

**Ma San Group Corporation and its subsidiaries**

Financial Statements for the year ended  
31 December 2013

## **Ma San Group Corporation Corporate Information**

### **Business Registration Certificate No**

0303576603

4 December 2013

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 4 December 2013. The Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City. The initial Business Registration Certificate No. 4103002877 was dated 18 November 2004.

### **Board of Management**

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

### **Registered Office**

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

### **Auditors**

KPMG Limited  
Vietnam

## STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE 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 2013 in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting. 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 and 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 and to ensure that the accounting records comply with the requirements of Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting. 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 year ended 31 December 2013, which were prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Management

  
\_\_\_\_\_  
Nguyen Dang Quang  
Chairman  
Ho Chi Minh City, Vietnam

*Eric*

31 March 2014

## **INDEPENDENT AUDITORS' REPORT**

### **To the Shareholders Ma San Group Corporation**

We have audited the accompanying separate and consolidated financial statements of Ma San Group Corporation ("the Company") and its subsidiaries (collectively "the Group"), which comprise the separate and consolidated balance sheets as at 31 December 2013, the 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 the Board of Management on 31 March 2014, as set out on pages 5 to 95.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Audit Opinion

In our opinion, the separate and consolidated financial statements give a true and fair view, in all material respects, of the financial position of the Company and the Group, respectively, as of 31 December 2013 and of their separate and consolidated results of operations and their separate and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting.

### KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Operating registration certificate No.: 4114000230

Audit Report No: 13-01-862



Chang Hung Chun  
Practicing Auditor Registration  
Certificate No. 0863-2013-007-1  
*Deputy General Director*

Lam Thi Ngoc Hao  
Practicing Auditor Registration  
Certificate No. 0866-2013-007-1

Ho Chi Minh City, 31 March 2014

**Ma San Group Corporation and its subsidiaries**  
**Balance sheets at 31 December 2013**

**Form B 01 – DN/HN**

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2013	31/12/2012	31/12/2013	31/12/2012
			VND million	VND million	VND million	VND million
<b>ASSETS</b>						
<b>Current assets</b>						
<b>(100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>11,198,630</b>	<b>9,221,223</b>	<b>12,352,670</b>	<b>2,643,573</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>6</b>	<b>5,698,563</b>	<b>5,718,717</b>	<b>1,379,279</b>	<b>2,160,026</b>
Cash	111		203,577	151,205	11,831	9,484
Cash equivalents	112		5,494,986	5,567,512	1,367,448	2,150,542
<b>Short-term investments</b>	<b>120</b>	<b>13</b>	<b>3,287,000</b>	<b>1,840,500</b>	<b>-</b>	<b>68,000</b>
<b>Accounts receivable</b>	<b>130</b>	<b>7</b>	<b>975,138</b>	<b>942,881</b>	<b>10,893,087</b>	<b>376,179</b>
Accounts receivable - trade	131		351,434	121,300	-	-
Prepayments to suppliers	132		360,236	475,436	139,141	117,773
Other receivables	135		265,252	346,523	10,753,946	258,406
Allowance for doubtful debts	139		(1,784)	(378)	-	-
<b>Inventories</b>	<b>140</b>	<b>8</b>	<b>1,070,334</b>	<b>563,855</b>	<b>-</b>	<b>-</b>
Inventories	141		1,091,073	575,846	-	-
Allowance for inventories	149		(20,739)	(11,991)	-	-
<b>Other current assets</b>	<b>150</b>		<b>167,595</b>	<b>155,270</b>	<b>80,304</b>	<b>39,368</b>
Short-term prepayments	151		28,718	27,492	489	496
Deductible value added tax	152		100,506	105,858	46,866	30,243
Other current assets	158		38,371	21,920	32,949	8,629

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

**Ma San Group Corporation and its subsidiaries**  
**Balance sheets at 31 December 2013 (continued)**

Form B 01 – DN/HN

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2013	31/12/2012	31/12/2013	31/12/2012
			VND million	VND million	VND million	VND million
<b>Long-term assets</b>						
<b>(200 = 210 + 220 + 250 + 260)</b>	<b>200</b>		<b>35,303,511</b>	<b>29,478,033</b>	<b>19,375,093</b>	<b>23,197,560</b>
<b>Accounts receivable – long-term</b>	<b>210</b>	<b>7</b>	<b>450,183</b>	<b>23,158</b>	<b>2,875,015</b>	<b>1,658,406</b>
Other long-term receivables	218		450,183	23,158	2,875,015	1,658,406
<b>Fixed assets</b>	<b>220</b>		<b>23,121,361</b>	<b>17,728,751</b>	<b>81,122</b>	<b>84,437</b>
Tangible fixed assets	221	9	1,731,429	1,547,311	68,036	11,707
Cost	222		2,457,614	2,040,428	92,565	17,698
Accumulated depreciation	223		(726,185)	(493,117)	(24,529)	(5,991)
Finance lease tangible fixed assets	224	10	58,327	-	-	-
Cost	225		67,300	-	-	-
Accumulated depreciation	226		(8,973)	-	-	-
Intangible fixed assets	227	11	1,288,672	863,516	3,065	1,102
Cost	228		1,597,069	1,028,783	4,214	1,566
Accumulated amortisation	229		(308,397)	(165,267)	(1,149)	(464)
Construction in progress	230	12	20,042,933	15,317,924	10,021	71,628
<b>Long-term investments</b>	<b>250</b>	<b>13</b>	<b>10,761,467</b>	<b>11,313,619</b>	<b>16,355,220</b>	<b>21,423,058</b>
Investments in subsidiaries	251		-	-	7,422,796	12,490,634
Investments in associates	252		10,757,867	10,948,119	8,932,424	8,932,424
Other long-term investments	258		3,600	365,500	-	-
<b>Other long-term assets</b>	<b>260</b>		<b>970,500</b>	<b>412,505</b>	<b>63,736</b>	<b>31,659</b>
Long-term prepayments	261	14	403,353	97,060	53,311	21,346
Deferred tax assets	262	15	87,572	36,035	-	-
Other long-term assets	268		42,456	30,778	10,425	10,313
Goodwill	269	16	437,119	248,632	-	-
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>46,502,141</b>	<b>38,699,256</b>	<b>31,727,763</b>	<b>25,841,133</b>

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

**Ma San Group Corporation and its subsidiaries**  
**Balance sheets at 31 December 2013 (continued)**

Form B 01 – DN/HN

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2013	31/12/2012	31/12/2013	31/12/2012
			VND million	VND million	VND million	VND million
<b>RESOURCES</b>						
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>23,240,644</b>	<b>18,994,871</b>	<b>17,472,541</b>	<b>10,020,279</b>
<b>Current liabilities</b>	<b>310</b>		<b>9,783,892</b>	<b>4,748,364</b>	<b>3,684,322</b>	<b>473,329</b>
Short-term borrowings and liabilities	311	17	6,635,910	1,793,384	2,311,300	-
Accounts payable – trade	312		942,375	973,856	9,286	1,854
Advances from customers	313		22,163	14,490	-	-
Taxes payable to State Treasury	314	18	483,421	608,893	386	-
Payables to employees	315		20,387	12,480	-	-
Accrued expenses	316	19	1,578,366	1,300,931	479,911	471,475
Other payables	319	20	101,270	44,330	883,439	-
<b>Long-term borrowings and liabilities</b>	<b>330</b>		<b>13,456,752</b>	<b>14,246,507</b>	<b>13,788,219</b>	<b>9,546,950</b>
Other long-term liabilities	333	20	234,688	737,832	1,812,997	2,170,428
Long-term borrowings and liabilities	334	21	12,067,096	12,647,177	11,975,222	7,376,522
Deferred tax liabilities	335	15	1,151,716	860,117	-	-
Provisions – long-term	337	22	3,252	1,381	-	-
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>14,432,969</b>	<b>13,883,837</b>	<b>14,255,222</b>	<b>15,820,854</b>
<b>Owner's equity</b>	<b>410</b>	<b>23</b>	<b>14,432,969</b>	<b>13,883,837</b>	<b>14,255,222</b>	<b>15,820,854</b>
Share capital	411	24	7,349,113	6,872,801	7,349,113	6,872,801
Capital surplus	412	24	9,601,627	7,999,167	9,601,627	7,999,167
Other capital	413	25	97,703	1,721,824	97,703	1,721,824
Foreign exchange differences	416		(43,098)	(16,128)	-	-
Other reserves	418		(8,929,770)	(8,619,479)	(1,586,675)	(530,235)
Retained profits	420		6,357,394	5,925,652	(1,206,546)	(242,703)
<b>MINORITY INTERESTS</b>	<b>439</b>		<b>8,828,528</b>	<b>5,820,548</b>	<b>-</b>	<b>-</b>
<b>TOTAL RESOURCES</b> <b>(440 = 300 + 400 + 439)</b>	<b>440</b>		<b>46,502,141</b>	<b>38,699,256</b>	<b>31,727,763</b>	<b>25,841,133</b>

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



**Ma San Group Corporation and its subsidiaries**  
**Balance sheets at 31 December 2013 (continued)**

**Form B 01 – DN/HN**

**OFF BALANCE SHEET ITEM**

Included in the cash and cash equivalents as at 31 December 2013 and 31 December 2012 are amounts denominated in currencies other than VND of:

	<u>Group</u>		<u>Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Foreign currencies:				
USD	27,222,114	168,860,335	6,945	66,367,554
EUR	7,547	4,947	-	-
SGD	621	-	621	-

31 March 2014

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**  
**Statements of income for the year ended 31 December 2013**

**Form B 02 – DN/HN**

	Code	Note	<u>Group</u>	<u>Company</u>		
			2013	2012	2013	2012
			VND million	VND million	VND million	VND million
<b>Total revenue</b>	<b>01</b>	<b>26</b>	<b>12,105,989</b>	<b>10,575,249</b>	<b>-</b>	<b>-</b>
<b>Less revenue deductions</b>	<b>02</b>	<b>26</b>	<b>163,456</b>	<b>185,835</b>	<b>-</b>	<b>-</b>
<b>Net revenue (10 = 01 – 02)</b>	<b>10</b>	<b>26</b>	<b>11,942,533</b>	<b>10,389,414</b>	<b>-</b>	<b>-</b>
<b>Cost of sales</b>	<b>11</b>	<b>27</b>	<b>6,943,196</b>	<b>6,178,926</b>	<b>-</b>	<b>-</b>
<b>Gross profit (20 = 10 – 11)</b>	<b>20</b>		<b>4,999,337</b>	<b>4,210,488</b>	<b>-</b>	<b>-</b>
Financial income	21	28	664,121	809,824	1,239,232	1,221,639
Financial expenses	22	29	606,785	309,385	1,868,462	1,325,744
<i>In which: Interest expenses</i>	23		<i>417,378</i>	<i>279,176</i>	<i>1,440,376</i>	<i>955,620</i>
Selling expenses	24		1,981,587	1,325,121	-	-
General and administration expenses	25		889,580	727,529	337,596	258,602
<b>Net operating profit/(loss)</b> <b>{30 = 20 + (21 - 22) - (24 + 25)}</b>	<b>30</b>		<b>2,185,506</b>	<b>2,658,277</b>	<b>(966,826)</b>	<b>(362,707)</b>
Other income	31	30	105,808	214,517	2,983	142,453
Other expenses	32	31	85,089	46,474	-	-
<b>Results of other activities</b> <b>(40 = 31 - 32)</b>	<b>40</b>		<b>20,719</b>	<b>168,043</b>	<b>2,983</b>	<b>142,453</b>
<b>Share of loss in associates</b>	<b>41</b>	<b>32</b>	<b>(192,781)</b>	<b>(337,798)</b>	<b>-</b>	<b>-</b>
<b>Profit/(loss) before tax</b> <b>(50 = 30 + 40 + 41)</b> <b>(carried forward)</b>	<b>50</b>		<b>2,013,444</b>	<b>2,488,522</b>	<b>(963,843)</b>	<b>(220,254)</b>

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

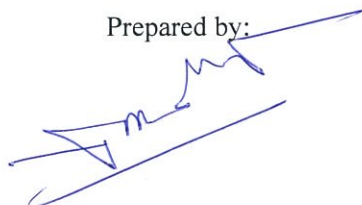
**Ma San Group Corporation and its subsidiaries**  
**Statements of income for the year ended 31 December 2013 (continued)**

Form B 02 – DN/HN

	Code	Note	<u>Group</u>		<u>Company</u>	
			2013	2012	2013	2012
			VND million	VND million	VND million	VND million
<b>Profit/(loss) before tax</b> <b>(50 = 30 + 40 + 41)</b> <b>(brought forward)</b>	<b>50</b>		<b>2,013,444</b>	<b>2,488,522</b>	<b>(963,843)</b>	<b>(220,254)</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>33</b>	<b>579,811</b>	<b>650,509</b>	<b>-</b>	<b>-</b>
<b>Income tax expense/(credit) – deferred</b>	<b>52</b>	<b>33</b>	<b>126,409</b>	<b>(124,579)</b>	<b>-</b>	<b>-</b>
<b>Net profit/(loss) after tax</b> <b>(60 = 50 - 51 - 52)</b>	<b>60</b>		<b>1,307,224</b>	<b>1,962,592</b>	<b>(963,843)</b>	<b>(220,254)</b>
<b>Attributable to:</b>						
Minority interest	61		856,024	702,074	-	-
Equity holders of the Company	62		451,200	1,260,518	-	-
<b>Earnings per share</b>						
Basic earnings per share in VND	70	35	618	1,776	-	-
Diluted earnings per share in VND		35	429	1,634	-	-

