

**Ma San Group Corporation
and its subsidiaries**

Quarterly financial statements for the
period ended 30 June 2014

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
Ms Nguyen Hoang Yen	Member
Mr Nguyen Thieu Nam	Member
Mr Lars Kjaer	Member
Mr Dominic Edward Salter Price	Member (from 25 April 2014)

Registered Office

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

Ma San Group Corporation and its subsidiaries
Balance sheets at 30 June 2014

Form B 01 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			30/6/2014	31/12/2013	30/6/2014	31/12/2013
			VND million	VND million	VND million	VND million
ASSETS						
Current assets						
(100 = 110 + 120 + 130 + 140 + 150)	100		9,011,832	11,198,630	4,949,701	12,352,670
Cash and cash equivalents	110	3	5,160,730	5,698,563	642,385	1,379,279
Cash	111		282,432	203,577	11,555	11,831
Cash equivalents	112		4,878,298	5,494,986	630,830	1,367,448
Short-term investments	120	10	283,300	3,287,000	-	-
Accounts receivable	130	4	1,522,663	975,138	4,199,296	10,893,087
Accounts receivable - trade	131		720,873	351,434	60,638	-
Prepayments to suppliers	132		344,098	360,236	136,717	139,141
Other receivables	135		459,885	265,252	4,001,941	10,753,946
Allowance for doubtful debts	139		(2,193)	(1,784)	-	-
Inventories	140	5	1,631,769	1,070,334	-	-
Inventories	141		1,645,582	1,091,073	-	-
Allowance for inventories	149		(13,813)	(20,739)	-	-
Other current assets	150		413,370	167,595	108,020	80,304
Short-term prepayments	151		56,007	28,718	4,395	489
Deductible value added tax	152		203,798	100,506	48,876	46,866
Taxes and other receivables from State Treasury	154		72,096	-	20,702	-
Other current assets	158		81,469	38,371	34,047	32,949

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

Ma San Group Corporation and its subsidiaries
Balance sheets at 30 June 2014 (continued)

Form B 01 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			30/6/2014	31/12/2013	30/6/2014	31/12/2013
			VND million	VND million	VND million	VND million
Long-term assets						
(200 = 210 + 220 + 250 + 260)	200		36,459,339	35,303,511	18,339,002	19,375,093
Accounts receivable –						
long-term	210	4	712,452	450,183	4,265,124	2,875,015
Other receivables	218		712,452	450,183	4,265,124	2,875,015
Fixed assets	220		21,492,846	23,121,361	12,422	81,122
Tangible fixed assets	221	6	17,571,704	1,731,429	9,608	68,036
Cost	222		18,697,832	2,457,614	20,759	92,565
Accumulated depreciation	223		(1,126,128)	(726,185)	(11,151)	(24,529)
Finance lease tangible fixed assets	224	7	51,597	58,327	-	-
Cost	225		67,300	67,300	-	-
Accumulated depreciation	226		(15,703)	(8,973)	-	-
Intangible fixed assets	227	8	1,470,183	1,288,672	2,814	3,065
Cost	228		1,865,530	1,597,069	4,508	4,214
Accumulated amortisation	229		(395,347)	(308,397)	(1,694)	(1,149)
Construction in progress	230	9	2,399,362	20,042,933	-	10,021
Long-term investments	250	10	10,771,961	10,761,467	14,010,034	16,355,220
Investments in subsidiaries	251		-	-	5,077,610	7,422,796
Investments in an associate	252		10,719,361	10,757,867	8,932,424	8,932,424
Other long-term investments	258		52,600	3,600	-	-
Other long-term assets	260		3,482,080	970,500	51,422	63,736
Long-term prepayments	261	11	2,829,957	403,353	42,041	53,311
Deferred tax assets	262		196,990	87,572	-	-
Other long-term assets	268		44,061	42,456	9,381	10,425
Goodwill	269	12	411,072	437,119	-	-
TOTAL ASSETS (270 = 100 + 200)	270		45,471,171	46,502,141	23,288,703	31,727,763

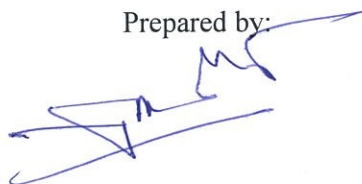
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Ma San Group Corporation and its subsidiaries
Balance sheets at 30 June 2014 (continued)

