

**Ma San Group Corporation and its
subsidiaries**

Financial Statements for the year ended
31 December 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
Mr Ho Hung Anh
Mr Madhur Maini
Ms Nguyen Hoang Yen
Mr Nguyen Thieu Nam
Mr Lars Kjaer

Chairman
Vice chairman
Member
Member
Member
Member

Registered Office

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

Auditors

KPMG Limited
Vietnam

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

The Board of Management is responsible for preparing the financial statements of Ma San Group Corporation ("the Company") and its subsidiaries (collectively "the Group") as at and for the year ended 31 December 2012 in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements. In preparing those financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company or the Group will continue in business.

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

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

APPROVAL OF THE FINANCIAL STATEMENTS

I, Nguyen Dang Quang, being the Chairman of the Board of Management and on behalf of the Board of Management, do hereby approve the accompanying financial statements of the Company and the Group as of and for the year ended 31 December 2012 prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.



On behalf of the Board of Management

Eric

Nguyen Dang Quang
Chairman
Ho Chi Minh City, Vietnam

29 March 2013



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

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INDEPENDENT AUDITORS' REPORT

To the Shareholders Ma San Group Corporation

Scope

We have audited the accompanying financial statements of Ma San Group Corporation ("the Company") and its subsidiaries (collectively "the Group") which comprise the separate and consolidated balance sheets as of 31 December 2012 and the related separate and consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's management on 29 March 2013, as set out on pages 4 to 82. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Audit opinion

In our opinion, the separate and consolidated financial statements give a true and fair view of the financial positions of the Company and the Group, respectively, as of 31 December 2012 and the results of their operations and their cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.

KPMG Limited

Vietnam

Investment Certificate No: 011043000345

Audit Report No: 12-01-809



Chang Hung Chun

CPA No. N.0863/KTV

Deputy General Director

Tran Dinh Vinh

CPA No. 0339/KTV

Ho Chi Minh City, 29 March 2013

Ma San Group Corporation and its subsidiaries
Balance sheets at 31 December 2012

Form B 01 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2012	31/12/2011	31/12/2012	31/12/2011
			VND million	VND million	VND million	VND million
ASSETS						
Current assets						
(100 = 110 + 120 + 130 + 140 + 150)	100		9,221,223	12,541,434	2,643,573	2,291,494
Cash and cash equivalents	110	6	5,718,717	9,573,593	2,160,026	1,510,736
Cash	111		151,205	175,717	9,484	23,284
Cash equivalents	112		5,567,512	9,397,876	2,150,542	1,487,452
Short-term investments	120	12	1,840,500	1,222,500	68,000	373,000
Accounts receivable	130	7	942,881	903,317	376,179	387,496
Accounts receivable - trade	131		121,300	193,615	-	-
Prepayments to suppliers	132		475,436	363,633	117,773	57,977
Other receivables	135		346,523	347,153	258,406	329,519
Allowance for doubtful debts	139		(378)	(1,084)	-	-
Inventories	140	8	563,855	612,845	-	-
Inventories	141		575,846	625,746	-	-
Allowance for inventories	149		(11,991)	(12,901)	-	-
Other current assets	150		155,270	229,179	39,368	20,262
Short-term prepayments	151		27,492	129,695	496	1,391
Deductible value added tax	152		105,858	55,418	30,243	17,739
Taxes and other receivables from						
State Treasury	154		-	103	-	-
Other current assets	158		21,920	43,963	8,629	1,132

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Balance sheets at 31 December 2012 (continued)

Form B 01 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2012	31/12/2011	31/12/2012	31/12/2011
			VND million	VND million	VND million	VND million
Long-term assets (200 = 210 + 220 + 250 + 260)	200		29,478,033	21,031,185	23,197,560	22,289,000
Accounts receivable – long-term	210	7	23,158	-	1,658,406	2,762,294
Other receivables	218		23,158	-	1,658,406	2,762,294
Fixed assets	220		17,728,751	11,287,505	84,437	19,201
Tangible fixed assets	221	9	1,547,311	879,199	11,707	14,317
Cost	222		2,040,428	1,196,701	17,698	16,519
Accumulated depreciation	223		(493,117)	(317,502)	(5,991)	(2,202)
Intangible fixed assets	227	10	863,516	983,239	1,102	1,316
Cost	228		1,028,783	1,021,469	1,566	1,451
Accumulated amortisation	229		(165,267)	(38,230)	(464)	(135)
Construction in progress	230	11	15,317,924	9,425,067	71,628	3,568
Long-term investments	250	12	11,313,619	9,321,085	21,423,058	19,490,421
Investments in subsidiaries	251		-	-	12,490,634	10,557,997
Investments in associates	252		10,948,119	9,321,085	8,932,424	8,932,424
Other long-term investments	258		365,500	-	-	-
Other long-term assets	260		412,505	422,595	31,659	17,084
Long-term prepayments	261	13	97,060	88,066	21,346	7,400
Deferred tax assets	262	14	36,035	24,798	-	-
Other long-term assets	268		30,778	32,626	10,313	9,684
Goodwill	269	15	248,632	277,105	-	-
TOTAL ASSETS (270 = 100 + 200)	270		38,699,256	33,572,619	25,841,133	24,580,494

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Balance sheets at 31 December 2012 (continued)

Form B 01 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2012	31/12/2011	31/12/2012	31/12/2011
			VND million	VND million	VND million	VND million
RESOURCES						
LIABILITIES (300 = 310 + 330)	300		18,994,871	12,017,587	10,020,279	6,821,280
Current liabilities	310		4,748,364	3,625,783	473,329	3,237,125
Short-term borrowings and liabilities	311	16	1,793,384	2,032,397	-	2,630,000
Accounts payable – trade	312		973,856	422,772	1,854	523
Advances from customers	313		14,490	7,994	-	-
Taxes payable to State Treasury	314	17	608,893	291,359	-	5,193
Payables to employees	315		12,480	12,618	-	-
Accrued expenses	316	18	1,300,931	824,384	471,475	339,697
Other payables	319	19	44,330	34,259	-	261,712
Long-term borrowings and liabilities	330		14,246,507	8,391,804	9,546,950	3,584,155
Other long-term liabilities	333	19	737,832	-	2,170,428	256,195
Long-term borrowings and liabilities	334	20	12,647,177	7,409,781	7,376,522	3,327,960
Deferred tax liabilities	335	14	860,117	973,459	-	-
Provision for severance allowance	336	21	1,381	8,564	-	-
EQUITY (400 = 410)	400		13,883,837	15,875,652	15,820,854	17,759,214
Owners' equity	410		13,883,837	15,875,652	15,820,854	17,759,214
Share capital	411	23	6,872,801	5,152,723	6,872,801	5,152,723
Capital surplus	412	23	7,999,167	2,166,136	7,999,167	2,166,136
Other capital	413	24	1,721,824	10,462,804	1,721,824	10,462,804
Foreign exchange differences	416		(16,128)	(16,066)	-	-
Other reserves	418	12	(8,619,479)	(6,569,981)	(530,235)	-
Retained profits	420		5,925,652	4,680,036	(242,703)	(22,449)
MINORITY INTERESTS	439		5,820,548	5,679,380	-	-
TOTAL RESOURCES (440 = 300 + 400 + 439)	440		38,699,256	33,572,619	25,841,133	24,580,494

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Balance sheets at 31 December 2012 (continued)

Form B 01 – DN

OFF BALANCE SHEET ITEMS

Included in the cash and cash equivalents as at 31 December 2012 and 31 December 2011 are amounts denominated in currencies other than VND of:

	<u>Group</u>		<u>Company</u>	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Foreign currencies:				
USD	168,860,335	110,370,528	66,367,554	9,590,493
EUR	4,947	1,284,391	-	-

29 March 2013

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman

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The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Statements of income for the year ended 31 December 2012

Form B 02 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			2012	2011	2012	2011
			VND million	VND million	VND million	VND million
Total revenue	01	25	10,575,249	7,239,003	-	-
					-	-
Less sales deductions	02	25	185,835	182,154	-	-
Net sales (10 = 01 - 02)	10	25	10,389,414	7,056,849	-	-
Cost of sales	11	26	6,178,926	3,997,834	-	-
Gross profit (20 = 10 - 11)	20		4,210,488	3,059,015	-	-
Financial income	21	27	809,824	1,185,206	1,221,639	645,584
Financial expenses	22	28	309,385	347,725	1,325,744	717,657
<i>In which: Interest expenses</i>	23		<i>279,176</i>	<i>316,251</i>	<i>955,620</i>	<i>579,291</i>
Selling expenses	24		1,325,121	1,010,149	-	-
General and administration expenses	25		727,529	406,374	258,602	150,487
Net operating profit/(loss) {30 = 20 + (21 - 22) - (24 + 25)}	30		2,658,277	2,479,973	(362,707)	(222,560)
Other income	31	29	214,517	22,169	142,453	-
Other expenses	32	30	46,474	26,303	-	73
Results of other activities (40 = 31 - 32)	40		168,043	(4,134)	142,453	(73)
Share of (loss)/profit in associates	41	31	(337,798)	392,733	-	-
Profit/(loss) before tax (50 = 30 + 40 + 41)	50		2,488,522	2,868,572	(220,254)	(222,633)
Income tax expense – current	51	32	650,509	247,114	-	-
Income tax (benefit)/expense – deferred	52	32	(124,579)	125,450	-	-
Net profit/(loss) (carried forward to next page) (60 = 50 - 51 - 52)	60		1,962,592	2,496,008	(220,254)	(222,633)

