hr/>	<hr/>	<hr/>	<hr/>
	171,364	194,764	605,886	215,280
	<hr/>	<hr/>	<hr/>	<hr/>

28. Other income

	<u>Group</u>		<u>Company</u>	
	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million
Income from scrap sales	9,569	6,279	-	-
Proceeds on disposals of fixed assets	795	-	-	-
Reimbursement of cost from parent company	79,458	-	79,458	-
Others	10,401	886	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	100,223	7,165	79,458	-
	<hr/>	<hr/>	<hr/>	<hr/>

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29. Other expenses

	<u>Group</u>		<u>Company</u>	
	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million
Cost of scrap sales	6,271	7,133	-	-
Net book value of fixed assets disposed	2,379	9	-	-
Others	3,439	980	-	31
	12,089	8,122	-	31

30. Share of profit in an associate

	<u>Group</u>	
	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million
Share of profit in associate	376,184	331,376
Amortisation of goodwill	(288,143)	(288,143)
	88,041	43,233

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31. Income tax

(a) Recognised in the statement of income

	<u>Group</u>		<u>Company</u>	
	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million
Current tax expense				
Current period	162,893	142,257	-	-
Under provision in prior period	7,746	2,613	-	-
	170,639	144,870	-	-
Deferred tax expenses				
Origination and reversal of temporary differences	30,198	(2,292)	-	-
Tax losses utilised	-	4,737	-	-
	30,198	2,445	-	-
Income tax expense	200,837	147,315	-	-

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(b) Reconciliation of effective tax rate

Group

	From 1/1/2012 to 30/6/2012		From 1/1/2011 to 30/6/2011	
	%	VND million	%	VND million
Profit before tax		1,324,563		971,243
Tax at CIT rate applicable	25.00%	331,141	25.00%	242,811
Effect of different tax rates in subsidiaries	(11.94%)	(158,197)	(12.40%)	(120,463)
Effect of expense capitalised in construction in process in subsidiary	2.81%	37,252	-	-
Non-deductible expenses	0.49%	6,455	0.87%	8,408
Tax exempt income	(1.66%)	(22,010)	(1.15%)	(11,190)
Deferred tax assets not recognised	2.59%	34,312	2.61%	25,365
Under provision in prior periods	(0.58%)	7,746	0.27%	2,613
Benefit of previously unrecognised tax losses	(2.71%)	(35,862)	(0.01%)	(229)
	15.16%	200,837	15.17%	147,315

Company

	From 1/1/2012 to 30/6/2012		From 1/1/2011 to 30/6/2011	
	%	VND million	%	VND million
Profit/(loss) before tax		16,893		(101,961)
Tax at CIT rate applicable	25.00%	4,223	(25.00%)	(25,490)
Non-deductible expenses	12.27%	2,072	00.12%	125
Deferred tax assets not recognised	175.03%	29,567	24.88%	25,365
Benefit of previously unrecognised tax losses	(212.29%)	(35,862)	-	-
	-	-	-	-

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(c) Applicable tax rates

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

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

(d) Tax contingencies

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

32. Significant transactions with related parties

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

Group

Related Party	Nature of transaction	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million
Parent Company			
Ma San Corporation	Interest and tax shared by parent company	-	60,522
	Expenses shared by parent company	79,458	1,801
	Loan provided to parent company	-	715,000
	Interest income from loan to parent company	-	20,010
	Interest on loan from parent company capitalised in construction in progress	-	13,855
Other related parties			
Masan Global Services Corporation	Maintenance fee	-	5,857
	Service charge	2,843	-
Masan Property Corporation	Service charge expense and advance	5,648	10,263
	Prepayment for construction	2,514	2,799
Board of Management members	Remuneration to the members of Board of Management	17,642	21,808

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Company

Related Party	Nature of transaction	From 1/1/2012 to 30/6/2012 VND million	From 1/1/2011 to 30/6/2011 VND million
Parent Company			
Ma San Corporation	Interest and tax shared by parent company	-	60,522
	Expenses shared by parent company	79,438	1,801
	Loan provided to parent company	-	715,000
	Interest income from loan to parent company	-	20,010
Subsidiaries			
Ma San Consumer Corporation	Loan received from subsidiary	-	2,715,000
	Interest expense on loan	270,602	100,229
	Facility fee expense	162,946	-
Ma San Horizon Corporation	Loan provided to a subsidiary	-	136,840
Ma San Resources Corporation	Interest income from loan provided to a subsidiary	141,333	13,775
	Facility fee income	162,946	-
Nui Phao Mining Company Limited	Facility fee income	157,324	-
Board of Management members	Remuneration to the members of Board of Management	2,553	2,437