Form B 01 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			30/6/2014	31/12/2013	30/6/2014	31/12/2013
			VND million	VND million	VND million	VND million
RESOURCES						
LIABILITIES						
(300 = 310 + 330)	300		23,690,979	23,240,644	6,017,522	17,472,541
Current liabilities	310		6,068,695	9,783,892	435,760	3,684,322
Short-term borrowings and liabilities	311	13	2,250,081	6,635,910	188,100	2,311,300
Accounts payable – trade	312		1,204,578	942,375	276	9,286
Advances from customers	313		21,480	22,163	-	-
Taxes payable to State Treasury	314	14	374,155	483,421	19	386
Payables to employees	315		47,938	20,387	-	-
Accrued expenses	316	15	2,023,796	1,578,366	234,286	479,911
Other payables	319	16	146,667	101,270	13,079	883,439
Long-term borrowings and liabilities	330		17,622,284	13,456,752	5,581,762	13,788,219
Other long-term liabilities	333	16	208,652	234,688	81,440	1,812,997
Long-term borrowings and liabilities	334	17	16,198,953	12,067,096	5,500,322	11,975,222
Deferred tax liabilities	335		1,211,977	1,151,716	-	-
Provision for severance allowance	336		2,702	3,252	-	-
EQUITY (400=410)	400		14,264,299	14,432,969	17,271,181	14,255,222
Owners' equity	410	18	14,264,299	14,432,969	17,271,181	14,255,222
Share capital	411	19	7,349,113	7,349,113	7,349,113	7,349,113
Capital surplus	412	19	9,601,627	9,601,627	9,601,627	9,601,627
Other capital	413	20	97,703	97,703	97,703	97,703
Foreign exchange differences	416		3,115	(43,098)	-	-
Other reserves	418		(8,799,311)	(8,929,770)	(1,586,675)	(1,586,675)
Retained profits	420		6,012,052	6,357,394	1,809,413	(1,206,546)
MINORITY INTERESTS	439		7,515,893	8,828,528	-	-
TOTAL RESOURCES	440		45,471,171	46,502,141	23,288,703	31,727,763
(440 = 300 + 400 + 439)						

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman

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

Ma San Group Corporation and its subsidiaries
Statements of income for the six-month period ended 30 June 2014

Form B 02 – DN

Group

	Code	Note	From 1/4/2014 to 30/6/2014 VND million	From 1/4/2013 to 30/6/2013 VND million	From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million
Total revenue	01	21	4,189,433	2,779,714	6,943,236	4,354,940
Less sales deductions	02	21	65,493	43,621	104,283	84,861
Net sales (10 = 01 – 02)	10	21	4,123,940	2,736,093	6,838,953	4,270,079
Cost of sales	11	22	2,578,841	1,624,772	4,211,235	2,651,459
Gross profit (20 = 10 – 11)	20		1,545,099	1,111,321	2,627,718	1,618,620
Financial income	21	23	79,159	87,361	272,467	227,117
Financial expenses	22	24	564,851	83,825	881,763	156,921
Selling expenses	24		721,649	386,078	1,339,903	732,045
General and administration expenses	25		257,180	216,026	505,856	392,468
Net operating profit {30 = 20 + (21 - 22) - (24 + 25)}	30		80,578	512,753	172,663	564,303
Other income	31	25	84,400	27,244	96,652	123,675
Other expenses	32	26	68,672	17,479	74,500	33,745
Results of other activities (40 = 31 - 32)	40		15,728	9,765	22,152	89,930
Share of profit/(loss) in associates	41	27	2,178	(58,053)	41,494	(72,953)
Profit before tax (50 = 30 + 40 + 41)	50		98,484	464,465	236,309	581,280
Income tax expense – current	51		212,481	176,792	329,488	296,297
Income tax (benefit)/expense – deferred	52		(47,079)	21,318	(49,157)	(16,503)
Net (loss)/profit (60 = 50 - 51 - 52) (carried forward to next page)	60		(66,918)	266,355	(44,022)	301,486

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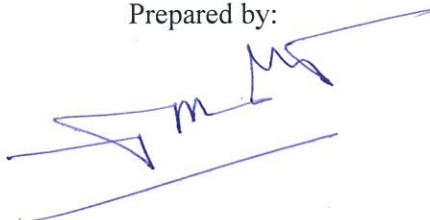
Ma San Group Corporation and its subsidiaries
Statements of income for the six-month period ended 30 June 2014 (continued)