31 March 2014

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**

**Statements of cash flows for the year ended 31 December 2013 (Indirect method)**

**Form B 03 – DN/HN**

	Code	Note	<u>Group</u>		<u>Company</u>	
			2013	2012	2013	2012
			VND million	VND million	VND million	VND million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Profit/(loss) before tax</b>	<b>01</b>		<b>2,013,444</b>	<b>2,488,522</b>	<b>(963,843)</b>	<b>(220,254)</b>
<b>Adjustments for</b>						
Depreciation and amortisation	02		488,632	349,906	32,657	10,797
Allowances and provisions	03		37,958	34,492	-	-
Net unrealised foreign exchange	04		18,906	(204)	-	-
Loss on disposal of fixed assets and other long-term assets	05		7,521	4,911	-	-
Loss on long-term assets written off	05		343	-	-	-
Interest and facility income	05		(391,541)	(789,189)	(1,231,138)	(1,221,572)
Negative goodwill on business combination	05	5	(213,963)	-	-	-
Interest and facility expenses	06		417,378	279,176	1,713,259	1,302,041
Share of loss in associates	07		192,781	337,798	-	-
<b>Operating profit/(loss) before changes in working capital</b>	<b>08</b>		<b>2,571,459</b>	<b>2,705,412</b>	<b>(449,065)</b>	<b>(128,988)</b>
Change in receivables and other assets	09		(239,025)	169,869	(1,278)	228,653
Change in inventories	10		(485,440)	8,195	-	-
Change in payables and other liabilities	11		47,826	219,840	73,961	(482,637)
			<b>1,894,820</b>	<b>3,103,316</b>	<b>(376,382)</b>	<b>(382,972)</b>
Interest paid	13		(1,351,905)	(745,684)	(497,586)	(243,736)
Corporate income tax paid	14		(830,677)	(317,354)	-	-
Other payments for operating activities	16		(28,160)	(9,245)	-	-
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>(315,922)</b>	<b>2,031,033</b>	<b>(873,968)</b>	<b>(626,708)</b>

*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 2013 (Indirect method - continued)**

**Form B 03 – DN/HN**

	Code	Note	<u>Group</u>		<u>Company</u>	
			2013	2012	2013	2012
			VND million	VND million	VND million	VND million
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Payments for additions to fixed assets and other long-term assets	21		(3,840,386)	(5,785,098)	(18,003)	(69,354)
Proceeds from disposals of fixed assets and other long-term assets	22		1,573	2,023	-	-
Loans provided to subsidiaries	23		-	-	(2,617,558)	(2,028,000)
Collections on loans to subsidiaries	23		-	-	930,000	4,028,000
Loans provided to a third-party	23		(424,788)	-	-	-
Term deposit to banks	24		(43,406,557)	(32,720,670)	-	(68,000)
Term deposit received	24		42,325,557	31,364,170	68,000	-
Payment for investments in associate	25		-	(2,015,748)	-	-
Payments for investments in subsidiaries and other entities	25		(639,046)	(2,054,692)	(1,881,403)	(1,932,647)
Payments for investments in bonds	25		-	(48,000)	-	(48,000)
Proceeds from sale of a subsidiary to another subsidiary	26		-	-	-	10
Proceeds from sale of economic interests in a subsidiary to a third party	26	13	1,061,862	-	-	-
Proceeds from investments in bonds	26		-	421,000	-	421,000
Receipts of interest and dividend	27		484,084	764,282	57,669	309,369
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(4,437,701)</b>	<b>(10,072,733)</b>	<b>(3,461,295)</b>	<b>612,378</b>

*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 2013 (Indirect method - continued)**

**Form B 03 – DN/HN**

	Code	Note	<u>Group</u>		<u>Company</u>	
			2013	2012	2013	2012
			VND million	VND million	VND million	VND million
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Proceeds from issuance of new shares	31		178,608	411,000	178,608	411,000
Proceeds from issuance of new shares in subsidiaries to minority interest	31		3,274,210	12,500	-	-
Proceeds from issuance of equity and debt instruments	31		-	2,707,640	-	2,707,640
Payments for repurchases of equity instruments	32		(3,490,092)	(4,634,395)	(3,490,092)	(4,634,395)
Proceeds from short-term and long-term borrowings	33		11,882,530	8,749,029	6,910,000	2,200,000
Payments to settle debts to banks and other entities	34		(7,011,216)	(3,009,517)	-	-
Payments of borrowing fees	36		(74,448)	(20,625)	(44,000)	(20,625)
Payments of dividends to minority interest of a subsidiary	36		(24,876)	(25,988)	-	-
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>4,734,716</b>	<b>4,189,644</b>	<b>3,554,516</b>	<b>663,620</b>
<b>Net cash flows during the year (50 = 20 + 30 + 40)</b>	<b>50</b>		<b>(18,907)</b>	<b>(3,852,056)</b>	<b>(780,747)</b>	<b>649,290</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>		<b>5,718,717</b>	<b>9,573,593</b>	<b>2,160,026</b>	<b>1,510,736</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>		<b>(1,247)</b>	<b>(2,820)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)</b>	<b>70</b>	<b>6</b>	<b>5,698,563</b>	<b>5,718,717</b>	<b>1,379,279</b>	<b>2,160,026</b>

*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 2013 (Indirect method-continued)**

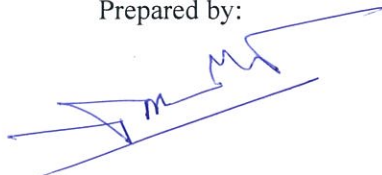
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**NON-CASH INVESTING AND FINANCING ACTIVITIES**

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	VND million	VND million	VND million	VND million
Conversion of interest payable to loan principal	-	43,332	-	-
Depreciation and amortisation capitalised into construction in progress	51,563	51,814	-	-
Issuance of new shares to settle debt instruments	1,962,319	-	-	-
Novation of loan receivable from a subsidiary through issuance of new shares	-	-	1,962,319	-
Transfer of equity interests in a subsidiary to another subsidiary	-	-	6,949,241	-
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

31 March 2014

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 2013**

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

## **1. Reporting entity**

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

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

The principal activities of the subsidiaries are described as follows:

<b>Name</b>	<b>Principal activity</b>	<b>Percentage of economic interests at</b>	
		<b>31/12/2013</b>	<b>31/12/2012</b>
MasanConsumerHoldings Company Limited (formerly known as 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%
Dahlia Company Limited (*)	Investment holding	(*)	100%
Ma San Consumer Corporation	Trading and distribution	74.2%	80.8%
Masan Food Company Limited	Food Trading	74.2%	80.8%
Ma San Industrial One Member Company Limited	Food sauce and instant noodle manufacturing	74.2%	80.8%
Viet Tien Food Technology One Member Company Limited	Food sauce manufacturing	74.2%	80.8%
Ma San HD One Member Company Limited	Instant noodle manufacturing	74.2%	80.8%
Ma San PQ Corporation	Food sauce manufacturing	70.1%	76.4%
Minh Viet Packaging One Member Company Limited	Packaging	74.2%	80.8%
Masan Agri Corporation (formerly known as Hoa Muoi Gio Company Limited)	Investment holding	37.9%	80.8%



**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN**

<b>Name</b>	<b>Principal activity</b>	<b>Percentage of economic interests at</b>	
		<b>31/12/2013</b>	<b>31/12/2012</b>
Vinacafe Bien Hoa Joint Stock Company	Beverage manufacturing	39.5%	43%
Vinh Hao Mineral Water Corporation	Beverage manufacturing	47.1%	-
Kronfa., JSC	Beverage manufacturing	47.1%	-
Ma San Horizon Corporation	Investment holding	100%	100%
Ma San Resources Corporation	Investment holding	75.9%	65%
Ma San Thai Nguyen Resources Company Limited	Investment holding	75.9%	65%
Thai Nguyen Trading and Investment Company Limited	Investment holding	75.9%	65%
Nui Phao Mining Company Limited	Exploring and processing mineral	75.9%	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, all assets of these companies relating to the Group's interests in Ma San Consumer Corporation were transferred to the Company. The assignment agreements were then cancelled.

Subsequent to 31 December 2013, the Company's economic interests in Ma San Consumer Corporation increased to 77.4% which also increased the Company's economic interests in Ma San Consumer Corporation's subsidiaries (see Note13(c)(i)).

All the subsidiaries are incorporated in Vietnam.

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

As at 31 December 2013, the Company had 38 employees (31/12/2012: 41 employees) and the Group had 7,297 employees (31/12/2012: 5,832 employees).

## **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 applicable to financial reporting.

### **(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 year**

The annual accounting year 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. Summary of significant accounting policies**

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

### **(a) Basis of 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.

## **Ma San Group Corporation and its subsidiaries**

### **Notes to the financial statements for the year ended 31 December 2013 (continued)**

**Form B 09 – DN/HN**

The consolidated statements of income, consolidated statement of cash flows 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).

#### **(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.

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**(iv) *Associates (equity accounted investees)***

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

**(v) *Minority interests***

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

**(vi) *Transactions eliminated on consolidation***

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

**(b) *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 net related foreign exchange gain or loss is transferred to Unearned Revenue Account or Long-term Prepayment Account respectively. The net gain or loss is then amortised on a straight line basis over 5 years.

## **Ma San Group Corporation and its subsidiaries**

### **Notes to the financial statements for the year ended 31 December 2013 (continued)**

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#### **(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.

#### **(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.

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**(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	4 - 30 years
▪ leasehold improvements	3 - 5 years
▪ office equipment	3 - 10 years
▪ machinery and equipment	3 - 25 years
▪ motor vehicles	3 - 10 years

**(h) Finance lease tangible fixed assets**

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

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

**(i) Intangible fixed assets**

**(i) Land use rights**

Land use rights comprise:

- those granted by the State for which land use payments have been paid;
- those acquired in a legitimate transfer; and
- rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use rights certificate issued by competent authority.

Land use rights are stated at cost less accumulated amortisation. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over their useful lives ranging from 40 to 50 years.

**(ii) Software**

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 4 and 10 years.

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**(iii) Brand name**

Cost of acquisition of brand name is capitalised and treated as an intangible asset.

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 ranging from 10 to 20 years.

**(iv) Customer relationships**

Customer relationships that are acquired by the Group on the acquisition of subsidiary are 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 relationships is amortised on a straight line basis over their useful lives ranging from 5 to 13 years.

**(v) Mineral water resources**

Mineral water resources that are acquired by the Group on the acquisition of subsidiary are capitalised and presented as an intangible asset. Fair values of mineral water resources acquired in a business combination are determined using either the direct comparison method or the multi-period excess earnings method. The direct comparison approach estimates the value of mineral resources by comparing recent asking/transacted price of similar interests located in a similar area. In the multi-period excess earnings method, 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 mineral water resources are amortised on a straight line basis over their useful lives ranging from 10 to 19 years.

**(j) 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.

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**(k) 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 3 years starting from the date of commercial operation.

**(ii) *Prepaid land costs***

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

**(iii) *Tools and instruments and printing axles***

Tools and instruments and printing axles are initially stated at cost and amortised over their useful lives of 1 to 3 years.

Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under Circular 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets (“Circular 45”). Cost of tools and instruments are amortised on a straight-line basis not more than 3 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) *Website fees***

Website fees are stated at cost and amortised over their useful lives of 3 years.

**(l) *Goodwill***

Goodwill arises on acquisition of subsidiaries and associates 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 10 years. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying value of the investment.



**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**(m) Trade and other payables**

Trade and other payables are stated at their cost.

**(n) 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.

***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. 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 2013 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for year prior to the termination date.

**(o) 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 financial assets at fair value through profit or loss.

## **Ma San Group Corporation and its subsidiaries**

### **Notes to the financial statements for the year ended 31 December 2013 (continued)**

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#### *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 financial assets 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.

#### *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 financial liabilities at fair value through profit or loss.

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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*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.

Guarantees issued are under the category of financial liabilities at fair value through profit or loss but they are not recognised in the financial statements.

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.

**(p) 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.

**(q) 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.

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**(iii) Other reserves**

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

**(r) 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.

**(s) Dividend income**

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

**(t) Financial income and financial expenses**

**(i) Financial income**

Financial income comprises interest income from deposits and loans, facility income, negative goodwill on business combination 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, facility fees 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.

**(u) Operating lease payments**

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

**(v) Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## **Ma San Group Corporation and its subsidiaries**

### **Notes to the financial statements for the year ended 31 December 2013 (continued)**

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#### **(w) Segment reporting**

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

#### **(x) Related parties**

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

#### **(y) Share-based payments**

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

## **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 a group that operates feed mills and supply animal nutrition products. The Group's Board of Management considers Financial Services and Animal Nutrition as separate business segments.

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**Business segments**

	<b>Food and beverage</b>		<b>Animal nutrition</b>		<b>Mining</b>		<b>Financial services</b>		<b>Total</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
Segment revenue	11,942,533	10,389,414	-	-	-	-	-	-	11,942,533	10,389,414
Segment gross margin	4,999,337	4,210,488	-	-	-	-	-	-	4,999,337	4,210,488
Segment results	2,774,956	2,733,282	183,016	2,555	(30,191)	113,099	(375,797)	(340,353)	2,551,984	2,508,583
Unallocated expenses									(289,330)	(258,446)
Financial income									87,264	232,753
Financial expenses									(357,193)	(162,411)
Net operating profit (include share of results of associates)									1,992,725	2,320,479
Other income									105,808	214,517
Other expenses									(85,089)	(46,474)
Income tax expense									(706,220)	(525,930)
Net profit									1,307,224	1,962,592

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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	<b>Food and beverage</b>		<b>Animal nutrition</b>		<b>Mining</b>		<b>Financial services</b>		<b>Total</b>	
	<b>31/12/2013</b>	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
Segment assets	12,923,825	9,816,942	2,152,932	1,967,387	20,376,937	15,220,632	8,604,935	8,980,732	44,058,629	35,985,693
Unallocated assets									2,443,512	2,713,563
Total assets									46,502,141	38,699,256
Segment liabilities	7,952,295	5,734,363	-	-	7,870,718	4,954,500	-	-	15,823,013	10,688,863
Unallocated liabilities									7,417,631	8,306,008
Total liabilities									23,240,644	18,994,871
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
Capital expenditures	315,863	861,222	-	-	3,506,517	4,854,522	-	-	3,822,380	5,715,744
Depreciation	227,483	175,994	-	-	38,051	10,376	-	-	265,534	186,370
Amortisation	200,991	153,068	-	-	16,919	2,113	-	-	217,910	155,181

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

**Geographical segments**

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

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN****5. Business combination****(i) Acquisition of Vinh Hao Mineral Water Corporation (“Vinh Hao”)**

On 27 March 2013, a subsidiary within the Group, Ma San Consumer Corporation completed the acquisition of 5,144,460 shares of Vinh Hao Mineral Water Corporation (“Vinh Hao”), for a total consideration of VND438,370 million. The share acquisitions resulted in Ma San Consumer Corporation and the Group gaining 63.51% and 47.1% effective equity interest in Vinh Hao as at 31 December 2013, respectively.