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33. Commitments

(a) Capital expenditure

As at 30 June 2012, the following outstanding capital commitments have been approved but not provided for in the balance sheet:

	<u>Group</u>		<u>Company</u>	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
	VND million	VND million	VND million	VND million
Approved and contracted	1,149,617	1,577,637	-	-
Approved but not contracted	406,789	235,345	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,556,406	1,812,982	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

(b) Leases

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

	<u>Group</u>		<u>Company</u>	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
	VND million	VND million	VND million	VND million
Within one year	89,552	62,198	22,409	23,619
Within two to five years	116,157	103,647	24,505	35,738
More than five years	32,086	34,450	-	-
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	237,795	200,295	46,914	59,357
	<hr/>	<hr/>	<hr/>	<hr/>

34. Share-based payment plan

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

	From 1/1/2012 to 30/6/2012	From 1/1/2011 to 30/6/2011
Employees	713,141	318,314
Members of the Board of Directors (excluded from employees numbers)	93,493	2,296,066

At 30 June 2012, the subsidiary of the Company also has a commitment to issue 118,949 shares (the six-month period ended 30 June 2011: 62,446 shares) to employees for services rendered from May to June 2012, 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. The options were granted to management prior to listing for work performed on the successful restructuring and initial public offering of the Company and, in return, there were no service condition attached to the options. These option agreements were approved by the shareholders of the Company on 9 October 2009 and the issuance of the shares under the option agreement was further approved by shareholders of the Company on 25 April 2012. The exercise dates are within 3 and 6 years from the agreement date. The exercise price is VND10,000 or VND23,463 per share based on the market share price at the point of exercise. In June 2012, the options were fully exercised and 41.1 million shares were issued at VND10,000 per share. There has been no further option agreements entered into between the Company and management and as a result of the June 2012 exercise, the Company does not have any further option agreements with management outstanding.

35. 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.

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(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.

As at 30 June 2012 and 31 December 2011, the financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

Group:

	Carrying amount VND million	Contractual cash flows VND million	Within 1 year VND million	1 – 2 years VND million	2 – 5 years VND million	More than 5 years VND million
30 June 2012						
Short-term borrowings	368,426	(375,502)	(375,502)	-	-	-
Accounts payable – trade	622,211	(622,211)	(622,211)	-	-	-
Payables to employees	31,695	(31,695)	(31,695)	-	-	-
Accrued expenses	999,252	(999,252)	(999,252)	-	-	-
Other short-term payables	396,282	(396,282)	(396,282)	-	-	-
Other long-term payables	279,354	(279,354)	-	(100,096)	(179,258)	-
Long-term borrowings	5,790,530	(7,587,677)	(886,717)	(2,942,989)	(3,383,549)	(374,422)
Promissory notes	2,855,764	(2,855,764)	-	-	(237,980)	(2,617,784)
Long-term bonds/ loans issued	3,376,522	(4,349,306)	(439,264)	(418,280)	(3,491,762)	-
	14,720,036	(17,497,043)	(3,750,923)	(3,461,365)	(7,292,549)	(2,992,206)

	Carrying amount VND million	Contractual cash flows VND million	Within 1 year VND million	1 – 2 years VND million	2 – 5 years VND million	More than 5 years VND million
31 December 2011						
Short-term borrowings	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 short-term 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/loans issued	1,957,960	(2,133,346)	(993,611)	(452,506)	(687,229)	-
	10,736,211	(11,991,949)	(4,057,854)	(1,243,825)	(4,072,486)	(2,617,784)

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Company:

	Carrying amount VND million	Contractual cash flows VND million	Within 1 year VND million	1 – 2 years VND million	2 – 5 years VND million
30 June 2012					
Accounts payable – trade	1,925	(1,925)	(1,925)	-	-
Accrued expenses	322,695	(322,695)	(322,695)	-	-
Other short-term payables	356,269	(356,269)	(356,269)	-	-
Other long-term payables	1,230,673	(1,230,795)	-	(100,096)	(1,130,699)
Long-term borrowings and liabilities	4,000,000	(6,430,427)	-	-	(6,430,427)
Long-term bonds/loans issued	3,376,522	(4,349,306)	(439,264)	(418,280)	(3,491,762)
	9,288,084	(12,691,417)	(1,120,153)	(518,376)	(11,052,888)
	Carrying amount VND million	Contractual cash flows VND million	Within 1 year VND million	1 – 2 years VND million	2 – 5 years VND million
31 December 2011					
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 short-term payables	261,712	(261,712)	(261,712)	-	-
Long-term borrowings and liabilities	2,256,195	(4,697,271)	-	-	(4,697,271)
Long-term bonds/loans issued	1,957,960	(2,133,346)	(993,611)	(452,506)	(687,229)
	6,816,087	(9,777,491)	(3,940,485)	(452,506)	(5,384,500)

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

(c) Market risk

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

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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), Euro (EUR) and Singapore dollar (SGD).