The accompanying notes are an integral part of these financial statements

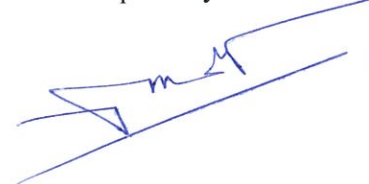
Ma San Group Corporation and its subsidiaries
Statements of income for the year ended 31 December 2012 (continued)

Form B 02 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			2012	2011	2012	2011
			VND million	VND million	VND million	VND million
Net profit/(loss) (brought forward from previous page)			1,962,592	2,496,008	(220,254)	(222,633)
Attributable to:						
Minority interests	61		702,074	522,859	-	-
Equity holders of the Company	62		1,260,518	1,973,149	-	-
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Earnings per share						
Basic earnings per share in VND	70	5	1,776	2,909	-	-
Diluted earnings per share in VND	70	5	1,634	2,523	-	-
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29 March 2013

Prepared by:



Doan Thi My Duyen
Chief Accountant



Approved by:



Nguyen Dang Quang
Chairman

Eric

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Statements of cash flows for the year ended 31 December 2012 (Indirect method)

Form B 03 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			2012	2011	2012	2011
			VND million	VND million	VND million	VND million
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax	01		2,488,522	2,868,572	(220,254)	(222,633)
Adjustments for						
Depreciation and amortisation	02		349,906	142,120	10,797	5,112
Allowances and provisions	03		34,492	86,870	-	-
Net unrealised foreign exchange differences	04		(204)	(16,689)	-	(18,184)
Loss on disposal of fixed assets and other long-term assets	05		4,911	5,210	-	-
Interest and facility fee income	05		(789,189)	(1,124,958)	(1,221,572)	(602,109)
Interest and facility fee expenses	06		279,176	316,251	1,302,041	701,046
Share of loss/(profit) in associates	07		337,798	(392,733)	-	-
Operating profit/(loss) before changes in working capital	08		2,705,412	1,884,643	(128,988)	(136,768)
Change in receivables and other assets	09		169,869	(35,172)	228,653	(136,272)
Change in inventories	10		8,195	(173,878)	-	-
Change in payables and other liabilities	11		219,840	74,423	(482,637)	23,508
			3,103,316	1,750,016	(382,972)	(249,532)
Interest paid	13		(745,684)	(149,650)	(243,736)	(59,020)
Corporate income tax paid	14		(317,354)	(148,616)	-	-
Other payments for operating activities	16		(9,245)	(11,304)	-	-
Net cash flows from operating activities	20		2,031,033	1,440,446	(626,708)	(308,552)

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries

Statements of cash flows for the year ended 31 December 2012 (Indirect method - continued)

Form B 03 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			2012	2011	2012	2011
			VND million	VND million	VND million	VND million
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments for additions to fixed assets and other long-term assets	21		(5,785,098)	(2,208,260)	(69,354)	(20,944)
Proceeds from disposals of fixed assets and other long-term assets	22		2,023	2,406	-	-
Loans provided to subsidiaries	23		-	-	(2,028,000)	(2,136,347)
Collections on loans to subsidiaries	23		-	-	4,028,000	97,651
Loans provided to related party	23		-	(715,000)	-	-
Collection on loans to related party	23		-	715,000	-	-
Term deposits to banks	24		(32,720,670)	(46,504,552)	(68,000)	-
Term deposits received	24		31,364,170	46,145,052	-	-
Payment for investments in associate	25		(2,015,748)	(1,000,000)	-	(1,000,000)
Net cash used in acquisition of subsidiary	25		-	(808,828)	-	-
Payments for investments in subsidiaries and other entities	25		(2,054,692)	-	(1,932,647)	-
Payments for investments in bonds	25		(48,000)	(800,000)	(48,000)	(800,000)
Proceeds from sale of a subsidiary to another subsidiary	26		-	-	10	-
Proceeds from investments in bonds	26		421,000	427,000	421,000	427,000
Receipts of interest	27		764,282	994,340	309,369	196,483
Net cash flows from investing activities	30		(10,072,733)	(3,752,842)	612,378	(3,236,157)

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries

Statements of cash flows for the year ended 31 December 2012 (Indirect method - continued)

Form B 03 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			2012	2011	2012	2011
			VND million	VND million	VND million	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	5,329,180	-	-
Proceeds from issuance of equity instruments	31		2,707,640	-	2,707,640	-
Payments for repurchases of equity instruments	32		(4,634,395)	-	(4,634,395)	-
Proceeds from short-term and long-term borrowings	33		8,749,029	5,215,862	2,200,000	4,000,000
Payments to settle debts	34		(3,009,517)	(2,092,857)	-	-
Payments of borrowing fees	36		(20,625)	-	(20,625)	-
Payments of dividends to minority interest of a subsidiary	36		(25,988)	-	-	-
Net cash flows from financing activities	40		4,189,644	8,452,185	663,620	4,000,000
Net cash flows during the year (50 = 20 + 30 + 40)	50		(3,852,056)	6,139,789	649,290	455,291
Cash and cash equivalents at the beginning of the year	60		9,573,593	3,394,575	1,510,736	1,037,261
Effect of exchange rate fluctuation on cash and cash equivalents	61		(2,820)	39,229	-	18,184
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	6	5,718,717	9,573,593	2,160,026	1,510,736

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Statements of cash flows for the year ended 31 December 2012 (Indirect method - continued)

Form B 03 – DN

NON-CASH INVESTING AND FINANCING ACTIVITIES

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	VND million	VND million	VND million	VND million
Cost of investments acquired by issuing equity instruments	-	811,091	-	811,091
Loan transaction cost deducted against loan proceeds	-	164,944	-	-
Issuance of new shares through conversion of borrowings	796,524	-	796,524	-
Issuance of new shares through conversion of other capital	6,358,644	-	6,358,644	-
Conversion of interest payable into loan principle	43,332	-	-	-

29 March 2013

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012

Form B 09 – DN

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

1. Reporting entity

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

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

The principal activities of the subsidiaries are described as follows:

Name	Principal activity	Percentage of economic interests at	
		31/12/2012	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	80.8%	76.5%
Masan Food Company Limited	Food trading	80.8%	76.5%
Ma San Industrial One Member Company Limited (formerly known as Masan Industrial Corporation)	Food sauce and instant noodle manufacturing	80.8%	76.5%
Viet Tien Food Technology One Member Company Limited (formerly known as Viet Tien Food Technology Joint Stock Company)	Food sauce manufacturing	80.8%	76.5%
Ma San HD One Member Company Limited (formerly known as Ma San HD Joint Stock Company)	Instant noodle manufacturing	80.8%	76.5%
Ma San PQ Corporation	Food sauce manufacturing	76.4%	72.3%
Minh Viet Packaging One Member Company Limited (formerly known as Minh Viet Packaging Joint Stock Company)	Packaging	80.8%	76.5%
Hoa Muoi Gio Company Limited (**)	Investment holdings	80.8%	-

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

Name	Principal activity	Percentage of economic interests at	
		31/12/2012	31/12/2011
Vinacafe Bien Hoa Joint Stock Company	Beverage manufacturing	43%	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 year, the Company acquired Hoa Muoi Gio Company Limited (“HMG”) to be used as an investment holding vehicle to acquire 40% of Vietnamese French Cattle Feed Joint Stock Company (“Proconco”) earlier held by two funds named Prudential Vietnam Assurance Private Limited and PCA International Funds SPC. The total transaction value was VND2,028,010 million, of which VND10 million was for the equity in HMG and VND2,028,000 million was in the form of a loan from the Company to HMG to acquire Proconco. Subsequently, the equity of HMG and the loan to HMG were transferred to Ma San Consumer Corporation, a subsidiary, at cost by the Company. As a result, HMG, now a wholly owned subsidiary of Ma San Consumer Corporation, owed a loan to Ma San Consumer Corporation (see Note 12(a)).

All the subsidiaries are incorporated in Vietnam.

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

As at 31 December 2012, the Company had 41 employees (31/12/2011: 41 employees) and the Group had 5,832 employees (31/12/2011: 5,555 employees).

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting currency

The financial statements are prepared and presented in millions of Vietnam Dong (“VND million”).

3. Basis of preparation

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

(a) Basis of consolidation

(i) *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).

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(ii) *Non-common control business combination*

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

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

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

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

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

(c) *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.

(d) *Investments*

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

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(e) Accounts receivable

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

(f) 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.

(g) 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

(h) 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.

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(ii) Software

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

(iii) Brand name

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

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

(iv) Customer relationships

Customer relationships that are acquired by the Group on the acquisition of subsidiary is capitalised and presented as an intangible asset. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of customer relationship is amortised on a straight line basis over five years.

(i) Construction in progress

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

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

(j) 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.

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(ii) *Prepaid land costs*

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

(iii) *Tools and supplies and printing axles*

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

(iv) *Borrowing fees*

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

(vi) *Website fees*

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

(k) *Goodwill*

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

Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. 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.

(l) *Trade and other payables*

Trade and other payables are stated at their cost.

(m) *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.

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Severance allowance

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.

(n) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Group and the Company’s consolidated and separate financial positions and results of operations and the nature and extent of risk arising from financial instruments, the Group and the Company classify their financial instruments as follows:

(i) *Financial assets*

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by management as held for trading. A financial asset is considered as held for trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group and the Company as at fair value through profit or loss.