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

	<b>Pre-acquisition carrying amounts VND million</b>	<b>Fair value adjustments VND million</b>	<b>Recognised value on acquisition VND million</b>
Cash and cash equivalents	9,231	-	9,231
Accounts receivable – short term	29,711	-	29,711
Inventories	54,282	-	54,282
Other current assets	2,851	-	2,851
Tangible fixed assets	68,120	18,129	86,249
Intangible fixed assets	9,369	241,819	251,188
Construction in progress	215	-	215
Long-term investment	3,600	-	3,600
Deferred tax assets	1,863	-	1,863
Other long-term assets	6,912	-	6,912
Current liabilities	(47,115)	-	(47,115)
Long-term liabilities	(27,348)	-	(27,348)
Deferred tax liabilities	-	(53,347)	(53,347)
<b>Total net identifiable assets acquired</b>	<b>111,691</b>	<b>206,601</b>	<b>318,292</b>
<b>Share of net assets acquired</b>			<b>202,153</b>
<b>Goodwill on acquisition</b>			<b>236,217</b>
<b>Consideration paid</b>			<b>438,370</b>
<b>Cash acquired</b>			<b>(9,231)</b>
<b>Net cash outflow</b>			<b>429,139</b>
<b>Cost of acquisition comprised:</b>			
Cash consideration			437,279
Transaction costs			1,091
<b>Consideration paid</b>			<b>438,370</b>



**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN**

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

From the date of acquisition, Vinh Hao has contributed VND7,607 million to the net profit before tax of the Group. The net revenue and net profit of Vinh Hao before the acquisition were VND110,084 million and VND1,364 million, respectively.

**(ii) Acquisition of Kronfa., JSC (“Kronfa”)**

On 30 December 2013, Vinh Hao Mineral Water Corporation (“Vinh Hao”), a subsidiary within the Group, completed the acquisition of 2,299,954 shares of Kronfa., JSC (“Kronfa”) for a total consideration of VND47,590 million. Such acquisitions resulted in Vinh Hao and the Group having 99.99% and 47.1% effective equity interest in Kronfa as at 31 December 2013, respectively.

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

	<b>Pre-acquisition carrying amounts VND million</b>	<b>Fair value adjustments VND million</b>	<b>Recognised value on acquisition VND million</b>
Cash and cash equivalents	1,747	-	1,747
Other current assets	1,611	-	1,611
Tangible fixed assets	12,082	12,864	24,946
Intangible fixed assets	53	294,522	294,575
Construction in progress	832	-	832
Other long-term assets	14	-	14
Deferred tax liabilities	-	(62,169)	(62,169)
<b>Total net identifiable assets acquired</b>	<b>16,339</b>	<b>245,217</b>	<b>261,556</b>
Share of net assets acquired			261,553
Negative goodwill on acquisition			(213,963)
<b>Consideration</b>			<b>47,590</b>
Consideration not yet paid (Note 20)			(43,398)
<b>Cash acquired</b>			<b>(1,747)</b>
<b>Net cash outflow</b>			<b>2,445</b>
<b>Cost of acquisition</b>			<b>47,590</b>

The excess fair value of net identifiable assets and liabilities over the cost of the acquisition amounting to VND213,963 million was included in Financial income.

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN**

Negative goodwill recognised on the acquisition is attributable mainly to the Group's purchase for a consideration below the fair value of the assets acquired.

As the acquisition was executed on 30 December 2013, from the date of acquisition, Kronfa has no contribution to the net profit before tax of the Group.

The net accumulated loss of Kronfa before the acquisition was VND6,725 million.

**6. Cash and cash equivalents**

	<u>Group</u>		<u>Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	VND million	VND million	VND million	VND million
Cash on hand	3,367	4,652	470	2,797
Cash in banks	200,210	146,553	11,361	6,687
Cash equivalents	5,494,986	5,567,512	1,367,448	2,150,542
	5,698,563	5,718,717	1,379,279	2,160,026

Cash equivalents as at 31 December 2013 included 28,000 million (31/12/2012: Nil) pledged with banks as security for loans granted to the Group (see Note 21).

**7. Accounts receivables**

As at 31 December 2013, certain trade receivables of the Group were pledged with banks as security for loans granted to subsidiaries (see Note 17).

As at 31 December 2013, prepayments to suppliers of the Group amounting to VND194,417 million (31/12/2012: VND348,884 million) were related to construction in progress. The remaining short-term prepayments relate primarily to prepayments to suppliers for purchase of inventory.

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

**Form B 09 – DN/HN**

Other receivables comprised:

	<u>Group</u>		<u>Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	VND million	VND million	VND million	VND million
<b>Other short-term receivables</b>				
Non-trade receivables from related companies	142,244	206,244	10,734,312	224,902
Accrued interest receivable from deposits	51,906	82,686	1,250	2,902
VAT portion of foreign contractor tax	11,947	24,257	6,837	7,345
Services receivable	11,547	23,257	11,547	23,257
Others	47,608	10,079	-	-
	265,252	346,523	10,753,946	258,406
<b>Other long-term receivables</b>				
Long-term interest receivables	25,395	23,158	-	-
Long-term loans receivables	424,788	-	2,875,015	1,658,406
	450,183	23,158	2,875,015	1,658,406

Other receivables include the following amounts due from related parties:

	<u>Group</u>		<u>Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	VND million	VND million	VND million	VND million
<b>Amounts due from Ma San Corporation - parent company</b>				
Non-trade – short-term	142,244	142,244	142,244	142,244
<b>Dividend receivable from Vietnamese French Cattle Feed Joint Stock Company – short-term</b>	-	64,000	-	-
<b>Amounts due from other related companies</b>				
Non-trade – short-term	-	-	10,592,068	82,658
Non-trade – long-term	-	-	2,875,015	1,658,406

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

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

**Form B 09 – DN/HN**

As at 31 December 2013, the short-term non-trade receivables due from other related companies of the Company comprised of:

- (a) VND2,003,529 million relates to an unsecured loan agreement between the Company and a subsidiary for a principal amount of VND1,962,319 million and interest receivable of VND41,210 million. The loan bears interest at 12% per annum and will be repayable on the maturity day in 2014;
- (b) Facility fees of 15% per annum amounting to VND883,534 million on unsecured loan facilities amounting to USD108 million made available to a subsidiary which have not been drawn down. The facility fees are payable in 2014;
- (c) An unsecured funding agreement between the Company and a subsidiary for a principal amount of VND487,500 million. The loan is interest free and will be repayable on the maturity date in 2014;
- (d) VND211,070 million relates to an unsecured loan agreement between the Company and a subsidiary for a principal amount of VND210,000 million and interest receivables of VND1,070 million. The loan is due in 2014 and bears interest at 10% per annum;
- (e) VND22,755 million relates to interest receivables, which is due in 2014, accrued on a VND620,000 million loan extended to a subsidiary in 2013 which has been repaid during the year; and
- (f) The remaining VND6,983,680 million of short-term non-trade receivables due from related companies were unsecured, interest-free and receivable in accordance with contract terms.

The long-term loan receivable of the Group represents an unsecured loan agreement between a subsidiary of the Company and third party for a principal amount of VND424,788 million. The loan bears interest of 10% to 10.5% per annum and will be repayable on the maturity date in 2016. The Group has entered into a contract with the debtor to acquire equity interest in another entity, subject to the fulfilment of certain conditions precedent.

At 31 December 2013, 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 4.25% to 15% per annum amounting to VND1,074,265 million on unsecured loan facilities amounting to USD110 million and VND2,200 billion made available to a subsidiary which have not been drawn down. The facility fees are payable from 2015 to 2016;
- (b) VND278,398 million relates to interest receivables, which are due in 2019, accrued on a VND2,000 billion loan extended to a subsidiary in 2011 which has been repaid in 2012;
- (c) VND1,072,169 million relates to unsecured loan agreements between the Company and its subsidiary for the principal amount of VND1,052,769 million and interest receivables of VND19,400 million. The loans are due in 2018 and bear interest rate of 12% per annum; and
- (d) Unsecured loan agreements between the Company and its subsidiary for the principal amount of VND424,788 million and interest amount of VND25,395 million. The loans bear interest of 10% to 10.5% per annum and will be repayable on the maturity date in 2016.

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN****8. Inventories**

	<b>31/12/2013</b>	<b>Group 31/12/2012</b>
	<b>VND million</b>	<b>VND million</b>
Goods in transit	49,521	15,349
Raw materials	381,333	396,321
Tools and supplies	326,413	26,794
Work in progress	90,522	88,448
Finished goods	223,444	48,934
Merchandise inventories	19,840	-
	<hr/>	<hr/>
	1,091,073	575,846
Allowance for inventories	(20,739)	(11,991)
	<hr/>	<hr/>
	1,070,334	563,855
	<hr/>	<hr/>

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

	<b>2013</b>	<b>Group 2012</b>
	<b>VND million</b>	<b>VND million</b>
Opening balance	11,991	12,901
Increase in allowance during the year	38,187	46,618
Allowance utilised during the year	(24,495)	(41,705)
Written back	(4,944)	(5,823)
	<hr/>	<hr/>
Closing balance	20,739	11,991
	<hr/>	<hr/>

As at 31 December 2013, certain inventories of the Group were pledged with banks as security for loans granted to subsidiaries (see Note 17).

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**9. Tangible fixed assets**

**Group**

	<b>Buildings and structures VND million</b>	<b>Leasehold improvements VND million</b>	<b>Office equipment VND million</b>	<b>Machinery and equipment VND million</b>	<b>Motor vehicles VND million</b>	<b>Total VND million</b>
<b>Cost</b>						
Opening balance	453,709	22,525	69,412	1,454,828	39,954	2,040,428
Acquisition on business combinations	56,666	-	1,892	39,960	12,677	111,195
Additions	2,176	584	5,365	18,122	6,008	32,255
Transfer from construction in progress	115,474	71,111	15,948	135,580	2,210	340,323
Reclassification to short-term prepayments (*)	(37)	-	(7,341)	(3,246)	(1,279)	(11,903)
Reclassification to long-term prepayments (*)	(703)	-	(12,991)	(11,084)	(476)	(25,254)
Disposals	(266)	-	(451)	(28,518)	(195)	(29,430)
Closing balance	627,019	94,220	71,834	1,605,642	58,899	2,457,614
<b>Accumulated depreciation</b>						
Opening balance	53,957	11,661	26,792	382,084	18,623	493,117
Charge for the year	32,865	17,450	17,477	200,227	7,726	275,745
Reclassification to short-term prepayments (*)	(35)	-	(3,664)	(2,506)	(583)	(6,788)
Reclassification to long-term prepayments (*)	(610)	-	(7,277)	(7,421)	(245)	(15,553)
Disposals	(114)	-	(396)	(19,682)	(144)	(20,336)
Closing balance	86,063	29,111	32,932	552,702	25,377	726,185
<b>Net book value</b>						
Opening balance	399,752	10,864	42,620	1,072,744	21,331	1,547,311
Closing balance	540,956	65,109	38,902	1,052,940	33,522	1,731,429

Included in the cost of tangible fixed assets were assets costing VND128,897 million which were fully depreciated as of 31 December 2013 (31/12/2012: VND71,270 million), but which are still in active use.

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN**

The carrying amount of tangible fixed assets retired from active use and held for disposal amounted to VND1,547 million as of 31 December 2013 (31/12/2012: VND24,138 million).

The carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND48,573 million as of 31 December 2013 (31/12/2012: VND35,566 million).

As at 31 December 2013, tangible fixed assets with a carrying value of VND676,017 million (31/12/2012: VND613,304 million) were pledged with banks as security for loans granted to the subsidiaries (see Notes 17 and 21).

**Company:**

	<b>Leasehold improvements VND million</b>	<b>Office equipment VND million</b>	<b>Total VND million</b>
<b>Cost</b>			
Opening balance	15,083	2,615	17,698
Additions	584	794	1,378
Transfer from construction in progress	71,111	3,733	74,844
Reclassification to short-term prepayments (*)	-	(437)	(437)
Reclassification to long-term prepayments (*)	-	(918)	(918)
Closing balance	86,778	5,787	92,565
<b>Accumulated depreciation</b>			
Opening balance	4,988	1,003	5,991
Charge for the year	16,991	2,193	19,184
Reclassification to short-term prepayments (*)	-	(311)	(311)
Reclassification to long-term prepayments (*)	-	(335)	(335)
Closing balance	21,979	2,550	24,529
<b>Net book value</b>			
Opening balance	10,095	1,612	11,707
Closing balance	64,799	3,237	68,036

(\*) The reclassification represents the net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular 45, i.e. costing VND30 million or more. These assets were reclassified to Short-term prepayments and Long-term prepayments (Note 14).

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN****10. Finance lease tangible fixed assets****Group**

	<b>Machinery and equipment VND million</b>
<b>Cost</b>	
Opening balance	-
Additions	67,300
	<hr/>
Closing balance	67,300
	<hr/>
<b>Accumulated amortisation</b>	
Opening balance	-
Charge for the year	8,973
	<hr/>
Closing balance	8,973
	<hr/>
<b>Net book value</b>	
Opening balance	-
Closing balance	58,327
	<hr/> <hr/>

A subsidiary of the Company leased laboratory equipments for metallurgical assay testing under a finance lease arrangement (Note 21(f)).