On 1 September 2011, 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 30 June 2012 and 31 December 2011, the Group and the Company had the following net exposed asset/(liability) positions:

	Group				Company	
	USD	AUD	EUR	SGD	USD	SGD
30 June 2012						
Cash and cash equivalents	261,676,405	-	4,952	-	86,161,329	-
Trade and other receivables (*)	1,612,095	-	-	446,652	108,603	446,652
Other long-term receivables	-	-	-	-	3,603,288	-
Other long-term assets	6,040	-	-	-	-	-
Trade and other payables (**)	(29,487,768)	(2,497,444)	(206,785)	-	(22,909,652)	-
Short-term borrowings and liabilities	(6,590,817)	-	-	-	-	-
Long-term borrowings	(224,422,070)	-	-	-	(30,000,000)	-
Other long-term liabilities	(13,406,575)	-	-	-	(13,406,575)	-
	(10,612,690)	(2,497,444)	(201,833)	446,652	23,556,993	446,652

	Group			Company
	USD	AUD	EUR	USD
31 December 2011				
Cash and cash equivalents		110,370,528	-	1,284,391
Trade and other receivables (*)		8,215,201	-	1,392,000
Trade and other payables (**)		(6,469,551)	(856,620)	(1,093,544)
Short-term borrowings and liabilities		(73,755)	-	-
Long-term borrowings		(138,000,000)	-	-
		(25,957,577)	(856,620)	1,582,847
				(21,576,704)

(*) Trade and other receivables comprise of accounts receivable – trade and other receivables – short-term.

(**) Trade and other payables comprise of accounts payable – trade and accrued expenses.

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

	<u>Group</u> Exchange rate as at 30/6/2012 VND	<u>Company</u> Exchange rate as at 30/6/2012 VND
USD 1	20,828	20,828
AUD 1	21,342	-
EUR 1	26,471	-
SGD 1	16,557	16,557

Below is an analysis of the possible impact on the net profit of the Group and the Company as at 30 June 2012 by a strengthening of the following currencies by the following percentages after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at 30 June 2012. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<u>Group</u> Increase/ (decrease) in net profit as at 30/6/2012 VND million	<u>Company</u> Increase in net profit as at 30/6/2012 VND million
USD (1%)	(1,884)	4,181
AUD (2%)	(904)	-
EUR (5%)	(227)	-
SGD (1%)	63	63
	(2,952)	4,244

The opposite movement of the currencies would have the equal but opposite effect to the net profit of the Group and the Company as at 30 June 2012, 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.

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

	<u>Group</u>		<u>Company</u>	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
	VND million	VND million	VND million	VND million
Fixed rate instruments				
Cash equivalents (Note 5)	8,234,983	9,397,876	2,940,027	1,487,452
Short-term investments (Note 11)	1,487,500	1,222,500	48,000	373,000
Long-term receivable from a subsidiary (Note 6)	-	-	-	2,000,000
Other long-term investments (Note 11)	365,500	-	-	-
Loans from a subsidiary – short-term (Note 15)	-	-	-	(2,000,000)
Short-term borrowings (Note 15)	(198,980)	(358,884)	-	-
Long-term borrowings (Note 19)	(3,485,841)	(2,607,960)	(3,376,522)	(1,957,960)
Loans from a subsidiary- long-term (Note 19)	-	-	(4,000,000)	(2,000,000)
	6,403,162	7,653,532	(4,388,495)	(2,097,508)
Variable rate instruments				
Cash in banks (Note 5)	684,228	172,913	423,708	22,852
Short-term borrowings (Note 15)	(169,446)	(939,844)	-	-
Long-term borrowings (Note 19)	(5,681,211)	(2,679,726)	-	-
	(5,166,429)	(3,446,657)	423,708	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 increased the net profit of the Company by VND43,831 million and VND3,178 million, respectively.