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 has the positive intention and ability to hold to maturity, other than:

- those that the Group and the Company upon initial recognition designates as at fair value through profit or loss;
- those that the Group and the Company designates as available-for-sale; and
- those that meet the definition of loans and receivables.

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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:

- that the Group and the Company intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- that the Group and the Company upon initial recognition designates as available-for-sale; or
- 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:

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by management as held for trading. A financial liability is considered as held for trading if:
 - it is incurred principally for the purpose of repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group and the Company as at fair value through profit or loss.

Financial liabilities carried at amortised cost

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 described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

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(o) Taxation

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

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

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

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

(p) Equity

(i) *Share capital and capital surplus*

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

(ii) *Other capital*

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

(iii) *Other reserves*

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

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(q) 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.

(r) Dividend income

Dividend income is recognised when the right to receive dividend is established.

(s) Financial income and financial expenses

(i) *Financial income*

Financial income comprises interest income from deposits and loans, and net 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 net foreign exchange losses. Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of tangible fixed assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the fixed assets concerned.

(t) 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.

(u) 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 year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

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(v) 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.

(w) 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.

(x) 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.

4. Segment reporting

The Group has four (4) 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. During the year the Group also invested in and has significant influence in a group that operates feed mills and supply animal nutrition products. The Group considers Animal Nutrition as a separate business segment.

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Business segments

	Food and beverage		Animal nutrition		Mining		Financial services		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Segment revenue	10,389,414	7,056,849	-	-	-	-	-	-	10,389,414	7,056,849
Segment gross margin	4,210,488	3,059,015	-	-	-	-	-	-	4,210,488	3,059,015
Segment results	2,733,282	2,158,106	2,555	-	113,099	262,477	(340,353)	392,733	2,508,583	2,813,316
Unallocated expenses									(258,446)	(150,487)
Financial income									232,753	388,892
Financial expenses									(162,411)	(179,015)
Net operating profit (include share of profit in associate)									2,320,479	2,872,706
Other income									214,517	22,169
Other expenses									(46,474)	(26,303)
Income tax expense									(525,930)	(372,564)
Net profit									1,962,592	2,496,008

The accounting profit for the Animal nutrition segment at the Group level includes adjustments due to price purchase allocations and goodwill amortisation. Results would be VND89,775 million if these were added back.

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	Food and beverage		Animal nutrition		Mining		Financial services		Total	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Segment assets	9,816,942	9,387,054	1,967,387	-	15,220,632	12,570,448	8,980,732	9,321,085	35,985,693	31,278,587
Unallocated assets									2,713,563	2,294,032
Total assets									38,699,256	33,572,619
Segment liabilities	5,734,363	4,967,970	-	-	4,954,500	918,720	-	-	10,688,863	5,886,690
Unallocated liabilities									8,306,008	6,130,897
Total liabilities									18,994,871	12,017,587

	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Capital expenditures	861,222	558,495	-	-	4,854,522	1,628,630	-	-	5,715,744	2,187,125
Depreciation	175,994	102,000	-	-	10,376	1,829	-	-	186,370	103,829
Amortisation of intangible fixed assets and goodwill	153,068	29,267	-	-	2,113	576	-	-	155,181	29,843

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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5. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share at 31 December 2012 was based on the profit attributable to ordinary shareholders of VND1,260,518 million (2011: VND1,973,149 million) of the Group and a weighted average number of ordinary shares outstanding of 709,729,864 shares during the year (2011: 678,369,685 shares), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2012 VND million	2011 VND million
Net profit attributable to ordinary shareholders	1,260,518	1,973,149

(ii) Weighted average number of ordinary shares

	2012	2011
Issued ordinary shares at the beginning of the year	515,272,269	515,272,269
Effect of shares issued for cash	23,533,973	-
Effect of shares issued to discharge convertible bonds and loans	17,552,330	-
Effect of shares issue to discharge other capital	96,463,766	-
Effect of equity instruments bought back	25,235,234	-
Effect of share issued solely after the passage of time	31,672,292	152,579,160
Effect of equity instruments issued for the acquisition of additional interest in an associate	-	10,518,256
Weighted average number of ordinary shares at the end of the year	709,729,864	678,369,685

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(b) Diluted earnings per share

The calculation of diluted earnings per share for year ended 31 December 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 arising on convertible loans and options.

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

	2012 VND million	2011 VND million
Net profit attributable to ordinary shareholders (basic)	1,260,518	1,973,149
Share of profit attributed to minority shareholders, net of tax	30,687	14,510
Net profit attributable to shareholders (diluted)	<u>1,291,205</u>	<u>1,987,659</u>

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

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

	2012	2011
Weighted average number of ordinary shares (basic)	709,729,864	678,369,685
Effect of conversion of convertible loans and shares options	80,269,845	109,586,687
Weighted average number of ordinary shares (diluted)	<u>789,999,709</u>	<u>787,956,372</u>

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Notes to the financial statements for the year ended 31 December 2012 (continued)

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6. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	VND million	VND million	VND million	VND million
Cash on hand	4,652	2,804	2,797	432
Cash in banks	146,553	172,913	6,687	22,852
Cash equivalents	5,567,512	9,397,876	2,150,542	1,487,452
	5,718,717	9,573,593	2,160,026	1,510,736

7. Accounts receivable

As at 31 December 2012, certain trade receivables of the Group were pledged with banks as security for loans granted to subsidiaries (see Note 16).

As at 31 December 2012, prepayments to suppliers amounting to VND348,884 million (31/12/2011: VND287,414 million) were related to construction in progress.

Other receivables comprised:

	<u>Group</u>		<u>Company</u>	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	VND million	VND million	VND million	VND million
Other short-term receivables				
Non-trade receivables from related companies	206,244	232,399	224,902	266,265
Accrued interest receivable from:				
• Deposits	82,686	44,022	2,902	4,931
• Investments in bonds	-	13,757	-	13,757
VAT portion of foreign contractor tax	24,257	-	7,345	-
Services receivable	23,257	44,566	23,257	44,566
Others	10,079	12,409	-	-
	346,523	347,153	258,406	329,519
Other long-term receivables				
Long-term interest receivables	23,158	-	-	-
Other long-term receivables from related companies	-	-	1,658,406	2,762,294
	23,158	-	1,658,406	2,762,294

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Other receivables include the following amounts due from related parties:

	<u>Group</u>		<u>Company</u>	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	VND million	VND million	VND million	VND million
Amounts due from Ma San Corporation - parent company				
Non-trade – short-term	142,244	230,446	142,244	230,446
Dividend receivable from Proconco –short-term	64,000	-	-	-
Amounts due from other related companies				
Non-trade – short-term	-	1,953	82,658	35,819
Non-trade – long-term	-	-	1,658,406	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 31 December 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 VND892,508 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; and
- (c) VND278,398 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 year.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

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8. Inventories

	Group	
	31/12/2012	31/12/2011
	VND million	VND million
Goods in transit	15,349	31,028
Raw materials	396,321	409,748
Tools and supplies	26,794	1,152
Work in progress	88,448	64,939
Finished goods	48,934	118,879
	<hr/>	<hr/>
	575,846	625,746
Allowance for inventories	(11,991)	(12,901)
	<hr/>	<hr/>
	563,855	612,845
	<hr/> <hr/>	<hr/> <hr/>

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

	Group	
	2012	2011
	VND million	VND million
Opening balance	12,901	6,347
Increase in allowance during the year	46,618	86,491
Allowance utilised during the year	(41,705)	(79,937)
Written back	(5,823)	-
	<hr/>	<hr/>
Closing balance	11,991	12,901
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2012, certain inventories of the Group were pledged with banks as security for loans granted to a subsidiary (see Note 16).

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

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9. 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	14,908	299	26,275	52,036	8,762	102,280
Transfers from construction in progress	206,216	664	8,144	554,776	84	769,884
Transfer to long-term prepayments	(6,559)	-	-	(2,120)	-	(8,679)
Disposals	(5,919)	-	(938)	(11,018)	(366)	(18,241)
Written-off	(135)	-	(125)	(1,257)	-	(1,517)
Reclassifications	702	-	(2,861)	2,148	11	-
Closing balance	453,709	22,525	69,412	1,454,828	39,954	2,040,428
Accumulated depreciation						
Opening balance	35,162	6,157	15,967	246,934	13,282	317,502
Charge for the year	21,563	5,504	13,704	143,686	5,702	190,159
Transfer to long-term prepayments	(130)	-	-	(1,590)	-	(1,720)
Disposals	(2,901)	-	(896)	(7,145)	(365)	(11,307)
Written-off	(135)	-	(125)	(1,257)	-	(1,517)
Reclassifications	398	-	(1,858)	1,456	4	-
Closing balance	53,957	11,661	26,792	382,084	18,623	493,117
Net book value						
Opening balance	209,334	15,405	22,950	613,329	18,181	879,199
Closing balance	399,752	10,864	42,620	1,072,744	21,331	1,547,311

Included in the cost of tangible fixed assets were assets costing VND71,270 million which were fully depreciated as of 31 December 2012 (31/12/2011: VND39,221 million), but which are still in active use.

The carrying amount of tangible fixed assets retired from active use and held for disposal amounted to VND24,138 million as of 31 December 2012 (31/12/2011: VND23,946 million).

The carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND35,556 million as of 31 December 2012 (31/12/2011: VND7,914 million).