**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

**Form B 09 – DN/HN**

**11. Intangible fixed assets**

**Group**

	<b>Land use rights</b>	<b>Software</b>	<b>Brand Name</b>	<b>Customer relationships</b>	<b>Mineral water resources</b>	<b>Total</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
<b>Cost</b>						
Opening balance	144,357	19,344	544,435	320,647	-	1,028,783
Acquisition on business combinations	27,201	332	158,431	54,463	305,336	545,763
Additions	2,246	7,161	-	-	-	9,407
Transfer from construction in progress	-	15,097	-	-	-	15,097
Reclassification to short-term prepayments (*)	-	(1,547)	-	-	-	(1,547)
Reclassification to long-term prepayments (*)	(11)	(423)	-	-	-	(434)
Closing balance	173,793	39,964	702,866	375,110	305,336	1,597,069
<b>Accumulated amortisation</b>						
Opening balance	15,920	10,601	63,927	74,819	-	165,267
Charge for the year	4,274	7,236	61,738	67,969	2,387	143,604
Reclassification to short-term prepayments (*)	-	(309)	-	-	-	(309)
Reclassification to long-term prepayments (*)	-	(165)	-	-	-	(165)
Closing balance	20,194	17,363	125,665	142,788	2,387	308,397
<b>Net book value</b>						
Opening balance	128,437	8,743	480,508	245,828	-	863,516
Closing balance	153,599	22,601	577,201	232,322	302,949	1,288,672

Included in the cost of intangible fixed assets were assets costing VND7,274 million which were fully amortised as of 31 December 2013 (31/12/2012: VND1,931 million), but which are still in use.

As at 31 December 2013, land use rights with a carrying value of VND72,958 million (31/12/2012: VND53,659 million) were pledged with banks as security for loans granted to the Group's subsidiaries (see Note 17).

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN****Company:**

	<b>Software VND million</b>
<b>Cost</b>	
Opening balance	1,566
Additions	505
Transfer from construction in progress	2,161
Reclassification to long-term prepayments (*)	(18)
	<hr/>
Closing balance	4,214
	<hr/>
<b>Accumulated amortisation</b>	
Opening balance	464
Charge for the year	689
Reclassification to long-term prepayments (*)	(4)
	<hr/>
Closing balance	1,149
	<hr/>
<b>Net book value</b>	
Opening balance	1,102
Closing balance	3,065
	<hr/> <hr/>

- (\*) The reclassification represents net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular 45, i.e. costing VND30 million or more. These assets are reclassified to Short-term Prepayments and Long-term Prepayments (Note 14).

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

**Form B 09 – DN/HN**

**12. Construction in progress**

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	VND million	VND million	VND million	VND million
Opening balance	15,317,924	9,425,067	71,628	3,568
Acquisition on business combinations	1,047	-	-	-
Additions during the year	5,094,361	6,672,427	16,009	68,060
Transfer to tangible fixed assets	(340,323)	(769,884)	(74,844)	-
Transfer to intangible fixed assets	(15,097)	(1,904)	(2,161)	-
Transfer to short-term prepayments	(5,779)	-	(570)	-
Transfer to long-term prepayments	(9,200)	(7,782)	(41)	-
Closing balance	20,042,933	15,317,924	10,021	71,628

As at 31 December 2013, construction in progress with carrying value of VND176,983 million (31/12/2012: Nil) were pledged with banks as security for loans granted to the Group's subsidiaries (see Note 17).

During the year, borrowing costs capitalised into construction in progress amounted to VND1,117,239 million (for the year ended 31 December 2012: VND1,040,937 million).

**13. Investments**

	<u>Group</u>		<u>Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	VND million	VND million	VND million	VND million
<b>Long-term investments</b>				
Investments in subsidiaries	-	-	7,422,796	12,490,634
Investment in associates (a)	10,757,867	10,948,119	8,932,424	8,932,424
Other long-term investments (b)	3,600	365,500	-	-
	10,761,467	11,313,619	16,355,220	21,423,058
<b>Short-term investments</b>				
Term deposits in banks	3,287,000	1,840,500	-	68,000
	3,287,000	1,840,500	-	68,000

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN**

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

	<b>31/12/2013</b> <b>VND million</b>	<b>31/12/2012</b> <b>VND million</b>
Ma San Consumer Corporation	3,591,682	10,333,461
MasanConsumerHoldings Company (formerly known as Hoa Bang Lang Consultant Company Limited)	516,600	516,600
Orchid Consultant Company Limited	441,200	441,200
Ma San Horizon Corporation	2,873,314	1,199,373
	<hr/>	<hr/>
	7,422,796	12,490,634

In December 2013, the name of Hoa Bang Lang Consultant Company Limited was changed to MasanConsumerHoldings Company Limited ("MSC Holdings"). The Company transferred 41.39% equity interest at cost of Ma San Consumer Corporation ("MSC") to MSC Holdings for a consideration of VND6,949,241 million.

The following are the details of the consolidated subsidiaries as at 31 December 2013:

<b>Name</b>	<b>Address</b>
MasanConsumerHoldings Company Limited (formerly known as Hoa Bang Lang Consultant Company Limited)	Suite 802, 8 <sup>th</sup> 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 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Ma San Consumer Corporation	12 <sup>th</sup> Floor, Kumho Asiana Plaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Masan Food Company Limited	12 <sup>th</sup> 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	Lot 6, Tan Dong Hiep A Industrial Park, Di An District, Binh Duong Province, Vietnam
Viet Tien Food Technology One Member Company Limited	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	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

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN**

<b>Name</b>	<b>Address</b>
Minh Viet Packaging One Member Company Limited	Lot III-12-Industrial Group III, Tan Binh Industrial Park, Tan Phu District, Ho Chi Minh City, Vietnam
VinaCafe Bien Hoa Joint Stock Company	Bien Hoa Industrial Zone I, Bien Hoa City, Dong Nai Province, Vietnam
Vinh Hao Mineral Water Corporation	346 Hai Thuong Lan Ong, Phu Tai Ward, Phan Thiet City, Binh Thuan Province, Vietnam
Kronfa., JSC	Km37, National Road 27, Tan Son Town, Ninh Son District, Ninh Thuan Province, Vietnam
Masan Agri Corporation (formerly known as Hoa Muoi Gio Company Limited)	12 <sup>th</sup> Floor, Kumho Asiana Plaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Ma San Horizon Corporation	Suite 802, 8 <sup>th</sup> Floor, Central Tower, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Ma San Resources Corporation	Suite 802, 8th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Ma San Thai Nguyen Resources Company Limited	Suite 802, 8 <sup>th</sup> 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 <sup>th</sup> 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

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN****(a) Investment in associates**

Details of the investments in associates are as follows:

	<u>Group</u>		<u>Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	VND million	VND million	VND million	VND million
Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”) (*)	8,604,935	8,980,732	8,932,424	8,932,424
Vietnamese French Cattle Feed Joint Stock Company (“Proconco”) (**)	2,152,932	1,967,387	-	-
	10,757,867	10,948,119	8,932,424	8,932,424

(\*) Investment in Techcombank represents investment in 30.36% (31/12/2012: 30.44%) of the effective economic interest in Techcombank as of 31 December 2013. The Group’s effective economic interest includes 15.64% through direct equity interest and 14.72% 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.

(\*\*) The Group holds 15.14% (31/12/2012: 31.32%) of the effective equity interest in Proconco as of 31 December 2013, a decrease from their holdings of 31.32% as at 31 December 2012, as a result of changes in the effective economic interest of Ma San Consumer Corporation in Masan Agri Corporation (formerly known as Hoa Muoi Gio Company Limited), which holds a 40% direct interest in Proconco.

**(b) Other long-term investments**

Details of the other long-term investments are as follows:

	<u>Group</u>	
	31/12/2013	31/12/2012
	VND million	VND million
Term deposits at banks	-	365,500
Investment in Vinh Hao Seaweed Corporation	3,600	-
	3,600	365,500

The term deposits are denominated in Vietnam Dong, have original terms to maturity of more than twelve months from their transaction dates and earned interest at rates ranging from 6% to 8% (31/12/2012: ranging from 9% to 11.5%) per annum during the year.

Investment in Vinh Hao Seaweed Corporation is an investment by Vinh Hao Mineral Water Corporation of 1,200,000 shares in Vinh Hao Seaweed Corporation representing 14.14% of the equity interests in Vinh Hao Seaweed Corporation.

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN****(c) Transactions in subsidiaries for year ended 31 December 2013 – transactions with minority interests****(i) Transactions with minority interests in Ma San Consumer Corporation**

On 16 January 2013, the Company acquired an additional 0.45% of the equity interests in Ma San Consumer Corporation (“MSC”), a subsidiary, from minority interests for VND207,462 million in cash, resulting in the following effects:

	<b>VND million</b>
Cost of acquisition	(207,462)
Net assets acquired	48,032
	<hr/>
Difference recorded in other reserves	(159,430)
	<hr/>

On 25 January 2013, KKR Ma San Aggregator L.P, an affiliate of KKR, subscribed for new shares issued by MSC equivalent to 4.35% of its outstanding shares after such issuance for VND2,272,364 million. The dilution effects of new shares issued by MSC not subscribed by the Group were as follows:

	<b>VND million</b>
Shares issued not subscribed by the Group, net of transaction costs	2,204,951
Net assets diluted	(866,541)
	<hr/>
Difference recorded in other reserves	1,338,410
	<hr/>

In connection with the issuance on 25 January 2013, MSC entered into an agreement with the investor to issue additional shares based on certain valuation conditions derived from 2013 earnings. The additional shares required to be issued resulted in a decrease in the Group’s equity interests in MSC as follows:

	<b>VND million</b>
Shares issued not subscribed by the Group	-
Net assets diluted	(512,575)
	<hr/>
Difference recorded in other reserves	(512,575)
	<hr/>

However, after 31 December 2013, this requirement was waived by the investor resulting in the Group’s equity interests in MSC increasing back to 77.4%.

Within 6 years from the closing date, if MSC has not completed an initial public offering that meet certain pre-agreed requirements, the investor has the option to put all or part of its MSC shares for the Company’s shares based on a pre-agreed formula.

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN**

If the investor does not exercise its put option during the put option period, the Company has the right to 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 share or 50% of each at a pre-agreed valuation to the investor. For the avoidance of doubt, the call option right will cease to be available if MSC has completed an initial public offering that meet certain pre-agreed requirements.

On 18 June 2013 MSC issued shares to certain employees under its employee share based payment plan after obtaining shareholders' approval at its Annual General Meeting, resulting in the following effects:

	<b>VND million</b>
Shares issued at par not subscribed by the Group	19,950
Net assets diluted	(44,975)
	<hr/>
Difference recorded in other reserves	(25,025)
	<hr/>

On 26 August 2013, MSC entered into definitive agreements with Vietnam Growth Capital Pte. Ltd., ("TPG") to sell a 49% stake in Masan Agri Corporation ("Masan Agri"), a subsidiary of MSC, which holds a 40% direct interest in Proconco. TPG paid a cash consideration of VND1,061,862 million to acquire the shares from MSC, resulting in the following effects:

	<b>VND million</b>
Cash consideration	1,061,862
Net assets diluted	(1,027,277)
	<hr/>
Difference recorded in other reserves	34,585
	<hr/>

As part of the transaction, the Company granted TPG an option to put its 49% stake in Masan Agri for the Company's shares 3 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 TPG to generate a certain rate of return based on its upfront investment amount. In addition, TPG granted to the Company a call option on the 49% interest and all other interests that TPG may further acquire in Masan Agri. The call option can be exercised within 30 days after 3 years from the closing of the initial transaction, for an amount in VND equal to the purchase price plus an amount that would result in TPG achieving a certain rate of return on the aggregate of the purchase price and all TPG capital contributions.

Additionally, under certain conditions, the Company has to grant TPG an option to subscribe for shares equal in value to the greater of 25% of the initial purchase consideration or the fair value of this additional option based on a price per share of VND90,000.



**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN****(ii) Transactions with minority interests in Ma San Resources Corporation**

On 25 January 2013, BI Private Equity New Market III K/S (“PENM II”) subscribed for 15,902,430 mandatorily convertible preference shares in Ma San Resources Corporation (“MR”) for a cash consideration of VND520,709 million. The holders of these mandatorily convertible preference shares shall be paid fixed dividends ranging from 3% to 10% per annum on the principal amount and the preference shares are mandatorily convertible into ordinary shares within 4 years. The preference shares also confer onto PENM II the right to receive dividends declared to ordinary shareholders in proportion to their shareholding and are automatically converted to ordinary shares in the event of the liquidation of MR.

As part of the agreement, MR is able to exercise its right to convert or force convert the preference shares to ordinary shares according to the terms of the agreement.

Between April and June 2013, MR issued 99,182,832 ordinary shares at VND18,726 per share to MR’s existing investors amounting to VND1,857,297 million in multiple tranches. Ma San Horizon Corporation, a subsidiary of the Company, PENM II and MRC Ltd., an investment entity managed by Mount Kellett Capital Management LP, subscribed to 89,391,298 ordinary shares, 3,180,486 ordinary shares and 6,611,048 ordinary shares for cash considerations of VND1,673,941 million, VND59,558 million and VND123,798 million, respectively.

In July 2013, MR issued 29,420,151 ordinary shares at par value of VND10,000 to MRC Ltd. for a cash consideration of VND294,202 million. The private placement was part of a settlement of an equity adjustment clause from the 16 March 2011 transaction between MR and MRC Limited as mentioned in Note 13(e)(ii).

In August 2013, the Group entered into agreements to amend and exercise the call option and purchased 100% of Dragon Capital’s shares in MR (see Note 21(b)(iii)) for a consideration of VND899,175 million to be paid in cash.

In December 2013, MR issued shares to certain employees under its employee share based payment plan after obtaining shareholders’ approval at its Annual General Meeting. During the year, a subsidiary of the Company, Ma San Horizon Corporation purchased 8,392,857 MR shares issued under the MR employee share-based payment plan for VND123,342 million.

Overall the Group’s effective interest in MR had a net increase from 65% to 75.9% during the year due to the transactions above, resulting in the following effects:

	<b>VND million</b>
Shares issued not subscribed by the Group, net of transaction costs	865,745
Shares issued and subscribed by the Group, net of transaction costs	(1,614,533)
Total net assets transacted	818,972
	<hr/>
Difference recorded in other reserves	70,184
	<hr/>

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**Other reserve movements were as follows**

	<b>VND million</b>
<b>Balance at 1 January 2013</b>	(8,619,479)
Equity instrument repurchased (see Note 25(c))	(1,056,440)
Increase in minority interests in MSC	675,965
Decrease in minority interests in MR	70,184
<b>Balance at 31 December 2013</b>	<b>(8,929,770)</b>

**(d) Significant transactions in subsidiaries in 2012**

**(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:

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

**(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:

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

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN****(iii) Acquisition of minority interests in Vinacafe Bien Hoa Joint Stock Company**

In 2012, the Group's effective interest in Vinacafe Bien Hoa Joint Stock Company ("Vinacafe") increased from 38.4% to 43% (Ma San Consumer Corporation's direct equity interest increased from 50.25% to 53.2%) 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:

	<b>VND million</b>
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/>

**(e) Significant transactions in subsidiaries in prior years****(i) Transactions with minority interest 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. At 31 December 2013, the 2011-2013 growth rate of MSC's earnings was above the initial agreed internal return rate and the Company has no legal obligation to transfer additional shares of MSC to the investor.