Form B 02 – DN

Group

			From 1/4/2014 to 30/6/2014 VND million	From 1/4/2013 to 30/6/2013 VND million	From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million
	Code	Note				
Net (loss)/profit (60 = 50 - 51 - 52) (brought forward from previous page)	60		(66,918)	266,355	(44,022)	301,486
Attributable to:						
Minority interests	61		159,805	130,497	289,308	165,009
Equity holders of the Company	62		(226,723)	135,858	(333,330)	136,477
Earnings per share						
Basic earnings per share in VND	70	28	(304)	186	(447)	187

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman

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



Ma San Group Corporation and its subsidiaries
Statements of income for the six-month period ended 30 June 2014 (continued)

Group

	Code	Proforma ⁽¹⁾			
		From 1/4/2014 to 30/6/2014 VND million	From 1/4/2013 to 30/6/2013 VND million	From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million
Total revenue	01	4,189,433	2,779,714	6,943,236	4,354,940
Less sales deductions	02	65,493	43,621	104,283	84,861
Net sales (10 = 01 – 02)	10	4,123,940	2,736,093	6,838,953	4,270,079
Cost of sales	11	2,550,140	1,624,772	4,182,534	2,651,459
Gross profit (20 = 10 – 11)	20	1,573,800	1,111,321	2,656,419	1,618,620
Financial income	21	79,159	87,361	272,467	227,117
Financial expenses	22	505,366	83,825	822,278	156,921
Selling expenses	24	721,649	386,078	1,339,903	732,045
General and administration expenses	25	141,315	161,931	302,139	296,413
Net operating profit {30 = 20 + (21 - 22) - (24 + 25)}	30	284,629	566,848	464,566	660,358
Other income	31	84,400	27,244	96,652	123,675
Other expenses	32	68,672	17,479	74,500	33,745
Results of other activities (40 = 31 - 32)	40	15,728	9,765	22,152	89,930
Share of (loss)/profit in associates	41	168,005	109,810	373,148	263,437
Profit before tax (50 = 30 + 40 + 41)	50	468,362	686,423	859,866	1,013,725
Income tax expense – current	51	212,481	176,792	329,488	296,297
Income tax (benefit)/expense– deferred	52	(29,701)	25,439	(27,327)	(9,758)
Net profit (60 = 50 - 51 - 52) (carried forward to next page)	60	285,582	484,192	557,705	727,186

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

Ma San Group Corporation and its subsidiaries
Statements of income for the six-month period ended 30 June 2014 (continued)

Group

	Code	Proforma ⁽¹⁾			
		From 1/4/2014 to 30/6/2014 VND million	From 1/4/2013 to 30/6/2013 VND million	From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million
Net profit (60 = 50 - 51 - 52) (brought forward from previous page)	60	285,582	484,192	557,705	727,186
Attributable to:					
Minority interests	61	223,191	147,461	388,830	197,120
Equity holders of the Company	62	62,391	336,731	168,875	530,066
Earnings per share					
Basic earnings per share in VND	70	84	461	226	726

(1)

- a) Adding back the amortization of goodwill from the transfer of ownership in Techcombank for the six-month period ended 30 June 2014 and 2013.
- b) Adding back the amortization of goodwill and purchase price allocation from the acquisition of Vinacafe Bien Hoa JSC for the six-month period ended 30 June 2014 and 2013.
- c) Adding back the amortization of goodwill and purchase price allocation from the acquisition of Vietnamese French Cattle Feed Joint Stock Company for the six-month period ended 30 June 2014 and 2013.
- d) Adding back the amortization of goodwill and purchase price allocation from the acquisition of Vinh Hao Mineral Water Corporation for the six-month period ended 30 June 2014 and 2013.
- e) Adding back the amortization of purchase price allocation from the acquisition of Kronfa., JSC for the six-month period ended 30 June 2014.
- f) Adding back the amortization of purchase price allocation from the acquisition of Nui Phao Mining Company Limited for the six-month period ended 30 June 2014.
- g) Adding back one-time, non-recurring expenses incurred during the initial operating period and during refinancing in the resources business for the six-month period ended 30 June 2014.