As at 31 December 2012, tangible fixed assets with a carrying value of VND613,304 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 financial statements for the year ended 31 December 2012 (continued)

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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	187	992	1,179
Closing balance	15,083	2,615	17,698
Accumulated depreciation			
Opening balance	1,830	372	2,202
Depreciation for the year	3,158	631	3,789
Closing balance	4,988	1,003	5,991
Net book value			
Opening balance	13,066	1,251	14,317
Closing balance	10,095	1,612	11,707

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

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10. Intangible fixed assets

Group:

	Land use rights	Software	Brand name	Customer relationships	Total
	VND million	VND million	VND million	VND million	VND million
Cost					
Opening balance	142,625	13,762	544,435	320,647	1,021,469
Additions	-	5,410	-	-	5,410
Transfer from construction in progress	1,732	172	-	-	1,904
Closing balance	144,357	19,344	544,435	320,647	1,028,783
Accumulated amortisation					
Opening balance	12,053	6,067	9,422	10,688	38,230
Amortisation for the year	3,867	4,534	54,505	64,131	127,037
Closing balance	15,920	10,601	63,927	74,819	165,267
Net book value					
Opening balance	130,572	7,695	535,013	309,959	983,239
Closing balance	128,437	8,743	480,508	245,828	863,516

Included in the cost of intangible fixed assets were assets costing VND1,931 million which were fully amortised as of 31 December 2012 (31/12/2011: nil), but which are still in use.

At 31 December 2012, land use rights with a carrying value of VND53,659 million (31/12/2011: VND55,088 million) were pledged with banks as security for loans granted to the subsidiaries.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

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Company:

	Software VND million
Cost	
Opening balance	1,451
Additions	115
	<hr/>
Closing balance	1,566
	<hr/>
Accumulated amortisation	
Opening balance	135
Charge for the year	329
	<hr/>
Closing balance	464
	<hr/>
Net book value	
Opening balance	1,316
Closing balance	1,102
	<hr/> <hr/>

11. Construction in progress

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	VND million	VND million	VND million	VND million
Opening balance	9,425,067	7,616,520	3,568	1,569
Acquisitions through business combination	-	4,273	-	-
Additions during the year	6,672,427	2,028,436	68,060	16,895
Transfer to tangible fixed assets	(769,884)	(222,070)	-	(14,896)
Transfer to intangible fixed assets	(1,904)	-	-	-
Transfer to long-term prepayments	(7,782)	(2,092)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	15,317,924	9,425,067	71,628	3,568
	<hr/>	<hr/>	<hr/>	<hr/>

During the year, borrowing costs capitalised into construction in progress amounted to VND1,040,937 million (2011: VND198,437 million).

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

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12. Investments

	<u>Group</u>		<u>Company</u>	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	VND million	VND million	VND million	VND million
Long-term investments				
Investments in subsidiaries	-	-	12,490,634	10,557,997
Investment in associates (a)	10,948,119	9,321,085	8,932,424	8,932,424
Other long-term investments (b)	365,500	-	-	-
	11,313,619	9,321,085	21,423,058	19,490,421
Short-term investments				
Short-term investments in bonds (c)	-	373,000	-	373,000
Term deposits to banks (c)	1,840,500	849,500	68,000	-
	1,840,500	1,222,500	68,000	373,000

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

	31/12/2012	31/12/2011
	VND million	VND million
Ma San Consumer Corporation	10,333,461	8,400,824
Hoa Bang Lang Consultant Company Limited	516,600	516,600
Orchid Consultant Company Limited	441,200	441,200
Ma San Horizon Corporation	1,199,373	1,199,373
	12,490,634	10,557,997

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

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The following are the details of the consolidated subsidiaries as at 31 December 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 One Member Company Limited (formerly known as Minh Viet Packaging Joint Stock Company)	Lot III-12-Industrial Group III, Tan Binh Industrial Park, Tan Phu District, Ho Chi Minh City, Vietnam
Vinacafe Bien Hoa Joint Stock Company	Bien Hoa Industrial Zone 1, Bien Hoa City, Dong Nai province, Vietnam.
Hoa Muoi Gio Company Limited	12 th Floor, Kumho Asiana Plaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

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Name	Address
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 Resources Corporation	Suite 802, 8 th 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 associates

Details of the investments in associates are as follows:

	<u>Group</u>		<u>Company</u>	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	VND million	VND million	VND million	VND million
Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”) (*)	8,980,732	9,321,085	8,932,424	8,932,424
Vietnamese French Cattle Feed Joint Stock Company (“Proconco”) (**)	1,967,387	-	-	-
	10,948,119	9,321,085	8,932,424	8,932,424

(*) On 4 September 2012, the Group’s effective economic interest in Techcombank was diluted from 30.61% to 30.44% (31/12/2011: 30.61%) as a result of the issuance of additional shares by Techcombank. The Group’s effective economic interest includes 15.68% through direct equity interest and 14.76% through 10 year convertible bonds issued by Techcombank which the Company has agreed to irrevocably and mandatorily convert during the conversion period of the convertible bonds, subject to regulatory and other customary approvals.

(**) During the year, Hoa Muoi Gio Company Limited (“HMG”), a wholly owned subsidiary of Ma San Consumer Corporation, acquired 40% of the equity interests in Proconco from two funds named Prudential Vietnam Assurance Private Limited and PCA International Funds SPC. The Group holds 32.32% of the effective equity interest in Proconco as of 31 December 2012.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

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(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 year (31/12/2011: N/A).

(c) Short-term investments

Term deposits to banks represent deposits with original terms to maturity of more than three months from their transaction dates. The term deposits are denominated in Vietnam Dong and earned interest from 8% to 12% per annum during the year (2011: 14%).

(d) Transactions in subsidiaries in 2012 – transactions with non - controlling interests

(i) Issuance of shares to certain employees

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/>

(ii) Acquisition of minority interests in a subsidiary

On 26 December 2012, the Company acquired additional 4.64% economic interest in MSC for VND1,932,637 million in cash consideration, resulting in the following effects:

	VND million
Cost of acquisition	(1,932,637)
Net assets acquired	491,929
	<hr/>
Difference recorded in other reserves	(1,440,708)
	<hr/>

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

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(iii) Acquisition of minority interests in Vinacafe Bien Hoa Joint Stock Company

During the year, the Group's effective interest in Vinacafe Bien Hoa Joint Stock Company ("Vinacafe") increased from 38.4% to 43% as a result of further acquisitions of equity interest for a total consideration of VND 122,044 million.

All acquisitions were done through a subsidiary, Ma San Consumer Corporation, and all purchase considerations were paid in cash.

Such acquisitions resulted in the following effects:

	VND million
Cost of acquisition	(122,044)
Net assets acquired	48,380
	<hr/>
	(73,664)
Difference attributable to minority interests	17,556
	<hr/>
Difference recorded in other reserves	(56,108)
	<hr/> <hr/>

Other reserves movements were as follows:

	VND million
Balance at 1 January 2012	(6,569,981)
Decrease in minority interests in MSC	(1,463,155)
Decrease in minority interests in a subsidiary of MSC	(56,108)
Equity instruments repurchased (Note 24(c))	(530,235)
	<hr/>
Balance at 31 December 2012	(8,619,479)
	<hr/>

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

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(e) Transactions in subsidiaries in 2011

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

On 7 April 2011, Kohlberg Kravis Roberts & Co. L.P. (“KKR”) through its company named MC Holdings II (Cayman) Limited 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.

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

On 16 March 2011, Mount Kellett Capital Management LP through its company named MRC Limited 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 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 from zero 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 in the swap varies according to MSC’s profit. The amount receivable in the swap varies according to MSC’s earnings and earnings growth, kept within a range of VND1,538 billion to VND2,000 billion. The amount receivable under this swap is a contingent asset and no value has been recorded as it is not virtually certain of receipt. In the event that the Company unwind the swap agreement before maturity, the swap shall have nil value.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

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13. 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	-	-	3,377	5,634	20,625	28,123	-	57,759
Transfer from construction in progress	-	-	-	7,782	-	-	-	7,782
Transfer from tangible fixed assets	-	-	-	6,959	-	-	-	6,959
Transfer to short-term prepayments	-	-	-	(1,453)	-	(6,002)	-	(7,455)
Amortisation for the year	-	(60)	(3,232)	(6,464)	(6,135)	(39,616)	(544)	(56,051)
Closing balance	56,796	2,286	755	15,877	21,210	-	136	97,060

Company:

	Borrowing fees VND million	Website fees VND million	Total VND million
Opening balance	6,720	680	7,400
Additions	20,625	-	20,625
Amortisation for the year	(6,135)	(544)	(6,679)
Closing balance	21,210	136	21,346

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

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14. Deferred tax assets and liabilities

(i) Recognised deferred tax assets and liabilities

	Group	
	31/12/2012	31/12/2011
	VND million	VND million
Deferred tax assets:		
Allowance for provision doubtful debts	-	206
Accrued sales discount	9,133	17,469
Accrued advertising and promotion expenses	14,193	21,740
Accrued transportation costs	6,677	7,426
Other accruals	4,041	5,519
Unrealised profit	1,991	3,591
Less: offset against deferred tax assets	-	(31,153)
	<hr/>	<hr/>
	36,035	24,798
	<hr/>	<hr/>
Deferred tax liabilities:		
Construction in progress	(751,021)	(751,021)
Tangible fixed assets	(11,330)	(12,808)
Intangible fixed assets	(97,766)	(106,785)
Other receivables	-	(3,533)
Accrued interest income	-	(130,465)
Less: offset against deferred tax liabilities	-	31,153
	<hr/>	<hr/>
	(860,117)	(973,459)
	<hr/>	<hr/>
	(824,082)	(948,661)
	<hr/>	<hr/>