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

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**(ii) *Transactions with minority interest 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.

An equity adjustment clause was also included in the agreement whereby subject to certain conditions, MR has to issue additional shares to the investor.

On 11 July 2013, MRC Limited further subscribed to 29,420,151 ordinary shares issued by Ma San Resource Corporation (“MR”) in a private placement at a subscription price of VND10,000 per share (see Note 13(c)(ii)) as a result of the equity adjustment clause above.

**(iii) *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 had been recorded as it was not virtually certain of receipt. During the year, the Company and the seller signed a contract to unwind the agreement.

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**14. Long-term prepayments**

**Group**

	<b>Pre- operating expenses VND million</b>	<b>Prepaid land costs VND million</b>	<b>Printing axes VND million</b>	<b>Tools and instruments VND million</b>	<b>Borrowing fees VND million</b>	<b>Website fees VND million</b>	<b>Others VND million</b>	<b>Total VND million</b>
Opening balance	56,796	2,286	755	15,877	21,210	136	-	97,060
Acquisition on business combinations	-	-	-	6,075	-	-	-	6,075
Additions	2,000	-	4,039	10,061	328,453	-	8,089	352,642
Transfer from construction in progress	-	-	-	9,159	-	-	41	9,200
Transfers from tangible fixed assets	-	-	-	9,118	-	-	583	9,701
Transfers from intangible fixed assets	-	-	-	255	-	-	14	269
Reclassification from/(to) short-term prepayment	-	-	-	(5,154)	-	-	-	(5,154)
Amortisation for the year	-	(60)	(3,578)	(19,141)	(42,846)	(136)	(336)	(66,097)
Written offs	-	-	(73)	(270)	-	-	-	(343)
Closing balance	58,796	2,226	1,143	25,980	306,817	-	8,391	403,353

**Company**

	<b>Borrowing fees VND million</b>	<b>Website fees VND million</b>	<b>Others VND million</b>	<b>Total VND million</b>
Opening balance	21,210	136	-	21,346
Additions	44,000	-	111	44,111
Reclassification from tangible fixed assets	-	-	583	583
Reclassification from intangible fixed assets	-	-	14	14
Transfer from construction in progress	-	-	41	41
Amortisation for the year	(12,398)	(136)	(250)	(12,784)
Closing balance	52,812	-	499	53,311

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN**

- (\*) Reclassification from fixed assets represents the net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets, i.e. costing VND30 million or more, as regulated in Article 3 of Circular 45. These assets were reclassified from tangible and intangible fixed assets during the period (Note 9 and Note 11). The remaining net book values of these assets are amortised on a straight line basis over their remaining estimated useful lives, but not exceeding 3 years.

**15. Deferred tax assets and liabilities****(i) *Recognised deferred tax assets and liabilities***

	<b>Group</b>	
	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b>VND million</b>	<b>VND million</b>
Deferred tax assets:		
Accrued sales discount	8,891	9,133
Accrued advertising and promotion expenses	57,987	14,193
Accrued transportation costs	9,486	6,677
Other accruals	9,755	4,041
Unrealised profits on intra-group transactions	1,453	1,991
	<hr/>	<hr/>
	87,572	36,035
	<hr/>	<hr/>
Deferred tax liabilities:		
Construction in progress	(751,021)	(751,021)
Tangible fixed assets	(15,954)	(11,330)
Intangible fixed assets	(194,506)	(97,766)
Accrued interest income	(190,235)	-
	<hr/>	<hr/>
	(1,151,716)	(860,117)
	<hr/>	<hr/>
	(1,064,144)	(824,082)
	<hr/>	<hr/>

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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

		<b>Group</b>		
	<b>31/12/2012</b>	<b>Acquisition on</b>	<b>Recognised in</b>	<b>31/12/2013</b>
	<b>VND million</b>	<b>business</b>	<b>income</b>	<b>VND million</b>
		<b>combination</b>	<b>VND million</b>	
		<b>VND million</b>		
Accrued sales discount	9,133	-	(242)	8,891
Accrued advertising and promotion expenses	14,193	-	43,794	57,987
Accrued transportation costs	6,677	-	2,809	9,486
Other accruals	4,041	-	5,714	9,755
Unrealised profit on intra-group transactions	1,991	-	(538)	1,453
Construction in progress	(751,021)	-	-	(751,021)
Tangible fixed assets	(11,330)	(6,249)	1,625	(15,954)
Intangible fixed assets	(97,766)	(107,404)	10,664	(194,506)
Accrued interest income	-	-	(190,235)	(190,235)
	(824,082)	(113,653)	(126,409)	(1,064,144)

**(iii) Unrecognised deferred tax assets**

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

	<b>Group</b>		<b>Company</b>	
	<b>31/12/2013</b>	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
Other accruals	7,373	3,127	7,373	3,127
Tax losses	364,880	129,860	320,574	107,657
	372,253	132,987	327,947	110,784

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 tax losses because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits therefrom.

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (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> VND million	<u>Company</u> VND million
2014	Outstanding	16,525	11,097
2015	Outstanding	4,700	-
2016	Outstanding	239,700	215,633
2017	Outstanding	292,564	216,405
2018	Outstanding	945,284	839,162
		1,498,773	1,282,297

## 16. Goodwill

	<u>Group</u> 31/12/2013 VND million
<b>Cost</b>	
Opening balance	284,728
Additions	236,217
Closing balance	520,945
<b>Accumulated amortisation</b>	
Opening balance	36,096
Amortisation for the year	47,730
Closing balance	83,826
<b>Net book value</b>	
Opening balance	248,632
Closing balance	437,119



**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**17. Short-term borrowings and liabilities**

	<u>Group</u>		<u>Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	VND million	VND million	VND million	VND million
Short-term borrowings	4,245,567	1,540,393	2,123,200	-
Current portion of long-term borrowings (see Note 21)	2,390,343	252,991	188,100	-
	6,635,910	1,793,384	2,311,300	-

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

	Currency	Annual interest rate	<u>Group</u>		<u>Company</u>	
			31/12/2013	31/12/2012	31/12/2013	31/12/2012
			VND million	VND million	VND million	VND million
<b>Short-term borrowings</b>						
Secured bank loans	VND	4.5%-10.74%	2,088,838	1,540,393	-	-
Secured bank loans	USD	4.5%-9.91%	968,762	-	-	-
Secured bank loans	EUR	5%	1,080	-	-	-
Unsecured bank loan	VND	5.5%-7.5%	287,712	-	-	-
Unsecured loan from a subsidiary	VND	15%	-	-	2,123,200	-
Promissory Note (*)	VND		899,175	-	-	-
			4,245,567	1,540,393	2,123,200	-

As at 31 December 2013, the bank loans were secured by the following assets of the Group:

- (i) Inventories and trade receivables with a carrying amount of USD30.5 million, equivalent to VND642,940 million (31/12/2012: USD26.25 million, equivalent to VND546,000 million).
- (ii) Fixed assets with a carrying value of VND925,958 million (31/12/2012: VND666,963 million). Part of these fixed assets with carrying value of VND885,745 million (31/12/2012: VND632,006 million) was also used as security for long term borrowings and accordingly, included in the amount of security disclosed in Note 21.
- (iii) 87,080,774 shares held by the Company in Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”) (31/12/2012: Nil), were proportionately allocated as security for the bank loans. These shares was also used as security for long term borrowings and accordingly, included in the amount of security disclosed in Note 21.

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN**

- (\*) The Promissory Note was unsecured and paid subsequent to the year end. The Promissory Note was issued to Dragon Capital as consideration for the exercise of a call option on purchasing 100% of its shares in MR (see Note 21(b)).

As at 31 December 2013, short-term borrowings amounting to VND2,123,000 million relates to an unsecured loan between the Company and a subsidiary, which is due in 2014 and bears interest rate at 15% per annum.

**18. Taxes payable to State Treasury**

	<u>Group</u>		<u>Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	VND million	VND million	VND million	VND million
Corporate income tax	334,003	535,785	-	-
Value added tax	91,603	39,626	-	-
Import-export tax	3,332	11,446	-	-
Personal income tax	27,112	14,126	-	-
Other taxes	27,371	7,910	386	-
	483,421	608,893	386	-

**19. Accrued expenses**

	<u>Group</u>		<u>Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	VND million	VND million	VND million	VND million
Advertising and promotion expenses	279,737	139,125	-	-
Accrued interest payable	423,814	549,848	303,400	415,560
Accruals for inventories purchased	16,252	28,139	-	-
Sales discount	49,653	41,188	-	-
Transportation expenses	46,056	30,615	-	-
Bonus and 13 <sup>th</sup> month salary	198,675	98,624	-	-
Consultant fee	104,365	127,954	32,476	38,074
Accruals for construction work	66,563	195,070	-	-
Withholding tax	33,729	31,183	5,251	10,013
Others	359,522	59,185	138,784	7,828
	1,578,366	1,300,931	479,911	471,475

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**20. Other payables**

	<u>Group</u>		<u>Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	VND	VND	VND	VND
	million	million	million	million
<b>Other short-term payables</b>				
Social and health insurance	155	226	155	-
Short-term deposits from customers	1,509	480	-	-
Other short-term payables to a subsidiary (a)	-	-	883,284	-
Purchase of shares in a subsidiary	43,398	-	-	-
Others	56,208	43,624	-	-
	101,270	44,330	883,439	-
<b>Other long-term liabilities</b>				
Long-term payables (b)	157,610	381,563	27,076	381,563
Other long-term payables to a subsidiary (c)	-	-	1,725,360	1,432,596
Obligation to issue shares (d) (Note 25(a))	60,561	356,269	60,561	356,269
Long-term deposit	16,517	-	-	-
	234,688	737,832	1,812,997	2,170,428

- (a) Other short-term payables of the Company to a subsidiary amounting to VND883,284 million comprise of facility fees on loan facilities made available to the Company and interest expenses related to short-term borrowings of VND2,123,200 million. The amounts are unsecured and payable on maturity of the principal amounts.
- (b) Long-term payables of the Group and the Company amounting to VND27,076 million (31/12/2012: VND381,563 million) comprise the gross amount of interest relating to certain instruments described in Notes 25(a),(b), and were unsecured and payable every six months and every twelve months from the disbursement date of the instruments. The remaining VND130,534 million (31/12/2012: Nil) included in long-term payables of the Group is related to fixed dividends payable for mandatory convertible preference shares issued by a subsidiary in Note 13(c)(ii).
- (c) Other long-term payables of the Company to a subsidiary amounting to VND1,725,360 million (31/12/2012: VND1,432,596) comprise of interest expenses related to the VND denominated long-term borrowings amounting to VND6,286,800 million. The amounts are unsecured and payable on maturity of the principal amounts.
- (d) Obligation to issue shares represents the liability to issue an additional variable number of shares as noted in Note 25(a).

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**21. Long-term borrowings and liabilities**

	<u>Group</u>		<u>Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	VND million	VND million	VND million	VND million
Long-term borrowings (a)	8,519,274	6,667,882	6,286,800	4,000,000
Promissory notes (b)	-	2,855,764	-	-
Convertible bonds and loans (c)	1,176,522	1,176,522	1,176,522	1,176,522
Secured convertible bonds (d)	-	2,200,000	-	2,200,000
Secured bonds (e)	4,700,000	-	4,700,000	-
Finance lease liabilities (f)	61,643	-	-	-
	14,457,439	12,900,168	12,163,322	7,376,522
Repayable within twelve months (Note 17)	(2,390,343)	(252,991)	(188,100)	-
Repayable after twelve months	12,067,096	12,647,177	11,975,222	7,376,522

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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

				<u>Group</u>		<u>Company</u>	
				31/12/2013	31/12/2012	31/12/2013	31/12/2012
	Currency	Interest rate per annum	Year of maturity	VND million	VND million	VND million	VND million
<b>a. Long-term borrowings</b>							
Secured bank loans	VND	9.6%-14.5%	2013-2020	2,674,117	2,397,355	-	-
Secured bank loans	USD	8%-10.5%	2014-2020	5,845,157	4,270,527	-	-
Unsecured loan from a subsidiary	VND	10.5%- 13.0%	2016-2018	-	-	6,286,800	4,000,000
				8,519,274	6,667,882	6,286,800	4,000,000
<b>b. Promissory Notes</b>							
	VND		2016-2017	-	2,855,764	-	-
<b>c. Convertible bonds and loans issued to:</b>							
International Finance Corporation Jade Dragon (Mauritius) Limited	(c.1)	VND	8.0%-20.4%	2014-2016	608,562	608,562	608,562
	(c.2)	USD	2.0%-6.0%	2015	567,960	567,960	567,960
				1,176,522	1,176,522	1,176,522	1,176,522
<b>d. Secured convertible bonds</b>							
	VND	10.75%-15.0%	2016	-	2,200,000	-	2,200,000
<b>e. Secured bonds</b>							
	VND	10.75%-15.0%	2016	4,700,000	-	4,700,000	-
<b>f. Finance lease liability</b>							
	VND	15%	2018	61,643	-	-	-

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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(a) As at 31 December 2013, long-term borrowings of the Group comprised of:

- (i) VND denominated loans amounting to VND390,279 million (31/12/2012: VND418,597 million) secured over fixed assets with a carrying amount of VND885,745 million (31/12/2012: VND632,006 million) and a certain term deposit at bank with amount of VND28,000 million (31/12/2012: Nil).
- (ii) VND denominated loan amounting to VND870,556 million (31/12/2012: VND879,500 million) 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 VND1,413,282 million (31/12/2012: VND1,099,258 million) and USD denominated loan amounting to VND469,757 million (31/12/2012: VND360,127million) secured over proportionately existing and future assets and exploitation rights relating to Nui Phao mine. In addition, the Company has pledged 87,080,774 shares of Techcombank to further secure the loan.
- (iv) USD denominated loan from Standard Chartered Bank (Viet Nam) Limited amounting to VND1,686,400 million (31/12/2012: 1,664,000 million) 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) USD175 million denominated loan from J.P Morgan amounting to VND3,689,000 million (31/12/2012: USD108 million, equivalent to VND2,246,400 million), of which USD150 million was insured by Multilateral Investment Guarantee (“MIGA”), a member of the World Bank. The USD150 million and USD25 million loans will bear interest at rates of LIBOR + 3.5% and LIBOR + 4.5%, respectively, if they are guaranteed by the Company, otherwise they will bear interest at rates of LIBOR + 4.5% and LIBOR + 5.5%, respectively. The outstanding balance at 31 December 2013 is repayable in one instalment on the termination date. The facility is available for 36 months.