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

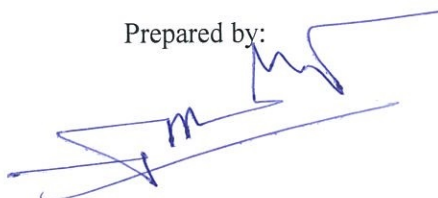
Ma San Group Corporation and its subsidiaries
Statements of income for the six-month period ended 30 June 2014 (continued)

Form B 02 – DN

Company

	Code	Note	From 1/4/2014 to 30/6/2014 VND million	From 1/4/2013 to 30/6/2013 VND million	From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million
Total revenue	01	21	-	-	-	-
Less sales deductions	02	21	-	-	-	-
Net sales (10 = 01 – 02)	10	21	-	-	-	-
Cost of sales	11	22	-	-	-	-
Gross profit (20 = 10 – 11)	20		-	-	-	-
Financial income	21	23	3,330,914	299,892	3,652,541	598,651
Financial expenses	22	24	250,321	378,943	573,650	739,448
General and administration expenses	25		31,811	59,470	69,878	111,777
Net operating gain/(loss) {30 = 20 + (21 - 22) - (24 + 25)}	30		3,048,782	(138,521)	3,009,013	(252,574)
Other income	31	25	66,350	-	67,865	72,723
Other expenses	32	26	60,919	-	60,919	-
Results of other activities (40 = 31 - 32)	40		5,431	-	6,946	72,723
Gain/(loss) before tax (50 = 30 + 40)	50		3,054,213	(138,521)	3,015,959	(179,851)
Income tax expense – current	51		-	-	-	-
Income tax expense – deferred	52		-	-	-	-
Net gain/(loss) (60 = 50 - 51 - 52)	60		3,054,213	(138,521)	3,015,959	(179,851)

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman

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

Ma San Group Corporation and its subsidiaries
Statements of cash flows for the six-month period ended 30 June 2014

Form B 03 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million	From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax	01		236,309	581,280	3,015,959	(179,851)
Adjustments for						
Depreciation and amortisation	02		707,206	214,431	20,479	13,746
Allowances and provisions	03		31,528	6,157	-	-
Net unrealised foreign exchange gains	04		41,882	(6,713)	(676)	-
Loss on disposal, write - off of fixed assets and other long-term assets	05		2,393	200	1,433	-
Interest, facility and dividend income	05		(241,175)	(189,063)	(3,651,858)	(590,671)
Interest and facility expense	06		739,854	115,195	573,636	727,338
Share of (profit)/loss in associates	07		(41,494)	72,953	-	-
Operating profit/(loss) before changes in working capital	08		1,476,503	794,440	(41,027)	(29,438)
Change in receivables and other assets	09		(776,323)	(227,570)	(17,894)	(197,773)
Change in inventories	10		(592,554)	(404,196)	-	-
Change in payables and other liabilities	11		571,027	(233,779)	(143,033)	(14,973)
			678,653	(71,105)	(201,954)	(242,184)
Interest paid	13		(928,343)	(776,049)	(455,897)	(327,085)
Corporate income tax paid	14		(420,437)	(583,378)	-	-
Other payments for operating activities	16		(51,235)	(17,730)	-	-
Net cash flows from operating activities	20		(721,362)	(1,448,262)	(657,851)	(569,269)

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Ma San Group Corporation and its subsidiaries
Statements of cash flows for the six-month period ended 30 June 2014 (continued)

Form B 03 – DN

	Code	Note	<u>Group</u>	<u>Company</u>		
			From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million	From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments for additions to fixed assets and other long-term assets	21		(924,786)	(2,329,348)	(1,425)	(14,487)
Proceeds from disposals of fixed assets and other long-term assets	22		1,520	113	-	-
Loans provided to subsidiaries	23		-	-	(1,778,985)	(1,144,493)
Loans provided to third party	23		(235,799)	(214,494)	-	-
Collection on loans provided to subsidiaries	23		-	-	606,777	727,000
Term deposit to banks	24		(12,638,951)	(24,301,551)	-	-
Term deposit received	24		15,593,651	26,142,051	-	68,000
Net cash used in acquisition of subsidiary	26		-	(429,139)	-	-
Payments for investment in subsidiaries	26		(287,265)	(207,462)	-	(1,881,404)
Receipts of interest and dividend	27		329,638	294,245	547,688	16,011
Net cash flows from investing activities	30		1,838,008	(1,045,585)	(625,945)	(2,229,373)