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

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(ii) Movement in temporary difference during the year

	31/12/2011	Recognised in income	31/12/2012
	VND million	VND million	VND million
Allowance for provision doubtful debts	206	(206)	-
Accrued sales discount	17,469	(8,336)	9,133
Accrued advertising and promotion expenses	21,740	(7,547)	14,193
Accrued transportation costs	7,426	(749)	6,677
Other accruals	5,519	(1,478)	4,041
Unrealised profit	3,591	(1,600)	1,991
Construction in progress	(751,021)	-	(751,021)
Tangible fixed assets	(12,808)	1,478	(11,330)
Intangible fixed assets	(106,785)	9,019	(97,766)
Other receivables	(3,533)	3,533	-
Accrued interest income	(130,465)	130,465	-
	(948,661)	124,579	(824,082)

(iii) Unrecognised deferred tax assets

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

	Group		Company	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	VND million	VND million	VND million	VND million
Other accruals	27,768	-	27,768	-
Tax losses	102,185	58,760	79,982	53,630
	129,953	58,760	107,750	53,630

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

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Notes to the financial statements for the year ended 31 December 2012 (continued)

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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>	<u>Company</u>
		VND million	VND million
2014	Outstanding	9,000	3,572
2015	Outstanding	4,700	-
2016	Outstanding	235,015	210,948
2017	Outstanding	292,637	216,478
		<hr/>	<hr/>
		541,352	430,998
		<hr/>	<hr/>

15. Goodwill

	<u>Group</u>
	31/12/2012
	VND million
Cost	
Opening balance/Closing balance	284,728
	<hr/>
Accumulated amortisation	
Opening balance	7,623
Amortisation for the year	28,473
	<hr/>
Closing balance	36,096
	<hr/>
Net book value	
Opening balance	277,105
Closing balance	248,632
	<hr/>
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Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

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16. Short-term borrowings and liabilities

	<u>Group</u>		<u>Company</u>	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	VND	VND	VND	VND
	million	million	million	million
Short-term borrowings	1,540,393	1,298,728	-	2,000,000
Current portion of long-term borrowings (see Note 20)	252,991	733,669	-	630,000
	1,793,384	2,032,397	-	2,630,000

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

			<u>Group</u>		<u>Company</u>	
	Currency	Annual interest rate	31/12/2012	31/12/2011	31/12/2012	31/12/2011
			VND million	VND million	VND million	VND million
Short-term borrowings						
Secured bank loans	VND	8.2%-13%	1,540,393	815,822	-	-
Secured bank loans	USD	6.5%	-	1,536	-	-
Unsecured bank loans	VND	15.7%-18%	-	481,370	-	-
Unsecured loan from a subsidiary	VND	15% - 18%	-	-	-	2,000,000
			1,540,393	1,298,728	-	2,000,000

As at 31 December 2012, the bank loans were secured by the following assets of the Group:

- (i) Inventories and trade receivables with a carrying amount of USD26.25 million, equivalent to VND546,000 million (31/12/2011: USD5 million, equivalent to VND104,140 million).
- (ii) Fixed assets with a carrying value of VND666,963 million (31/12/2011: VND367,466 million). Part of these fixed assets with carrying value of VND632,006 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 20.

During the year, 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.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

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17. Taxes payable to State Treasury

	<u>Group</u>		<u>Company</u>	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	VND million	VND million	VND million	VND million
Corporate income tax	535,785	202,630	-	-
Value added tax	39,626	41,071	-	-
Import-export tax	11,446	14,810	-	-
Personal income tax	14,126	11,580	-	2,159
Other taxes	7,910	21,268	-	3,034
	608,893	291,359	-	5,193

18. Accrued expenses

	<u>Group</u>		<u>Company</u>	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	VND million	VND million	VND million	VND million
Advertising and promotion expenses	139,125	177,364	-	-
Accrued interests payable	549,848	253,095	415,560	244,954
Accruals for inventories purchased	28,139	13,616	-	-
Sales discount	41,188	69,876	-	-
Transportation expenses	30,615	29,703	-	-
Bonus and 13 th month salary	98,624	50,755	-	1,470
Consultant fee	127,954	104,942	38,074	66,056
Accruals for construction work	195,070	42,500	-	-
Withholding tax	31,183	33,273	10,013	27,217
Others	59,185	49,260	7,828	-
	1,300,931	824,384	471,475	339,697

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19. Other payables

	<u>Group</u>		<u>Company</u>	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	VND million	VND million	VND million	VND million
Other short-term payables				
Social and health insurance	226	1,002	-	12
Short-term deposits from customers	480	19,705	-	-
Interest expenses payable to a subsidiary	-	-	-	261,698
Others	43,624	13,552	-	2
	44,330	34,259	-	261,712
Other long-term payables				
Long-term payables	381,563	-	381,563	-
Other long-term payables to a subsidiary	-	-	1,432,596	256,195
Obligation to issue shares (Note 24(a))	356,269	-	356,269	-
	737,832	-	2,170,428	256,195

The long-term payables comprise the gross amount of interest relating to certain instruments described in Note 24(a), and were unsecured and payable every six months and every twelve months from the disbursement date of the instruments.

Other long-term payables of the Company to a subsidiary amounting to VND1,432,596 million (31/12/2011: VND256,195 million) comprise of interest expenses and facility fees related to the VND denominated long-term borrowings amounting to VND4,000,000 million and USD denominated long-term borrowing equivalent to VND2,246,400 million, respectively. The amounts are unsecured and payable on maturity of the principal amounts.

Obligation to issue shares represents the liability to issue an additional variable number of shares as noted in Note 24(a).

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20. Long-term borrowings and liabilities

	<u>Group</u>		<u>Company</u>	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	VND million	VND million	VND million	VND million
Long-term borrowings (a)	6,667,882	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	-
	12,900,168	8,143,450	7,376,522	3,957,960
Repayable within twelve months (Note 16)	(252,991)	(733,669)	-	(630,000)
Repayable after twelve months	12,647,177	7,409,781	7,376,522	3,327,960

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

				<u>Group</u>		<u>Company</u>	
	Currency	Annual interest rate	Year of maturity	31/12/2012	31/12/2011	31/12/2012	31/12/2011
				VND million	VND million	VND million	VND million
a. Long-term borrowings							
Secured bank loans	VND	9.6%-20%	2014-2020	2,397,355	1,080,302	-	-
Secured bank loans	USD	3.82%-10.15%	2014-2020	4,270,527	2,249,424	-	-
Unsecured loan from a subsidiary	VND	13%	2016	-	-	4,000,000	2,000,000
				6,667,882	3,329,726	4,000,000	2,000,000
b. Promissory notes							
(b)	VND		2016-2017	2,855,764	2,855,764	-	-
c. Convertible bonds and loans issued to:							
TPG International Finance Corporation	(c.1) VND	15%	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
	(c.3) USD	2%-6%	2015	567,960	567,960	567,960	567,960
				1,176,522	1,957,960	1,176,522	1,957,960
d. Secured convertible bonds							
	VND	11.25%-15%	2016	2,200,000	-	2,200,000	-

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(a) As at 31 December 2012, long-term borrowings comprised of:

- (i) VND denominated loans amounting to VND418,597 million were secured over fixed assets with a carrying amount of VND632,006 million (31/12/2011: VND310,560 million).
- (ii) VND denominated loan amounting to VND879,500 million was secured over proportionately existing and future assets and exploitation rights relating to Nui Phao mine. In addition, the Company has pledged 68,521,729 shares of Techcombank to further secure the loan.
- (iii) VND denominated loan amounting to VND1,099,258 million and USD denominated loan amounting to VND360,127 million were secured over proportionately existing and future assets and exploitation rights relating to Nui Phao mine. In addition, the Company has pledged 69,321,837 shares of Techcombank to further secure the loan.
- (iv) USD denominated loan from Standard Chartered Bank (Viet Nam) Limited amounting to VND1,664,000 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 denominated loan from J.P. Morgan amounting to VND2,246,400 million bear interest at LIBOR plus 3.5% per annum during the first year, LIBOR plus 7% per annum during the second year and LIBOR plus 10% per annum during the third year after draw down. The outstanding balance at 31 December 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 31 December 2012, Ma San Consumer Company's investments in subsidiaries with carrying value of VND879,023 million (31/12/2011: VND679,023 million) and in associate were pledged as security for this loan.

As at 31 December 2012, long-term borrowings of the Company comprised two unsecured VND loans from a subsidiary amounting to VND4,000,000 million which were unsecured and bore interest at 13% per annum. The loans mature in 4 and 5 years from the drawdown dates, respectively. The principals and interest are payable on the dates 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 the funds and companies managed and/or owned by Dragon Capital Group Limited (collectively, "Dragon Capital") in 2010. These promissory notes were issued as 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 Dragon Capital 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 Dragon Capital. Dragon Capital 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 Dragon Capital or require Dragon Capital to exercise the option.
 - (ii) **MR ownership adjustment** - the Group has entered into an agreement with Dragon Capital in which the Group will give Dragon Capital 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, Dragon Capital 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** – Dragon Capital 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 Dragon Capital 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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Among others the agreement provides for the following:

- (i) Interest is charged at 8% per annum from disbursement date to 15 April 2012 and at 20.4% per annum from 15 April 2012 to the maturity date for the convertible portion. Interest is charged at 20.4% per annum for the non-convertible portion from 15 April 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 31 December 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 from Goldman Sachs Group, Inc. through its company named Jade Dragon (Mauritius) Limited represents a USD-denominated convertible loan, with a principal amount of USD30 million.