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(d) Carrying amount of financial assets and liabilities

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

Financial assets at fair value through profit and loss

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

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

Held-to-maturity investments

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

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

Loans and receivables

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

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

Available-for-sale financial assets

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

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

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Financial liabilities at fair value through profit or loss

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

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

Other financial liabilities

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

The above classification of financial assets and financial 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 Company has not determined fair values of financial assets and financial liabilities for disclosure in accordance with Article 28 of Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance because (i) quoted prices in active market is not available for these financial liabilities; and (ii) Vietnamese Accounting Standards and the Vietnamese Accounting System do not provide guidance on measurement of fair values in the case where quoted prices in active market is not available. Fair value of these financial instruments may be different from their carrying value.

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

Group:

	Note	Held to maturity VND million	Loans and receivables VND million	Other financial liabilities VND million	Total carrying amount VND million
30 June 2012					
Short-term investments	11	1,487,500	-	-	1,487,500
Other long-term investments	11	365,500	-	-	365,500
Trade and other receivables (*)	6	-	336,905	-	336,905
Other long-term receivables	6	-	1,648	-	1,648
Cash and cash equivalents	5	-	8,919,211	-	8,919,211
		1,853,000	9,257,764	-	11,110,764
Short-term borrowings	15	-	-	(368,426)	(368,426)
Long-term borrowings	19	-	-	(5,790,530)	(5,790,530)
Promissory notes	19	-	-	(2,855,764)	(2,855,764)
Convertible bonds/loans	19	-	-	(3,376,522)	(3,376,522)
Trade and other payables (**)		-	-	(2,049,440)	(2,049,440)
Other long-term liabilities	18	-	-	(279,354)	(279,354)
		-	-	(14,720,036)	(14,720,036)

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	Note	Held to maturity VND million	Loans and receivables VND million	Other financial liabilities VND million	Total carrying amount VND million
31 December 2011					
Short-term investments	11	1,222,500	-	-	1,222,500
Trade and other receivables (*)	6	-	539,684	-	539,684
Cash and cash equivalents	5	-	9,570,789	-	9,570,789
		1,222,500	10,110,473	-	11,332,973
Short-term borrowings and liabilities	15	-	-	(1,298,728)	(1,298,728)
Long-term borrowings and liabilities	19	-	-	(3,329,726)	(3,329,726)
Promissory notes	19	-	-	(2,855,764)	(2,855,764)
Convertible bonds/loans	19	-	-	(1,957,960)	(1,957,960)
Trade and other payables (**)		-	-	(1,294,033)	(1,294,033)
		-	-	(10,736,211)	(10,736,211)

Company:

	Note	Held to maturity VND million	Loans and receivables VND million	Other financial liabilities VND million	Total carrying amount VND million
30 June 2012					
Short-term investments	11	48,000	-	-	48,000
Trade and other receivables (*)	6	-	178,546	-	178,546
Other receivables - long-term	6	-	1,192,070	-	1,192,070
Cash and cash equivalents	5	-	3,363,735	-	3,363,735
		48,000	4,734,351	-	4,782,351
Long-term borrowings and liabilities	19	-	-	(4,000,000)	(4,000,000)
Convertible bonds/loans	19	-	-	(3,376,522)	(3,376,522)
Trade and other payables (**)		-	-	(680,889)	(680,889)
Other long-term liabilities	18	-	-	(1,230,673)	(1,230,673)
		-	-	(9,288,084)	(9,288,084)

Ma San Group Corporation and its subsidiaries

**Notes to the interim financial statements for the six-month period ended 30 June 2012
(continued)**

Form B 09 – DN

	Note	Held to maturity VND million	Loans and receivables VND million	Other financial liabilities VND million	Total carrying amount VND million
31 December 2011					
Short-term investments	11	373,000	-	-	373,000
Trade and other receivables (*)	6	-	329,519	-	329,519
Other receivables – long-term	6	-	2,762,294	-	2,762,294
Cash and cash equivalents	5	-	1,510,304	-	1,510,304
		373,000	4,602,117	-	4,975,117
Short-term borrowings and liabilities	15	-	-	(2,000,000)	(2,000,000)
Long-term borrowings and liabilities	19	-	-	(2,000,000)	(2,000,000)
Convertible bonds/loans	19	-	-	(1,957,960)	(1,957,960)
Trade and other payables (**)		-	-	(601,932)	(601,932)
Other long-term liabilities	18	-	-	(256,195)	(256,195)
		-	-	(6,816,087)	(6,816,087)

(*) Trade and other receivables comprise of accounts receivable – trade and other receivables – short-term.

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

Prepared by:

[Signature]

Doan Thi My Duyen
Chief Accountant



Approved by:

[Signature]
Nguyễn Đăng Quang
Chairman

15 August 2012