At 31 December 2013, Ma San Consumer Corporation’s investments in subsidiaries with carrying value of VND879,023 million (31/12/2012: VND879,023 million) were pledged as security for this loan.

As at 31 December 2013, long-term borrowings of the Company comprised unsecured VND loans from a subsidiary amounting to VND4,000,000 million (31/12/2012: VND4,000,000 million) and VND2,286,800 million (31/12/2012: Nil) which bore interest at 13% and 10.5% per annum, respectively. The loans mature in 4 and 5 years, respectively, from the drawdown dates. The principal and interest are payable on the date of maturity.

- (b) Promissory Notes were 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.

## Ma San Group Corporation and its subsidiaries

### Notes to the financial statements for the year ended 31 December 2013 (continued)

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

- (i) **MR ownership adjustment** the Group has entered into an agreement with Dragon Capital in which the Group will give Dragon Capital up to 12% (31/12/2012: 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% (31/12/2012: 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. The MR ownership adjustment was extinguished with the settlement of the Promissory Notes in August 2013 as described below.
- (ii) **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.
- (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. The exercise prices were 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 a put option to put 100% of its shares in MR for 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.

In August 2013, the Group entered into agreements to settle the Promissory Notes by issuing 29,770,465 shares amounting to VND1,962,319 million, and the remaining amount of VND 893,445 million was paid in cash. Transaction costs arising from this settlement amounted to VND62,155 million. Further, the Group also entered into agreements to amend and exercise the call option through the issuance of another set of short-term Promissory Note to Dragon Capital. This Promissory Note was paid subsequent to the year end (see Note 17). Through this series of transactions, the Company primary share option and the MR call and put options were settled during the year.

- (c.1) This loan represents a convertible loan, with a principal of VND608,562 million (31/12/2012: VND608,562 million), entered into with International Finance Corporation ("IFC"), wherein VND38,562 million (31/12/2012: VND38,562 million) is convertible to the Company's shares.

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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Among others, the agreement provides the following:

- (i) Interest is charged at 8% per annum from disbursement date to 15 April 2012 and at 20.4% per annum from 15 April 2012 to the maturity date for the non-convertible portion. Interest is charged at 20.4% per annum for the convertible portion from 15 April 2013 to 15 April 2016. The loan matures on 15 April 2016. The Group has accrued interest based on the nominal interest rates.
  - (ii) IFC can exercise the option to convert VND190,000 million, at the maximum, of the principal amount and require the Company to list those converted shares. There are two available period for conversion: the first option period is the period commencing the date falling 12 months after 11 May 2010 and ending on the date falling 36 months after 31 May 2010, the second option period is the period commencing from the date falling thirty six months after 11 May 2010 and ending on 15 April 2016. Interest shall continue to accrue and payment premium remains payable on the convertible loan if IFC does not exercise its conversion option during the first option period. IFC exercised the option to convert VND151,438 million into 3,521,803 shares issued by the Company in June 2012. At 31 December 2013, 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.2) 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. The Group has accrued interest based on the nominal interest rates.
- (ii) The loan may be converted into shares by the lender at any time after two years from 15 December 2010 to the loan's maturity date.
- (iii) The conversion price was determined at VND65,000 per share.
- (iv) The Group also separately entered into an arrangement with Ma San Corporation which undertakes the risks and obligations to subscribe to and pay a cash consideration of USD30 million plus the deferred interest for 9,000,000 shares under the convertible loan in the event that the lender does not exercise the conversion option.



**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN**

- (d) The VND2,200 billion bonds were secured against 22.3 million convertible bonds issued by Techcombank. VND600 billion of the bonds bear coupon of 15% per annum; VND900 billion of the bonds bear coupon of 3% per annum plus the amalgated average 12 months deposit rates of selected major banks and VND700 billion of the bonds bear coupon of 1% per annum plus the amalgated average 12 months 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.

In August 2013, The Company renegotiated with its bondholders to terminate the options that were issued in connection with the issuance of the VND2,200 billion bonds in 2012.

- (e) The secured bonds amounting to VND4,700 billion comprise the VND2,200 billion bonds in Note 21(d) and another VND2,500 billion bonds with a maturity of 3 years at an interest rate of 12.0% per annum in the first year, 12.5% per annum in the second year and 4% per annum plus the amalgated average 12 month deposit rates of selected major banks in the third year. The Company and MSC Holdings – a subsidiary of the Company have pledged 125 million shares in Ma San Consumer Corporation as security for these bonds.

During the year, the Company and the Group complied with the loan covenants on the above borrowings.

- (f) The future minimum lease payments under non-cancellable finance leases are:

	<b>31 December 2013</b>		
	<b>Payments</b>	<b>Interest</b>	<b>Principal</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
Within one year	20,364	8,554	11,810
Within two to five years	62,661	12,828	49,833
	<hr/>	<hr/>	<hr/>
	83,025	21,382	61,643
	<hr/>	<hr/>	<hr/>

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**22. Provisions – long-term**

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

	<b>2013</b>	<b>2012</b>
	<b>VND million</b>	<b>VND million</b>
Opening balance	1,381	8,564
Provision made during the year	3,252	731
Provision paid during the year	-	(754)
Provision reversed during the year	-	(7,160)
Reclassification	(1,381)	-
Closing balance	3,252	1,381

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**23. 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
<b>Balance at 1 January 2012</b>	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	964,638	5,394,006	(6,358,644)	-	-	-	-	-	-
Equity instruments repurchased	-	-	(4,104,160)	-	(530,235)	-	(4,634,395)	-	(4,634,395)
Issuance of new shares through conversion of debt instruments	344,440	439,025	-	-	-	-	783,465	-	783,465
Issuance of new shares for cash	411,000	-	-	-	-	-	411,000	-	411,000
Issuance of equity instruments	-	-	1,721,824	-	-	-	1,721,824	-	1,721,824
Increase in minority interest from share capital issued by subsidiaries	-	-	-	-	(22,447)	-	(22,447)	34,947	12,500
Decrease in minority interest from acquisitions of share capital in subsidiaries	-	-	-	-	(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	-	-	-	-	(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)
<b>Balance at 31 December 2012</b>	<b>6,872,801</b>	<b>7,999,167</b>	<b>1,721,824</b>	<b>(16,128)</b>	<b>(8,619,479)</b>	<b>5,925,652</b>	<b>13,883,837</b>	<b>5,820,548</b>	<b>19,704,385</b>

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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	<b>Share capital</b>	<b>Capital surplus</b>	<b>Other capital</b>	<b>Foreign exchange differences</b>	<b>Other reserves</b>	<b>Retained profits</b>	<b>Equity attributable to equity holders of Company</b>	<b>Minority interests</b>	<b>Total</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
<b>Balance at 1 January 2013</b>	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
Issuance of new shares for cash	178,608	-	-	-	-	-	178,608	-	178,608
Issuance of new shares due to conversion of debt instruments of subsidiary (Note 21(b))	297,704	1,602,460	-	-	-	-	1,900,164	-	1,900,164
Equity instruments repurchased (Note 25(c))	-	-	(1,624,121)	-	(1,056,440)	-	(2,680,561)	-	(2,680,561)
Transactions with minority interest in MSC (Note(13(c)(i))	-	-	-	-	675,965	-	675,965	2,519,479	3,195,444
Decrease in minority interests from share capital issued by MR (Note(13(c)(ii))	-	-	-	-	70,184	-	70,184	(311,116)	(240,932)
Foreign exchange differences in a subsidiary	-	-	-	(26,970)	-	-	(26,970)	(13,518)	(40,488)
Net profit for the year	-	-	-	-	-	451,200	451,200	856,024	1,307,224
Dividend paid	-	-	-	-	-	-	-	(24,876)	(24,876)
Transfer to funds	-	-	-	-	-	(19,458)	(19,458)	(18,013)	(37,471)
<b>Balance at 31 December 2013</b>	<b>7,349,113</b>	<b>9,601,627</b>	<b>97,703</b>	<b>(43,098)</b>	<b>(8,929,770)</b>	<b>6,357,394</b>	<b>14,432,969</b>	<b>8,828,528</b>	<b>23,261,497</b>

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**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**Company**

	<b>Share capital VND million</b>	<b>Capital surplus VND million</b>	<b>Other capital VND million</b>	<b>Other reserves VND million</b>	<b>Retained profits VND million</b>	<b>Total VND million</b>
<b>Balance at 1 January 2012</b>	5,152,723	2,166,136	10,462,804	-	(22,449)	17,759,214
Issuance of new shares through conversion of equity instruments	964,638	5,394,006	(6,358,644)	-	-	-
Issuance of new shares due to conversion of debt instruments	344,440	439,025	-	-	-	783,465
Issuance of new shares for cash	411,000	-	-	-	-	411,000
Issuance of equity instruments	-	-	1,721,824	-	-	1,721,824
Equity instruments repurchased	-	-	(4,104,160)	(530,235)	-	(4,634,395)
Net loss for the year	-	-	-	-	(220,254)	(220,254)
<b>Balance at 31 December 2012</b>	6,872,801	7,999,167	1,721,824	(530,235)	(242,703)	15,820,854
<b>Balance at 1 January 2013</b>	6,872,801	7,999,167	1,721,824	(530,235)	(242,703)	15,820,854
Issuance of new shares for cash	178,608	-	-	-	-	178,608
Issuance of new shares due to conversion of debt instruments of a subsidiary	297,704	1,602,460	-	-	-	1,900,164
Equity instruments repurchased (Note 25(a),(b))	-	-	(1,624,121)	(1,056,440)	-	(2,680,561)
Net loss for the year	-	-	-	-	(963,843)	(963,843)
<b>Balance at 31 December 2013</b>	7,349,113	9,601,627	97,703	(1,586,675)	(1,206,546)	14,255,222

## 24. Share capital and capital surplus

The Company's authorised and issued share capital comprises:

	31/12/2013		31/12/2012	
	Number of shares	VND million	Number of shares	VND million
<b>Authorised share capital</b>	734,911,338	7,349,113	687,280,123	6,872,801
<b>Issued share capital</b>				
Ordinary shares	734,911,338	7,349,113	687,280,123	6,872,801
<b>Capital surplus</b>	-	9,601,627	-	7,999,167

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:

	2013		2012	
	Number of shares	VND million	Number of shares	VND million
Balance at beginning of the year	687,280,123	6,872,801	515,272,269	5,152,723
Issuance of new shares due to conversion of equity instruments	-	-	96,463,766	964,638
Issuance of new shares due to conversion of debt instruments	-	-	34,444,088	344,440
Issuance of new shares to settle debt instruments	29,770,465	297,704	-	-
Issuance of new shares for cash	17,860,750	178,608	41,100,000	411,000
Balance at the end of the year	734,911,338	7,349,113	687,280,123	6,872,801

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**25. Other capital**

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

		<b>31/12/2013</b>	<b>31/12/2012</b>	
		<b>Number of shares</b>	<b>VND million</b>	<b>Number of shares</b>
				<b>VND million</b>
Equity instruments				
• Parent company credit support	(a)	2,450,353	97,703	19,602,824
• Mandatory convertible loan	(b)	-	-	11,571,111
				811,978
		2,450,353	97,703	31,173,935
				1,721,824

Movements of other capital during the year were as follows:

		<b>2013</b>	<b>2012</b>	
		<b>Number of shares to be issued</b>	<b>VND million</b>	<b>Number of shares to be issued</b>
				<b>VND million</b>
Balance at beginning of the year		31,173,935	1,721,824	154,393,705
Issuance of equity instruments for cash:				10,462,804
• Parent company credit support	(a)	-	-	19,602,824
• Mandatory convertible loan	(b)	-	-	909,846
Equity instruments repurchased	(c)	(28,723,582)	(1,624,121)	11,571,111
Issuance of ordinary shares through conversion of equity instruments		-	-	811,978
				(4,104,160)
				(96,463,766)
				(6,358,644)
Balance at the end of the year		2,450,353	97,703	31,173,935
				1,721,824

**(a) Parent company credit support**

In 2012, 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.

## **Ma San Group Corporation and its subsidiaries**

### **Notes to the financial statements for the year ended 31 December 2013 (continued)**

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Among others, the agreements provide the following:

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

In July 2013, the Company repurchased the convertible loan of USD50 million subscribed by Kairos Capital Limited and USD20 million of the USD30 million subscribed by MRG Limited, resulting in the maximum number of Conversion Shares being reduced to 3.2 million and the mandatorily issuable minimum number of Conversion Shares was reduced to 2.5 million as at 31 December 2013. See further details of this transaction in Note 25(c) below.

#### **(b) Mandatory convertible loan**

In 2012, 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.

In July 2013, the Company repurchased this mandatory convertible loan as described in Note 25(c) below.

#### **(c) Equity instruments repurchased**

In July 2013, the Company repurchased the convertible loan of USD50 million with Richard Chandler Corporation through its company named Kairos Capital Limited, two thirds of USD30 million with Mount Kellett Capital Management LP through its company named MRG Limited (see Note 25(a)) and the mandatory convertible loan for USD50 million with Richard Chandler Corporation through its company named Kairos Capital Limited (see Note 25(b)). These transactions would have required the Company to issue 28,723,582 ordinary shares with the carrying value of VND1,624,121 million and pay the gross amount of liability of VND809,531 million. The purchase consideration was VND3,490,092 million. Together with Note 21(d), as a result, the Company has eliminated the potential dilution from 67.8 million ordinary shares of the Company that were issuable to these investors and lenders.