Among others, the agreement provides the following:

- (i) The interest rate of this loan has two portions: nominal interest rate and deferred interest rate. Deferred interest is not payable if the loan is converted. During the period from 15 December 2010 to 14 December 2012 the nominal interest rate and deferred interest rate are 2% per annum and 6% per annum respectively. During the period from 15 December 2012 to 14 December 2013 the nominal interest rate and deferred interest rate are 4% per annum and 4% per annum respectively. During the period from 15 December 2013 to 14 December 2015 the nominal interest rate and deferred interest rate are 6% per annum and 2% per annum respectively. The loan matures on 14 December 2015. The nominal interest rate is compounded daily and the deferred interest rate is compounded annually.
- (ii) The loan may be converted into shares by the lender at any time after two years from 15 December 2010 to the loan's maturity date.
- (iii) The conversion price was determined at VND65,000 per share.
- (iv) The Group also separately entered into an arrangement with Ma San Corporation which undertakes the risks and obligations to subscribe to and pay a cash consideration of USD30 million plus the deferred interest for 9,000,000 shares under the convertible loan in the event that the lender does not exercise the conversion option.

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- (d) The VND2,200 billion bonds were secured against 22.3 million convertible bonds issued by Techcombank. VND1,500 billion of the bonds bear coupon of 15% per annum and VND700 billion of the bonds bear coupon of 15% per annum for the first 6 months. Thereafter, those bonds bear a coupon rate of 1% per annum plus the amalgated average 12 month deposit rates of selected major banks. The coupons are payable every six months from the disbursement date. The Company also issued options allowing the holder 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 year, the Company and the Group complied with the loan covenants on the above borrowings.

21. Provision for severance allowance

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

	Group	
	2012	2011
	VND million	VND million
Opening balance	8,564	4,552
Acquisition through business combination	-	2,805
Provision made during the year	731	1,855
Provision used during the year	-	(648)
Provision paid during the year	(754)	-
Provision reversed during the year	(7,160)	-
	<hr/>	<hr/>
Closing balance	1,381	8,564
	<hr/>	<hr/>

For the year ended 31 December 2012, the Group contributed VND5,021 million (2011: VND5,650 million) and the Company contributed VND21 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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22. Change in owners' equity

Group

	Share capital VND million	Capital surplus VND million	Other capital VND million	Foreign exchange differences VND million	Other reserves VND million	Retained profits VND million	Equity attributable to equity holders of Company VND million	Minority interests VND million	Total VND million
Balance at 1 January 2011	5,152,723	2,166,136	9,651,713	3,189	(9,062,082)	2,712,006	10,623,685	1,524,803	12,148,488
Issuance of equity instruments	-	-	811,091	-	-	-	811,091	-	811,091
Increase in minority interests from acquiring Vinacafe Bien Hoa Joint Stock Company	-	-	-	-	-	-	-	800,370	800,370
Increase in minority interests from share capital issued by subsidiaries	-	-	-	-	2,492,101	-	2,492,101	2,837,079	5,329,180
Foreign exchange differences in a subsidiary	-	-	-	(19,255)	-	-	(19,255)	(4,155)	(23,410)
Net profit for the year	-	-	-	-	-	1,973,149	1,973,149	522,859	2,496,008
Appropriation to bonus and welfare funds	-	-	-	-	-	(5,119)	(5,119)	(1,576)	(6,695)
Balance at 31 December 2011	5,152,723	2,166,136	10,462,804	(16,066)	(6,569,981)	4,680,036	15,875,652	5,679,380	21,555,032

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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 23 and 24(c))	964,638	5,394,006	(6,358,644)	-	-	-	-	-	-
Equity instruments repurchased (Note 24(c))	-	-	(4,104,160)	-	(530,235)	-	(4,634,395)	-	(4,634,395)
Issuance of new shares through conversion of debt instruments (Note 23 and 20(c.1)(c.2))	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 24(a),(b))	-	-	1,721,824	-	-	-	1,721,824	-	1,721,824
Increase in minority interest from share capital issued by subsidiaries (Note 12(d)(i))	-	-	-	-	(22,447)	-	(22,447)	34,947	12,500
Decrease in minority interest from acquisitions of share capital in subsidiaries (Note 12(d)(ii))	-	-	-	-	(1,440,708)	-	(1,440,708)	(491,929)	(1,932,637)
Decrease in minority interest from share capital additionally acquired in a subsidiary of MSC (Note 12(d)(iii))	-	-	-	-	(56,108)	-	(56,108)	(65,936)	(122,044)
Foreign exchange differences in a subsidiary	-	-	-	(62)	-	-	(62)	(33)	(95)
Net profit for the year	-	-	-	-	-	1,260,518	1,260,518	702,074	1,962,592
Dividend paid	-	-	-	-	-	-	-	(25,988)	(25,988)
Transfer to funds	-	-	-	-	-	(14,902)	(14,902)	(11,967)	(26,869)
Balance at 31 December 2012	6,872,801	7,999,167	1,721,824	(16,128)	(8,619,479)	5,925,652	13,883,837	5,820,548	19,704,385

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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 year	-	-	-	-	(222,633)	(222,633)
Balance at 31 December 2011	5,152,723	2,166,136	10,462,804	-	(22,449)	17,759,214
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 23 and 24(c))	964,638	5,394,006	(6,358,644)	-	-	-
Equity instruments repurchased (Note 24(c))	-	-	(4,104,160)	(530,235)	-	(4,634,395)
Issuance of new shares due to conversion of debt instruments (Note 23 and 20(c.1)(c.2))	344,440	439,025	-	-	-	783,465
Issuance of new shares for cash	411,000	-	-	-	-	411,000
Issuance of equity instruments (Note 24(a),(b))	-	-	1,721,824	-	-	1,721,824
Net loss for the year	-	-	-	-	(220,254)	(220,254)
Balance at 31 December 2012	6,872,801	7,999,167	1,721,824	(530,235)	(242,703)	15,820,854

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23. Share capital and capital surplus

The Company's authorised and issued share capital comprise:

	31/12/2012		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 year were as follows:

	2012		2011	
	Number of shares	VND million	Number of shares	VND million
Balance at beginning of the year	515,272,269	5,152,723	515,272,269	5,152,723
Issuance of new shares through conversion of equity instruments	96,463,766	964,638	-	-
Issuance of new shares through 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 year	687,280,123	6,872,801	515,272,269	5,152,723

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24. 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 year were as follows:

	2012		2011	
	Number of shares to be issued	VND million	Number of shares to be issued	VND million
Balance at beginning of the 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:				
• Parent company credit support	(a) 19,602,824	909,846	-	-
• Mandatory convertible loan	(b) 11,571,111	811,978	-	-
Equity instruments repurchased	(c) (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 year	31,173,935	1,721,824	154,393,705	10,462,804

(a) Parent company credit support

During the year, the Company entered into convertible loan agreements for USD50 million (equivalent to VND1,041,400 million) with Richard Chandler Corporation through its company named Kairos Capital Limited and USD30 million (equivalent to VND624,840 million) with Mount Kellett Capital Management LP through its company named MRG Limited for 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. The parent company did not receive any consideration or other benefits in return for such undertakings on behalf of the Company.

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 subject to 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) Mandatory convertible loan

During the year, the Company entered into mandatory convertible loan agreements with Richard Chandler Corporation through its company named Kairos Capital Limited for USD50 million (equivalent to VND1,041,400 million) with a term of two years. On the maturity date, all outstanding principal amount of the loan shall be mandatorily converted into shares.

Among others, the agreements provide the following:

- (i) The convertible loans bear annual coupons of 11% per annum. All payments of interest shall be in USD by converting the interest amount in VND by using interbank average rate published by the State Bank of Vietnam as at on the due date or other immediate funds; and
- (ii) The shares to be issued on conversion (“Conversion Shares”) shall be determined based on conversion price of VND90,000 per share. As the loan is mandatorily convertible to a fixed number of shares at the end of the two year term, the fair value of the issuable shares has been treated as an equity instrument.

(c) 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 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 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.