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Ma San Group Corporation and its subsidiaries
Statements of cash flows for the six-month period ended 30 June 2014 (continued)

Form B 03 – DN

	Code	Note	<u>Group</u>	<u>Company</u>		
			From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million	From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issuance of new shares	31		-	178,608	-	178,608
Proceeds from minority interest capital contribution to subsidiaries	31		108,566	2,964,725	-	-
Proceeds from short-term and long-term borrowings	33		11,118,735	3,131,399	735,000	1,050,000
Payments to settle debts to banks and other entities	34		(11,418,410)	(3,173,714)	(188,100)	-
Payment for borrowing fee	34		(166,760)	-	-	-
Payment of dividends to minority interest by a subsidiary	36		(1,298,323)	(14,926)	-	-
Net cash flows from financing activities	40		(1,656,192)	3,086,092	546,900	1,228,608
Net cash flows during the period (50=20 + 30 + 40)	50		(539,546)	592,245	(736,896)	(1,570,034)
Cash and cash equivalents at the beginning of the period	60		5,698,563	5,718,717	1,379,279	2,160,026
Effect of exchange rate fluctuation on cash and cash equivalents	61		1,713	31,278	2	-
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	3	5,160,730	6,342,240	642,385	589,992

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

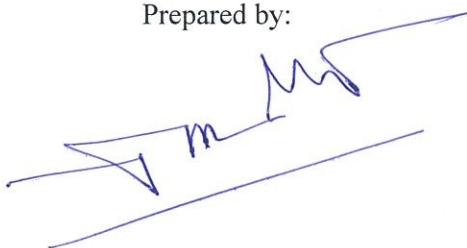
Ma San Group Corporation and its subsidiaries
Statements of cash flows for the six-month period ended 30 June 2014 (continued)

Form B 03 – DN

NON-CASH INVESTING AND FINANCING ACTIVITIES

	<u>Group</u>		<u>Company</u>	
	From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million	From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million
Transfer of equity interests in a subsidiary to another subsidiary	-	-	3,591,682	-
Novation of receivable from a subsidiary through loan payable to a subsidiary	-	-	10,540,923	-
Novation of loan payable to a subsidiary through dividend from subsidiaries	-	-	1,435,702	-
Novation of payable to a subsidiary via acquisition a subsidiary through dividend from a subsidiary	-	-	1,246,495	-
Conversion of interest payable to loan principal	-	31,106	-	-
Borrowing costs capitalised into construction in progress	-	571,943	-	-
Depreciation and amortisation capitalised into construction in progress	-	25,715	-	-

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman

Eric

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

Form B 09 – DN

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

1. Reporting entity

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

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

The principal activities of the subsidiaries are described as follows:

Name	Principal activity	Percentage of economic interests at	
		30/6/2014	31/12/2013
MasanConsumerHoldings Company Limited	Investment holding	100%	100%
Orchid Consultant Company Limited	Investment holding	100%	100%
Ma San Consumer Corporation	Trading and distribution	77.3%	74.2%
Masan Food Company Limited	Food Trading	77.3%	74.2%
Ma San Industrial One Member Company Limited	Food sauce and instant noodle manufacturing	77.3%	74.2%
Viet Tien Food Technology One member Company Limited	Food sauce manufacturing	77.3%	74.2%
Ma San HD One member Company Limited	Food sauce and instant noodle manufacturing	77.3%	74.2%
Ma San PQ Corporation	Food sauce manufacturing	73.1%	70.1%
Minh Viet Packaging One Member Company Limited	Packaging	77.3%	74.2%
VinaCafe Bien Hoa Joint Stock Company	Beverage manufacturing	41.1%	39.5%
Vinh Hao Mineral Water Corporation	Beverage manufacturing	49.1%	47.1%

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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Name	Principal activity	Percentage of economic interests at	
		30/6/2014	31/12/2013
Kronfa.,JSC	Beverage manufacturing	49.1%	47.1%
Masan Agri Corporation	Investment holding	51.0%	37.9%
Ma San Horizon Corporation	Investment holding	100%	100%
Ma San Resources Corporation	Investment holding	74.1%	75.9%
Ma San Thai Nguyen Resources Company Limited	Investment holding	74.1%	75.9%
Thai Nguyen Trading and Investment Company Limited	Investment holding	74.1%	75.9%
Nui Phao Mining Company Limited	Exploring and processing mineral	74.1%	75.9%

All the subsidiaries are incorporated in Vietnam.