**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN****26. Total revenue**

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

Net sales comprised:

	<u><b>Group</b></u>		<u><b>Company</b></u>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
Total revenue				
▪ Sales of finished goods	12,014,694	10,575,021	-	-
▪ Services and other sales	91,295	228	-	-
Less sales deductions				
▪ Sales discounts	(132,659)	(150,243)	-	-
▪ Sales returns	(30,797)	(35,592)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	11,942,533	10,389,414	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

**27. Cost of sales**

	<u><b>Group</b></u>		<u><b>Company</b></u>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
Total cost of sales				
▪ Finished goods sold	6,908,667	6,138,131	-	-
▪ Service provided	1,286	-	-	-
▪ Allowance for inventories	33,243	40,795	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	6,943,196	6,178,926	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**28. Financial income**

	<u><b>Group</b></u>		<u><b>Company</b></u>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
Interest income from:				
• Deposits	366,146	760,585	53,775	204,082
• Loans to subsidiaries	-	-	112,070	60,898
• Investments in bonds	-	28,604	-	28,604
• Loans to third party	25,395	-	-	-
Negative goodwill on acquisition of a subsidiary	213,963	-	-	-
Facility income from subsidiary	-	-	1,065,293	927,988
Foreign exchange gains	57,703	17,687	8,094	67
Others	914	2,948	-	-
	<b>664,121</b>	<b>809,824</b>	<b>1,239,232</b>	<b>1,221,639</b>

**29. Financial expenses**

	<u><b>Group</b></u>		<u><b>Company</b></u>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
Interest expense on loans from:				
• Banks	215,388	140,468	-	-
• Bondholders	201,990	138,708	537,210	387,339
• Subsidiary	-	-	903,166	568,281
Facility fee expenses to a subsidiary	-	-	272,883	346,421
Foreign exchange losses	34,274	9,913	79	3,399
Others	155,133	20,296	155,124	20,304
	<b>606,785</b>	<b>309,385</b>	<b>1,868,462</b>	<b>1,325,744</b>

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**30. Other income**

	<u><b>Group</b></u>		<u><b>Company</b></u>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
Income from scrap sales	29,660	20,630	-	-
Proceeds on disposals of fixed assets	1,573	2,023	-	-
Reimbursement of cost from parent company	-	142,244	-	142,244
Reimbursement camp site expenses from contractors	48,956	19,855	-	-
Write-back of provisions	-	7,160	-	-
Import tax refund	19,289	18,977	-	-
Others	6,330	3,628	2,983	209
	105,808	214,517	2,983	142,453

**31. Other expenses**

	<u><b>Group</b></u>		<u><b>Company</b></u>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
Cost of scrap sales	25,158	15,759	-	-
Net book value of fixed assets disposals	9,094	6,934	-	-
Net book value of long-term prepayment written off	343	-	-	-
Camp site expenses from contractors	43,555	19,837	-	-
Others	6,939	3,944	-	-
	85,089	46,474	-	-

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**32. Share of loss in associates**

	<b><u>Group</u></b>	
	<b>2013</b>	<b>2012</b>
	<b>VND million</b>	<b>VND million</b>
Share of profit in associates	504,755	325,709
Adjustment arising from purchase price allocation and goodwill amortisation	(697,536)	(663,507)
	<hr/>	<hr/>
	(192,781)	(337,798)
	<hr/>	<hr/>

**33. Income tax**

**(a) Recognised in the statement of income**

	<b><u>Group</u></b>		<b><u>Company</u></b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
<b>Current tax expense</b>				
Current year	599,382	649,931	-	-
Under provision in prior years	(19,571)	578	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	579,811	650,509	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Deferred tax expense/(benefit)</b>				
Origination and reversal of temporary differences	121,713	(124,579)	-	-
Effect of change in tax rate	4,696	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	126,409	(124,579)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Income tax expense	706,220	525,930	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**(b) Reconciliation of effective tax rate**

**Group**

		<b>2013</b>		<b>2012</b>
	<b>%</b>	<b>VND million</b>	<b>%</b>	<b>VND million</b>
Profit before tax		2,013,444		2,488,522
Tax at the Company's income tax rate	25.00%	503,361	25.00%	622,131
Effect of different tax rates in subsidiaries	(11.85%)	(238,601)	(14.64%)	(364,386)
Effect of intra-group transactions	3.96%	79,714	3.16%	78,662
Non-deductible expenses	4.44%	89,160	1.34%	33,302
Effect of share of associate results net of tax	2.39%	48,195	3.39%	84,450
Deferred tax assets not recognised	11.88%	239,266	2.86%	71,193
Under provision in prior years	(0.97%)	(19,571)	0.02%	578
Effect of change in tax rate	0.23%	4,696	0.00%	-
	35.08%	706,220	21.13%	525,930

**Company**

		<b>2013</b>		<b>2012</b>
	<b>%</b>	<b>VND million</b>	<b>%</b>	<b>VND million</b>
Loss before tax		(963,843)		(220,254)
Tax at the Company's income tax rate	(25.00%)	(240,961)	(25.00%)	(55,064)
Non-deductible expenses	2.47%	23,798	0.42%	944
Deferred tax assets not recognised	22.53%	217,163	24.57%	54,120
	-	-	-	-

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN****(c) Applicable tax rates**

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

Pursuant to supplemented Corporate Income Tax law dated 19 June 2013 issued by the National Assembly, standard corporate income tax rate will be reduced from 25% to 22% from 01 January 2014 and to 20% from 01 January 2016 onwards.

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.

**34. Significant transactions with related parties**

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

**Group**

<b>Related Party</b>	<b>Nature of transaction</b>	<b>2013 VND million</b>	<b>2012 VND million</b>
<b>Parent Company</b>			
Ma San Corporation	Miscellaneous expenses shared by parent company	-	142,244
<b>Other related parties</b>			
Vietnamese French Cattle Feed Joint Stock Company	Dividend receivable	-	64,000
Vietnam Technological and Commercial Joint Stock Bank	Foreign currency swap settlement fee	130,029	-
<b>Key management personnel</b>	Remuneration to key management personnel (*)	46,704	33,972

(\*) No board fees were paid to Board of Management members for the years 2013 and 2012.

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**Company**

<b>Related Party</b>	<b>Nature of transaction</b>	<b>2013 VND million</b>	<b>2012 VND million</b>
<b>Parent Company</b>			
Ma San Corporation	Miscellaneous expenses shared by parent company	-	142,244
<b>Subsidiaries</b>			
Ma San Consumer Corporation	Loan provided to subsidiary	-	2,028,000
	Loans received from a subsidiary	4,410,000	-
	Loan collected from a subsidiary	-	2,028,000
	Interest income on short-term loan	-	60,898
	Interest expense on long-term loans	903,166	568,281
	Facility fee expense	272,883	346,421
	Sale of a subsidiary to a subsidiary	-	10
Ma San Horizon Corporation	Loan provided to a subsidiary	3,015,089	-
	Interest income from loan provided	60,609	-
Ma San Resources Corporation	Interest income from loan provided	26,067	157,236
	Facility fee income	415,360	346,421
	Loan provided to a subsidiary	1,140,000	-
	Loan collected from a subsidiary	930,000	2,000,000
Nui Phao Mining Company Limited	Facility fee income	649,933	424,332
Orchid Consultant Company Limited	Loan provided to a subsidiary	424,788	-
	Interest income from loan provided	25,394	-
MasanConsumerHoldings Company Limited	Transferring a subsidiary's shares to another subsidiary	6,949,241	-
<b>Other related parties</b>			
Vietnam Technological and Commercial Joint Stock Bank	Foreign currency swap settlement fee	130,029	-
<b>Key management personnel</b>	Remuneration to key management personnel (*)	7,796	6,306

(\*) No board fees were paid to Board of Management members for the years 2013 and 2012.

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN****35. Earnings per share****(a) Basic earnings per share**

The calculation of basic earnings per share at 31 December 2013 was based on the profit attributable to ordinary shareholders of VND451,200 million (2012: VND1,260,518 million) of the Group and a weighted average number of ordinary shares outstanding of 730,364,689 shares during the year (year ended 31 December 2012: 709,729,864 shares).

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

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

	<b>2013</b> <b>VND million</b>	<b>2012</b> <b>VND million</b>
Net profit attributable to ordinary shareholders	451,200	1,260,518

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

	<b>2013</b>	<b>2012</b>
Issued ordinary shares at the beginning of the year	687,280,123	515,272,269
Effect of shares issued for cash	10,520,716	23,533,973
Effect of shares issued to discharge convertible bonds, loans and Promissory Notes	5,138,464	17,552,330
Effect of shares issued to discharge other capital	-	96,463,766
Effect of equity instruments bought back	15,975,033	25,235,234
Effect of shares to be issued solely after the passage of time	11,450,353	31,672,292
Weighted average number of ordinary shares at the end of the year	730,364,689	709,729,864



**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN****(b) Diluted earnings per share**

The calculation of diluted earnings per share for the year ended 31 December 2013 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.

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

	<b>2013</b> <b>VND million</b>	<b>2012</b> <b>VND million</b>
Net profit attributable to ordinary shareholders (basic)	451,200	1,260,518
Share of profit attributed to minority shareholders, net of tax	(98,681)	30,687
	<hr/>	
Net profit attributable to shareholders (diluted)	352,519	1,291,205
	<hr/>	

Potential dilutive ordinary shares have an income effect on the net profit attributable to shareholders amounting to VND98,681 million for the year ended 31 December 2013 (2012: VND30,687 million).

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

	<b>2013</b>	<b>2012</b>
Weighted average number of ordinary shares (basic)	730,364,689	709,729,864
Effect of potential dilutive share ordinary shares	90,973,076	80,269,845
	<hr/>	
Weighted average number of ordinary shares (diluted)	821,337,765	789,999,709
	<hr/>	

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN****36. Commitments****(a) Capital expenditure**

As at 31 December 2013, the following outstanding capital commitments have been approved but not provided for in the balance sheet:

	<u>Group</u>		<u>Company</u>	
	<b>31/12/2013</b>	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
Approved and contracted	1,781,158	2,137,305	-	1,011
Approved but not contracted	486,732	558,796	-	-
	2,267,890	2,696,101	-	1,011

**(b) Leases**

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

	<u>Group</u>		<u>Company</u>	
	<b>31/12/2013</b>	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
Within one year	103,267	100,172	15,795	26,638
Within two to five years	40,098	79,466	-	16,211
More than five years	-	961	-	-
	143,365	180,599	15,795	42,849

**(c) Mining rights fee**

In accordance with the Law on Minerals No. 60/2010/QH12 dated 17 November 2010, entities conducting mineral mining must pay fees for issuance of mineral mining rights. The Government shall provide specific regulations on the method for the calculation and the applicable rates.

On 28 November 2013, the Government issued Decree No. 203/2013/ND-CP (“Decree 203”) regulating the method for calculating these fees and the applicable rates, effective from 28 January 2014. According to Article 7 of Decree 203, the price for calculating the mining right fees will be announced by the Provincial People’s Committee. As of to date, the People’s Committee of Thai Nguyen, where the Group’s mine is located, has yet to announce the prices of some of the minerals that the Group’s subsidiary – Nui Phao Mining Company Limited will mine. Accordingly, the mining rights fee on the mineral reserves could not presently be determined.

### **37. Share-based payment plan**

A subsidiary of the Company, Ma San Consumer Corporation, has an employee share-based payment plan in place which periodically rewards high performing employees with shares. As of 31 December 2012, the number of shares issued and issuable was 1,149,594 to employees and 131,521 to members of management for performance of 2011 and 2012. As of 1 January 2013, the plan was amended to award shares only on assessment of performance subsequent to the year end and upon approval of the shareholders at the Annual General Meeting.

Another subsidiary of the Company, Ma San Resources Corporation, has an employee share-based payment plan in place which periodically rewards high performing employees with shares. A total of 13,392,857 of the subsidiary's shares were issued to members of the Management during the year. The remaining 20,866,429 of the subsidiary's shares are issuable to members of the Management subsequent to the year end.

During the year ended 31 December 2013, the Company issued 17,860,750 shares at par value (2012: Nil) to certain employees of the Company under the employee stock plan approved by shareholders in the Resolutions of Annual General Meeting of Shareholders No.077/NQ-DHCD dated 25 April 2012.

### 38. 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, and arises principally from the Group's trade and other receivables, deposits in banks, and guarantees issued to banks for loans granted to entities within the Group.

#### (i) Exposure to credit risk

The following represents the maximum credit exposure of the Group and Company:

		<u>Group</u>		<u>Company</u>	
	Note	31/12/2013 VND million	31/12/2012 VND million	31/12/2013 VND million	31/12/2012 VND million
Cash and cash equivalents	(ii)	5,695,196	5,714,065	1,378,809	2,157,229
Short-term investments	(ii)	3,287,000	1,845,000	-	68,000
Trade and other receivables	(iii)	1,065,085	490,603	13,628,961	1,916,812
Other long-term investments	(ii)	-	365,500	-	-
Guarantees issued	(iv)	-	-	4,848,400	1,664,000
		10,047,281	8,415,168	19,856,170	5,806,041

#### (ii) Cash and cash equivalents, short-term investments and other long-term investments

Cash and cash equivalents, short-term investments and other long-term investments 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.