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25. 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>	
	2012	2011	2012	2011
	VND million	VND million	VND million	VND million
Total revenue				
▪ Sales of finished goods	10,575,021	7,238,994	-	-
▪ Services and other sales	228	9	-	-
Less sales deductions				
▪ Sales discounts	(150,243)	(119,856)	-	-
▪ Sales returns and allowances	(35,592)	(62,298)	-	-
Net sales	10,389,414	7,056,849	-	-

26. Cost of sales

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	VND million	VND million	VND million	VND million
Total cost of sales				
▪ Finished goods sold	6,138,131	3,911,343	-	-
▪ Allowance for inventories	40,795	86,491	-	-
	6,178,926	3,997,834	-	-

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Notes to the financial statements for the year ended 31 December 2012 (continued)

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27. Financial income

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	VND million	VND million	VND million	VND million
Interest income from:				
• Deposits	760,585	917,948	204,082	138,407
• Investment in bonds	28,604	75,265	28,604	75,265
• Loan to subsidiaries	-	-	60,898	134,937
• Recharge to parent company	-	110,997	-	110,997
• Loan to parent company	-	20,748	-	20,748
Facility income from subsidiaries	-	-	927,988	121,755
Foreign exchange gains	17,687	54,598	67	43,475
Others	2,948	5,650	-	-
	809,824	1,185,206	1,221,639	645,584

28. Financial expenses

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	VND million	VND million	VND million	VND million
Interest expense on loans from:				
• Banks	140,468	153,847	-	-
• Bondholders	138,708	162,404	387,339	162,404
• Subsidiary	-	-	568,281	416,887
Facility fee expenses to subsidiaries	-	-	346,421	121,755
Foreign exchange losses	9,913	19,273	3,399	8,646
Other financial expenses	20,296	12,201	20,304	7,965
	309,385	347,725	1,325,744	717,657

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Notes to the financial statements for the year ended 31 December 2012 (continued)

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29. Other income

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	VND million	VND million	VND million	VND million
Income from scrap sales	20,630	12,499	-	-
Proceeds on disposal of fixed assets	2,023	2,406	-	-
Reimbursement of cost from parent company	142,244	-	142,244	-
Import tax refund	18,977	-	-	-
Write-back of provisions	7,160	-	-	-
Others	23,483	7,264	209	-
	214,517	22,169	142,453	-

30. Other expenses

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	VND million	VND million	VND million	VND million
Cost of scrap sales	15,759	12,174	-	-
Net book value of disposed fixed assets	6,934	7,616	-	-
Tax penalties	2,080	3,315	-	-
Others	21,701	3,198	-	73
	46,474	26,303	-	73

31. Share of (loss)/profit in associates

	<u>Group</u>	
	2012	2011
	VND million	VND million
Share of profit in associates	325,709	969,019
Adjustment arising from purchase price allocation and goodwill amortisation	(663,507)	(576,286)
	(337,798)	392,733

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Notes to the financial statements for the year ended 31 December 2012 (continued)

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32. Income tax

(a) Recognised in the statement of income

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	VND million	VND million	VND million	VND million
Current tax expense				
Current year	649,931	242,683	-	-
Under provision in prior years	578	4,431	-	-
	650,509	247,114	-	-
Deferred tax (income)/expenses				
Origination and reversal of temporary differences	(124,579)	125,450	-	-
	525,930	372,564	-	-

(b) Reconciliation of effective tax rate

	<u>Group</u>			
	2012	2011		
	%	VND million	%	VND million
Profit before tax		2,488,522		2,868,572
Tax at the Company's income tax rate	25.00%	622,131	25.00%	717,143
Effect of different tax rates in subsidiaries	(11.48%)	(285,724)	(11.8%)	(338,558)
Non-deductible expenses	1.34%	33,302	1.37%	39,313
Effect of share of associate results net of tax	3.39%	84,450	(3.42%)	(98,183)
Deferred tax assets not recognised	2.86%	71,193	1.84%	52,739
Under provision in prior years	0.02%	578	0.15%	4,431
Benefit of previously unrecognised tax losses	-	-	(0.15%)	(4,321)
	21.13%	525,930	12.99%	372,564

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Company

	2012		2011	
	%	VND million	%	VND million
Loss before tax		(220,254)		(222,633)
Tax at the Company's income tax rate	(25.00%)	(55,064)	(25.00%)	(55,658)
Non-deductible expenses	0.42%	944	1.31%	2,921
Deferred tax assets not recognised	24.57%	54,120	23.69%	52,737
	-	-	-	-

(c) Applicable tax rates

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

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

(d) Tax contingencies

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

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Notes to the financial statements for the year ended 31 December 2012 (continued)

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33. Significant transactions with related parties

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

Group

Related Party	Nature of transaction	2012 VND million	2011 VND million
Parent Company			
Ma San Corporation	Interest expense and withholding tax shared by parent company	-	123,974
	Miscellaneous expenses shared by parent company	142,244	1,801
	Loan provided to parent company	-	715,000
	Interest income from loan to parent company	-	20,748
Other related parties			
Masan Global Services Corporation	Maintenance fee	12,990	10,717
	Purchase of fixed assets	12	2,505
Masan Property Corporation	Service charge expense	13,459	12,797
	Sales of fixed assets	32	-
	Rental income	-	91
Vietnamese French Cattle Feed Joint Stock Company	Dividend receivable	64,000	-
Key management personnel	Remuneration to key management personnel (*)	33,972	48,286

(*) No board fees were paid to Board of Management members in 2012 and 2011.

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Notes to the financial statements for the year ended 31 December 2012 (continued)

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Company

Related Party	Nature of transaction	2012 VND million	2011 VND million
Parent Company			
Ma San Corporation	Interest expense and withholding tax shared by parent company	-	123,974
	Miscellaneous expenses shared by parent company	142,244	1,801
	Loan to parent company	-	715,000
	Interest income from loan to parent company	-	20,748
Other related parties			
Ma San Consumer Corporation	Loan provided to a subsidiary	2,028,000	-
	Loans received from a subsidiary	-	4,715,000
	Interest income on short-term loan	60,898	-
	Interest expenses on short-term loan	-	282,447
	Interest expenses on long-term loan	568,281	134,440
	Facility fee expense	346,421	121,755
	Sale of a subsidiary to a subsidiary	10	-
Ma San Horizon Corporation	Loans provided to a subsidiary	-	2,136,347
Ma San Resources Corporation	Interest income from loans provided to a subsidiary	157,236	134,937
	Facility fee income	346,421	121,755
Nui Phao Mining Company Limited	Facility fee income	424,332	-
Key management personnel	Remuneration to key management personnel (*)	6,306	4,985

(*) No board fees were paid to Board of Management members in 2012 and 2011.

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Notes to the financial statements for the year ended 31 December 2012 (continued)

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34. Commitments

(a) Capital expenditure

As at the reporting date, the following outstanding capital commitments have been approved but not provided for in the balance sheet:

	<u>Group</u>		<u>Company</u>	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	VND million	VND million	VND million	VND million
Approved and contracted	2,137,305	1,577,637	1,011	-
Approved but not contracted	558,796	235,345	-	-
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	2,696,101	1,812,982	1,011	-
	<hr/>	<hr/>	<hr/>	<hr/>

(b) Leases

As at the reporting date, the future minimum lease payments under non-cancellable operating leases were:

	<u>Group</u>		<u>Company</u>	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	VND million	VND million	VND million	VND million
Within one year	100,172	62,198	26,638	23,619
Within two to five years	79,466	103,647	16,211	35,738
More than five years	961	34,450	-	-
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	180,599	200,295	42,849	59,357
	<hr/>	<hr/>	<hr/>	<hr/>

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Notes to the financial statements for the year ended 31 December 2012 (continued)

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35. 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:

	2012	2011
Employees	1,149,594	683,466
Members of the Board of Directors of the subsidiary (excluded from employees numbers)	131,521	268,334

At 31 December 2012, the subsidiary of the Company also has a commitment to issue 565,590 shares (2011: 324,268 shares) to employees for services rendered from May to December 2012, which has been included in 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. 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 options were fully exercised and 5% shares on fully diluted basis were issued in June 2012.

36. Financial risk management

The Board of Management 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.

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.

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>	
	2012	2011	2012	2011
	VND million	VND million	VND million	VND million
Opening balance	1,084	705	-	-
Increase in allowance during the year	143	379	-	-
Allowance utilised during the year	(832)	-	-	-
Written back	(17)	-	-	-
Closing balance	378	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 (short and long-term) as of 31 December 2012. The ageing analysis of the trade and other receivables prior to allowance is as follows:

	<u>Group</u>				<u>Company</u>			
	31/12/2012		31/12/2011		31/12/2012		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	463,983	-	480,085	-	1,916,812	-	3,091,813	-
Past due 0 – 30 days	18,763	-	47,526	-	-	-	-	-
Past due 31 – 180 days	3,434	-	11,247	-	-	-	-	-
Past due over 180 days	4,801	(378)	1,910	(1,084)	-	-	-	-
	490,981	(378)	540,768	(1,084)	1,916,812	-	3,091,813	-

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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.

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

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
31 December 2012						
Short-term borrowings	1,540,393	(1,568,133)	(1,568,133)	-	-	-
Accounts payable – trade	973,856	(973,856)	(973,856)	-	-	-
Payables to employees	12,480	(12,480)	(12,480)	-	-	-
Accrued expenses	1,300,931	(1,300,931)	(1,300,931)	-	-	-
Other short-term payables	31,355	(31,355)	(31,355)	-	-	-
Long-term borrowings and liabilities	7,049,445	(9,052,541)	(1,024,292)	(5,212,317)	(1,910,853)	(905,079)
Promissory notes	2,855,764	(2,855,764)	-	-	(2,855,764)	-
Long-term bonds/loans issued	3,376,522	(3,981,912)	(334,273)	(420,030)	(3,227,609)	-
	17,140,746	(19,776,972)	(5,245,320)	(5,632,347)	(7,994,226)	(905,079)

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	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)

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
31 December 2012					
Accounts payable – trade	1,854	(1,854)	(1,854)	-	-
Accrued expenses	471,475	(471,475)	(471,475)	-	-
Long-term borrowings and liabilities	5,814,159	(7,946,905)	-	(252,703)	(7,694,202)
Long-term bonds/loans issued	3,376,522	(3,981,912)	(334,273)	(420,030)	(3,227,609)
	9,664,010	(12,402,146)	(807,602)	(672,733)	(10,921,811)

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	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 the 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 and the Company's results of operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group and the Company 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 Thai Baht (THB).

In 2011, the Group entered into a forward exchange contract to manage its foreign exchange risk. The notional principal was for USD10.46 million and matured in 2012. As at 31 December 2012, the Group did not have any outstanding forward exchange contracts.

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.

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Notes to the financial statements for the year ended 31 December 2012 (continued)

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The Group and the Company had the following net exposed asset/(liability) positions:

	USD	AUD	EUR	THB	Company USD
31 December 2012					
Cash and cash equivalents	168,860,335	-	4,947	-	66,367,554
Trade and other receivables (*)	1,029,798	-	-	-	-
Other long-term receivables	-	-	-	-	31,635,370
Trade and other payables (**)	(19,271,699)	(2,579,577)	(568,090)	(53,186,433)	(11,464,445)
Long-term borrowings and liabilities (***)	(223,626,890)	-	-	-	(41,512,356)
	(73,008,456)	(2,579,577)	(563,143)	(53,186,433)	45,026,123

	USD	Group AUD	EUR	Company USD
31 December 2011				
Cash and cash equivalents	110,370,528	-	1,284,391	9,590,493
Trade and other receivables (*)	780,537	-	1,392,000	-
Other long-term receivables	-	-	-	6,036,164
Trade and other payables (**)	(6,469,551)	(856,620)	(1,093,544)	(2,565,697)
Short-term borrowings	(73,755)	-	-	-
Long-term borrowings and liabilities (***)	(108,000,000)	-	-	(6,036,164)
	(3,392,241)	(856,620)	1,582,847	7,024,796

(*) *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.*

(***) *Long-term borrowings and liabilities comprise of long-term borrowings and other long-term liabilities.*

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

	<u>Group</u>		<u>Company</u>	
	Exchange rate as at 31/12/2012 VND	Exchange rate as at 31/12/2011 VND	Exchange rate as at 31/12/2012 VND	Exchange rate as at 31/12/2011 VND
USD1	20,800	20,828	20,811	20,828
AUD1	21,520	21,772	-	-
EUR1	27,398	27,700	-	-
THB1	663	-	-	-

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

	<u>Group</u> Increase/(decrease) in profit before tax as at 31/12/2012 VND million	<u>Company</u> Decrease in loss before tax as at 31/12/2012 VND million
USD (1%)	(15,186)	9,370
AUD (1%)	(555)	-
EUR (1%)	(154)	-
THB (1%)	(353)	-
	(16,248)	9,370

	<u>Group</u> Increase/(decrease) in profit before tax as at 31/12/2011 VND million	<u>Company</u> Decrease in loss before tax as at 31/12/2011 VND million
USD (10%)	9,597	14,631
AUD (3%)	(560)	-
EUR (1%)	438	-
	9,475	14,631

The opposite movement of the currencies would have the equal but opposite effect to the profit/(loss) before tax of the Group and the Company as at 31 December 2012, respectively.

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Interest rate risk

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

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

	<u>Group</u>		<u>Company</u>	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	VND million	VND million	VND million	VND million
Fixed rate instruments				
Cash equivalents (Note 6)	5,567,512	9,397,876	2,150,542	1,487,452
Short-term investments (Note 12)	1,840,500	1,222,500	68,000	373,000
Long-term receivable from a subsidiary (Note 7)	-	-	-	2,000,000
Other long-term investments (Note 12)	365,500	-	-	-
Loans from a subsidiary – short-term (Note 16)	-	-	-	(2,000,000)
Short-term borrowings (Note 16)	-	(358,884)	-	-
Long-term borrowings (Note 20)	(3,556,021)	(2,607,960)	(6,676,522)	(1,957,960)
Loans from a subsidiary – long-term (Note 20)	-	-	-	(2,000,000)
	4,217,491	7,653,532	(4,457,980)	(2,097,508)
Variable rate instruments				
Cash in banks (Note 6)	146,553	172,913	6,687	22,852
Short-term borrowings (Note 16)	(1,540,393)	(939,844)	-	-
Long-term borrowings (Note 20)	(6,488,383)	(2,679,726)	(700,000)	-
	(7,882,223)	(3,446,657)	(693,313)	22,852

Sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates would have decreased the profit before tax of the Group and increased the loss before tax of the Company by VND78,822 million and VND6,933 million, respectively.

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(d) Estimating the fair value

Basis for determining fair values

Cash and cash equivalents, short-term investments, trade and other receivables, trade and other payables and other financial liabilities

The carrying amounts of these financial assets and financial liabilities approximate their respective fair values due to the short-term maturity of these instruments.

Other long-term investments, short-term borrowings and long-term borrowings

The Group and the Company has not determined fair values of other long-term investments, short-term borrowings and long-term borrowings 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 instruments; and (ii) Vietnamese Accounting Standards and the Vietnamese Accounting System and the relevant statutory requirements 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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(d) Carrying amount of financial assets and liabilities

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	Fair value through profit or loss VND million	Loans and receivables VND million	Other financial liabilities VND million	Total carrying amount VND million
31 December 2012						
Short-term investments	12	1,840,500	-	-	-	1,840,500
Other long-term investments	12	365,500	-	-	-	365,500
Trade and other receivables (*)		-	-	467,445	-	467,445
Other long-term receivables	7	-	-	23,158	-	23,158
Cash and cash equivalents	6	-	-	5,714,065	-	5,714,065
		2,206,000	-	6,204,668	-	8,410,668
Short-term borrowings	16	-	-	-	(1,540,393)	(1,540,393)
Long-term borrowings and liabilities (***)	19, 20	-	(356,269)	-	(7,049,445)	(7,405,714)
Promissory notes	20	-	-	-	(2,855,764)	(2,855,764)
Convertible bonds/loans	20	-	-	-	(3,376,522)	(3,376,522)
Trade and other payables (**)		-	-	-	(2,318,622)	(2,318,622)
		-	(356,269)	-	(17,140,746)	(17,497,015)
31 December 2011						
Short-term investments	12	1,222,500	-	-	-	1,222,500
Trade and other receivables (*)	7	-	-	539,684	-	539,684
Cash and cash equivalents	6	-	-	9,570,789	-	9,570,789
		1,222,500	-	10,110,473	-	11,332,973
Short-term borrowings and liabilities	16	-	-	-	(1,298,728)	(1,298,728)
Long-term borrowings and liabilities (***)	19, 20	-	-	-	(3,329,726)	(3,329,726)
Promissory notes	20	-	-	-	(2,855,764)	(2,855,764)
Convertible bonds/loans	20	-	-	-	(1,957,960)	(1,957,960)
Trade and other payables (**)		-	-	-	(1,294,033)	(1,294,033)
		-	-	-	(10,736,211)	(10,736,211)

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

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Company:

	Note	Held to maturity VND million	Fair value through profit or loss VND million	Loans and receivables VND million	Other financial liabilities VND million	Total carrying amount VND million
31 December 2012						
Short-term investments	12	68,000	-	-	-	68,000
Trade and other receivables (*)		-	-	258,406	-	258,406
Other receivables - long-term	7	-	-	1,658,406	-	1,658,406
Cash and cash equivalents	6	-	-	2,157,229	-	2,157,229
		68,000	-	4,074,041	-	4,142,041
Long-term borrowings and liabilities (***)	19, 20	-	(356,269)	-	(5,814,159)	(6,170,428)
Convertible bonds/loans	20	-	-	-	(3,376,522)	(3,376,522)
Trade and other payables (**)		-	-	-	(473,329)	(473,329)
		-	(356,269)	-	(9,664,010)	(10,020,279)
	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	12	373,000	-	-	-	373,000
Trade and other receivables (*)	7	-	329,519	-	-	329,519
Other receivables – long-term	7	-	2,762,294	-	-	2,762,294
Cash and cash equivalents	6	-	1,510,304	-	-	1,510,304
		373,000	4,602,117	-	-	4,975,117
Short-term borrowings and liabilities	16	-	-	(2,000,000)	-	(2,000,000)
Long-term borrowings and liabilities (***)	19,20	-	-	(2,256,195)	-	(2,256,195)
Convertible bonds/loans	20	-	-	(1,957,960)	-	(1,957,960)
Trade and other payables (**)		-	-	(601,932)	-	(601,932)
		-	-	(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 short-term payables.

(***) Long-term borrowings and liabilities comprise of long-term borrowings and other long-term liabilities.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

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37. Subsequent events

(i) Issuance of new shares by a subsidiary

On 25 January 2013, Kohlberg Kravis Roberts through its company named KKR Ma San Aggregator L.P. subscribed for new shares issued by Ma San Consumer Corporation, a subsidiary, equivalent to 4.348% of its outstanding shares after such issuance for USD109 million, subject to the terms and conditions of the agreement.

(ii) Acquisition of new entities

On 1 February 2013, Ma San Consumer Corporation announced that it has entered into an agreement to purchase 24.9% of the bottled beverage company, Vinh Hao Mineral Joint Stock Company (“Vinh Hao”) from an existing shareholder of Vinh Hao for cash of VND85,000 per share. Subsequently, Ma San Consumer Corporation’s effective interest in Vinh Hao increased from 24.9% to 63.51% as a result of a further acquisition of 38.61% of Vinh Hao from other shareholders at a price of VND85,000 per share.

Subsequent to 31 December 2012, the Company through its subsidiaries extended VND252 billion to fund the acquisition of a brewery company.

(iii) Transaction with non-controlling interests in Ma San Resources Corporation

On 25 January 2013, BI Private Equity New Markets II K/S, an investment entity managed by BankInvest, subscribed for VND521 billion of mandatory convertible preference shares of Ma San Resources Corporation, a subsidiary of the Company. The subscription price was VND32,744 per share. The mandatory convertible preference shares shall be paid a dividend ranging from 3% to 10% per annum on the investment amount and be mandatorily convertible into ordinary shares within 4 years.

29 March 2013

Prepared by:



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