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN****(iii) Trade and other receivables**

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

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

The Group 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:

	<b><u>Group</u></b>	
	<b>2013</b>	<b>2012</b>
	<b>VND million</b>	<b>VND million</b>
Opening balance	378	1,084
Increase in allowance during the year	1,493	143
Allowance utilised during the year	(57)	(832)
Written back	(30)	(17)
Closing balance	1,784	378

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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The Group and the Company believe that, apart from the amount provided for above, no further allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables as of 31 December 2013. The ageing analysis of the trade and other receivables is as follows:

	<u>Group</u>				<u>Company</u>			
	31/12/2013		31/12/2012		31/12/2013		31/12/2012	
	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	1,046,732	-	463,983	-	13,628,961	-	1,916,812	-
Past due 0 – 30 days	16,472	-	18,763	-	-	-	-	-
Past due 31 – 180 days	2,715	(834)	3,434	-	-	-	-	-
Past due over 180 days	950	(950)	4,801	(378)	-	-	-	-
	1,066,869	(1,784)	490,981	(378)	13,628,961	-	1,916,812	-

**(iv) Guarantees**

The Company is also exposed to credit risk in connection with the guarantees it has issued to banks for loans granted to its subsidiaries, Ma San Thai Nguyen Resources Company Limited and Ma San Consumer Corporation (see Notes 21(a)(iv, v)). The risk represents the loss that would be recognised on default by the lenders. To mitigate this risk, management continually monitors the performance of the subsidiaries.

**Ma San Group Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2013 (continued)****Form B 09 – DN/HN****(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 and the Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

As at 31 December 2013 and 31 December 2012, the financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

**Group:**

	<b>Carrying amount VND million</b>	<b>Contractual cash flows VND million</b>	<b>Within 1 year VND million</b>	<b>1 – 2 years VND million</b>	<b>2 – 5 years VND million</b>	<b>More than 5 years VND million</b>
<b>31 December 2013</b>						
Short-term borrowings	4,245,567	(4,317,179)	(4,317,179)	-	-	-
Accounts payable – trade	942,375	(942,375)	(942,375)	-	-	-
Payables to employees	20,387	(20,387)	(20,387)	-	-	-
Accrued expenses	1,578,366	(1,578,366)	(1,578,366)	-	-	-
Other short-term payables	83,313	(83,313)	(83,313)	-	-	-
Long-term borrowings and liabilities	8,755,044	(10,561,743)	(2,757,462)	(1,821,077)	(5,414,967)	(568,237)
Long-term bonds/loans issued	5,876,522	(7,757,035)	(638,651)	(1,464,394)	(5,653,990)	-
	<b>21,501,574</b>	<b>(25,260,398)</b>	<b>(10,337,733)</b>	<b>(3,285,471)</b>	<b>(11,068,957)</b>	<b>(568,237)</b>

**Ma San Group Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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	<b>Carrying amount VND million</b>	<b>Contractual cash flows VND million</b>	<b>Within 1 year VND million</b>	<b>1 – 2 years VND million</b>	<b>2 – 5 years VND million</b>	<b>More than 5 years VND million</b>
<b>31 December 2012</b>						
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)	-
	<b>17,140,746</b>	<b>(19,776,972)</b>	<b>(5,245,320)</b>	<b>(5,632,347)</b>	<b>(7,994,226)</b>	<b>(905,079)</b>

**Company:**

	<b>Carrying amount VND million</b>	<b>Contractual cash flows VND million</b>	<b>Within 1 year VND million</b>	<b>1 – 2 years VND million</b>	<b>2 – 5 years VND million</b>
<b>31 December 2013</b>					
Short-term borrowings	2,123,200	(2,325,789)	(2,325,789)	-	-
Accounts payable – trade	9,286	(9,286)	(9,286)	-	-
Other short-term payables	883,439	(883,439)	(883,439)	-	-
Accrued expenses	479,911	(479,911)	(479,911)	-	-
Long-term borrowings and liabilities	8,039,236	(11,352,419)	(886,865)	-	(10,465,554)
Long-term bonds/loans issued	5,876,522	(7,757,035)	(638,651)	(1,464,394)	(5,653,990)
	<b>17,411,594</b>	<b>(22,807,879)</b>	<b>(5,223,941)</b>	<b>(1,464,394)</b>	<b>(16,119,544)</b>

	<b>Carrying amount VND million</b>	<b>Contractual cash flows VND million</b>	<b>Within 1 year VND million</b>	<b>1 – 2 years VND million</b>	<b>2 – 5 years VND million</b>
<b>31 December 2012</b>					
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)
	<b>9,664,010</b>	<b>(12,402,146)</b>	<b>(807,602)</b>	<b>(672,733)</b>	<b>(10,921,811)</b>



**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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

**(c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group 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), Singapore dollar (SGD), and Thai Baht (THB).

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

At 31 December 2013 and 31 December 2012, the Group and the Company had the following net exposed asset/(liability) positions:

	<b>Group</b>					<b>Company</b>	
	<b>USD</b>	<b>AUD</b>	<b>EUR</b>	<b>SGD</b>	<b>THB</b>	<b>USD</b>	<b>SGD</b>
<b>31 December 2013</b>							
Cash and cash equivalents	27,222,114	-	7,547	621	-	6,945	621
Trade and other receivables (*)	5,365,602	-	-	-	-	41,913,397	-
Other long-term receivables	-	-	-	-	-	20,357,884	-
Trade and other payables (**)	(7,827,788)	(2,203,117)	(31)	-	(13,733,722)	(41,913,397)	-
Short-term borrowings	(45,955,726)	-	(37,345)	-	-	(100,000,000)	-
Long-term borrowings	(277,281,875)	-	-	-	-	-	-
Other long-term liabilities	(1,300,000)	-	-	-	-	(1,300,000)	-
	(299,777,673)	(2,203,117)	(29,829)	621	(13,733,722)	(80,935,171)	621

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**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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	<b>Group</b>				<b>Company</b>
	<b>USD</b>	<b>AUD</b>	<b>EUR</b>	<b>THB</b>	<b>USD</b>
<b>31 December 2012</b>					
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

(\*) *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.*

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

	<b>Group</b>		<b>Company</b>	
	<b>Exchange rate as at 31/12/2013 VND</b>	<b>Exchange rate as at 31/12/2012 VND</b>	<b>Exchange rate as at 31/12/2013 VND</b>	<b>Exchange rate as at 31/12/2012 VND</b>
USD1	21,080	20,800	21,080	20,811
AUD1	18,697	21,520	-	-
EUR1	28,890	27,398	-	-
SGD1	16,342	16,878	16,342	16,878
THB1	631	663	-	-

**Ma San Group Corporation and its subsidiaries**  
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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 fluctuation 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.

	<b><u>Group</u></b> <b>Increase/(decrease)</b> <b>in profit before tax</b> <b>as at</b> <b>31/12/2013</b> <b>VND million</b>	<b><u>Company</u></b> <b>Increase/(decrease)</b> <b>in loss before tax</b> <b>as at</b> <b>31/12/2013</b> <b>VND million</b>
USD (1% strengthening)	(63,193)	(17,061)
AUD (13% weakening)	5,355	-
EUR (5% strengthening)	(43)	-
SGD (3% weakening)	(1)	(1)
THB (5% weakening)	433	-
	<hr/> (57,449) <hr/>	<hr/> (17,062) <hr/>
	<b><u>Group</u></b> <b>Increase/(decrease)</b> <b>in profit before tax</b> <b>as at</b> <b>31/12/2012</b> <b>VND million</b>	<b><u>Company</u></b> <b>Decrease in loss</b> <b>before tax</b> <b>as at</b> <b>31/12/2012</b> <b>VND million</b>
USD (1% strengthening)	(15,186)	9,370
AUD (1% strengthening)	(555)	-
EUR ( 1% strengthening)	(154)	-
THB (1% strengthening)	(353)	-
	<hr/> (16,248) <hr/>	<hr/> 9,370 <hr/>

The opposite movement of the currencies would have the equal but opposite effect to the profit before tax of the Group and the Company at the reporting date, respectively.

***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.

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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

	<b>Group</b>		<b>Company</b>	
	<b>31/12/2013</b>	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
<b>Fixed rate instruments</b>				
Cash equivalents (Note 6)	5,494,986	5,567,512	1,367,448	2,150,542
Short-term investments (Note 13)	3,287,000	1,840,500	-	68,000
Other long-term investments (Note 13)	-	365,500	-	-
Short-term loan receivable from subsidiaries (Note 7)	-	-	2,172,319	-
Long-term loan receivable from a third party (Note 7)	424,788	-	-	-
Long-term loan receivable from subsidiaries (Note 7)	-	-	1,477,557	-
Loan from a subsidiary- long-term (Note 21)	-	-	(6,286,800)	(4,000,000)
Short-term borrowings (Note 17)	(1,956,485)	-	(2,123,200)	-
Long-term borrowings (Note 21)	(5,208,722)	(3,556,021)	(4,276,522)	(2,676,522)
	<b>2,041,567</b>	<b>4,217,491</b>	<b>(7,669,198)</b>	<b>(4,457,980)</b>
<b>Variable rate instruments</b>				
Cash in banks (Note 6)	200,210	146,553	11,361	6,687
Short-term borrowings (Note 17)	(1,389,907)	(1,540,393)	-	-
Long-term borrowings (Note 21)	(9,248,717)	(6,488,383)	(1,600,000)	(700,000)
	<b>(10,438,414)</b>	<b>(7,882,223)</b>	<b>(1,588,639)</b>	<b>(693,313)</b>

***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 VND104,384 million (31/12/2012: 78,822 million) and VND15,886 million (31/12/2012: 6,933 million), respectively.

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**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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**(d) Estimating the fair value**

*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, long-term borrowings, guarantees issued, call and put options*

The Company has not determined fair values of these financial instruments for disclosure in the financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting. There fair values of these financial instruments may differ from their carrying amounts.

**(e) Carrying amount of financial assets and liabilities**

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

**Group:**

	Note	Held to maturity VND million	Available for sale VND million	Fair value through profit or loss VND million	Loans and receivables VND million	Financial liabilities carried at amortised cost VND million	Total carrying amount VND million
<b>31 December 2013</b>							
Short-term investments	13	3,287,000	-	-	-	-	3,287,000
Other long-term investments	13	-	3,600	-	-	-	3,600
Trade and other receivables (*)	7	-	-	-	614,902	-	614,902
Other long-term receivables	7	-	-	-	450,183	-	450,183
Cash and cash equivalents	6	-	-	-	5,698,563	-	5,698,563
		3,287,000	3,600	-	6,763,648	-	10,054,248
Short-term borrowings	17	-	-	-	-	(4,245,567)	(4,245,567)
Long-term borrowings and liabilities (***)	20,21	-	-	(60,561)	-	(8,755,044)	(8,815,605)
Secured bonds/loans	21	-	-	-	-	(5,876,522)	(5,876,522)
Trade and other payables (**)		-	-	-	-	(2,624,441)	(2,624,441)
		-	-	(60,561)	-	(21,501,574)	(21,562,135)

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**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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	Note	Held to maturity VND million	Fair value through profit or loss VND million	Loans and receivables VND million	Financial liabilities carried at amortised cost VND million	Total carrying amount VND million
<b>31 December 2012</b>						
Short-term investments	13	1,840,500	-	-	-	1,840,500
Other long-term investments	13	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	-	-	5,718,717	-	5,718,717
		2,206,000	-	6,209,320	-	8,415,320
Short-term borrowings	17	-	-	-	(1,540,393)	(1,540,393)
Long-term borrowings and liabilities (***)	20, 21	-	(356,269)	-	(7,049,445)	(7,405,714)
Promissory notes	21	-	-	-	(2,855,764)	(2,855,764)
Convertible bonds/loans	21	-	-	-	(3,376,522)	(3,376,522)
Trade and other payables (**)		-	-	-	(2,318,622)	(2,318,622)
		-	(356,269)	-	(17,140,746)	(17,497,015)

**Company:**

	Note	Fair value through profit or loss VND million	Loans and receivables VND million	Financial liabilities carried at amortised cost VND million	Total carrying amount VND million
<b>31 December 2013</b>					
Trade and other receivables (*)	7	-	10,753,946	-	10,753,946
Other receivables - long-term	7	-	2,875,015	-	2,875,015
Cash and cash equivalents	6	-	1,379,279	-	1,379,279
		-	15,008,240	-	15,008,240
Long-term borrowings and liabilities (***)	20, 21	(60,561)	-	(8,039,236)	(8,099,797)
Secured bonds/loans	21	-	-	(5,876,522)	(5,876,522)
Short-term borrowings	17	-	-	(2,123,200)	(2,123,200)
Trade and other payables (**)		-	-	(1,372,636)	(1,372,636)
		(60,561)	-	(17,411,594)	(17,472,155)

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**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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	Note	Held to maturity VND million	Fair value through profit or loss VND million	Loans and receivables VND million	Financial liabilities carried at amortised cost VND million	Total carrying amount VND million
<b>31 December 2012</b>						
Short-term investments	13	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	-	-	2,160,026	-	2,160,026
		68,000	-	4,076,838	-	4,144,838
Long-term borrowings and liabilities (***)	20, 21	-	(356,269)	-	(5,814,159)	(6,170,428)
Convertible bonds/loans	21	-	-	-	(3,376,522)	(3,376,522)
Trade and other payables (**)		-	-	-	(473,329)	(473,329)
		-	(356,269)	-	(9,664,010)	(10,020,279)

(\*) 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 2013 (continued)**

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**39. Post balance sheet events**

**(i) Joint venture agreement with H.C. Starck GmbH**

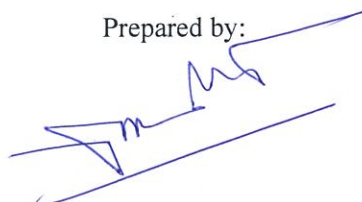
On 29 July 2013, NPM – a subsidiary of the Company entered into a joint venture agreement with H.C. Starck GmbH, a German company, to establish a joint venture company named “Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC” to manufacture nonferrous metals and precious metals. The joint venture company was formally established on 15 January 2014 with NPM having 51% equity interests.

**(ii) Fund raisings**

In March 2014, a subsidiary of the Company entered into an agreement to issue bonds to a local lender amounting to VND6,800 billion maturing in 5 years. The bond bears interest at 11% per annum for the first 12 months from the issuance date and at the average 12-month saving interest rate plus 4% per annum thereafter. The proceeds were contractually designated to be used to increase the subsidiary’s operating capital and for further investments into the mine. These bonds are secured over certain assets of another subsidiary of the Company. As of the date of this report, bonds amounting to VND3,000 billion has been issued to the lender.

31 March 2014

Prepared by:



Doan Thi My Duyen  
*Chief Accountant*

Approved by:



Nguyen Dang Quang  
*Chairman*