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

2. Summary of significant accounting policies

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

(a) Basis of financial statement preparation

(i) General basis of accounting

The financial statements, expressed in Vietnam Dong rounded to the nearest million (“VND million”), have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.

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

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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(ii) *Basis of consolidation*

Common-control business combination

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

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

Non-common control business combination

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

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

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

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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(iii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iv) *Associates (equity accounted investees)*

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

(v) *Minority interests*

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

(vi) *Transactions eliminated on consolidation*

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

(b) *Annual accounting period*

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

(c) *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.

Ma San Group Corporation and its subsidiaries**Notes to the financial statements for the six-month period ended 30 June 2014 (continued)****Form B 09 – DN**

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

(d) 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.

(e) 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.

(f) Accounts receivable

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

(g) 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.

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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(h) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

▪ buildings and structures	5-25 years
▪ leasehold improvements	3-5 years
▪ mining properties	16 years
▪ office equipment	3-10 years
▪ machinery and equipment	3-16 years
▪ motor vehicles	3-6 years

(i) Intangible fixed assets

(i) Land use rights

Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use right. Amortisation is computed on a straight-line basis over their useful lives ranging from 40 to 47 years.

(ii) Software

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

(iii) Brand name

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

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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

(v) *Mineral water resources*

Mineral water resources that are acquired by the Group on the acquisition of subsidiary is capitalised and presented as an intangible asset. The fair value of mineral water resources acquired in a business combination is determined using the direct comparison 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. The fair value of mineral water resources are amortised on a straight line basis over 10 – 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.

(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 three years starting from the date of commercial operation.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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(ii) *Prepaid land costs*

Prepaid land costs comprise prepaid land lease rentals and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the statement of income on a straight-line basis over the term of the lease from 20 to 50 years.

(iii) *Tools and supplies and printing axles*

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

(iv) *Borrowing fees*

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

(l) *Goodwill*

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

Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is amortised on a straight-line basis over ten years. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying value of the investment.

(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.

(o) *Taxation*

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

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

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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

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

(p) Equity

(i) *Share capital and capital surplus*

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

(ii) *Other capital*

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

(iii) *Other reserves*

Equity movements resulting from common-control business combination and acquisition of/disposal to minority interests and the excess arising on redemption of other capital over the carrying amount are recorded in other reserves in equity.

(q) Revenue

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

(r) Financial income and financial expenses

(i) *Financial income*

Financial income comprises interest income from deposits and loans, and foreign exchange gains. Interest income is recognised as it accrues in the statement of income.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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(ii) *Financial expenses*

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

(s) *Earnings per share*

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

(t) *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.

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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3. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	VND million	VND million	VND million	VND million
Cash on hand	1,796	3,367	169	470
Cash in bank	280,636	200,210	11,386	11,361
Cash equivalents	4,878,298	5,494,986	630,830	1,367,448
	5,160,730	5,698,563	642,385	1,379,279

4. Accounts receivable

Other receivables comprised:

	<u>Group</u>		<u>Company</u>	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	VND million	VND million	VND million	VND million
Other short-term receivables				
Non-trade receivables from related companies	142,244	142,244	3,987,758	10,734,312
Accrued interest receivable	18,011	51,906	2,636	1,250
VAT portion of foreign contractor tax	-	11,947	-	6,837
Services receivable	11,547	11,547	11,547	11,547
Others	288,083	47,608	-	-
	459,885	265,252	4,001,941	10,753,946
Other long-term receivables				
Long-term interest receivables	51,864	25,395	-	-
Other long-term receivables	660,588	424,788	-	-
Other long-term receivables from related companies	-	-	4,265,124	2,875,015
	712,452	450,183	4,265,124	2,875,015

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Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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Other receivables include the following amounts due from related parties:

	<u>Group</u>		<u>Company</u>	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	VND million	VND million	VND million	VND million
Amounts due from Ma San Corporation - parent company				
Non-trade – short-term	142,244	142,244	142,244	142,244
Amounts due from other related companies				
Non-trade – short-term	-	-	3,845,514	10,592,068
Non-trade – long-term	-	-	4,265,124	2,875,015

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

As at 30 June 2014, the short-term non-trade receivables due from other related companies of the Company comprised of:

- Facility fees of 15% per annum amounting to VND956,529 million on unsecured loan facilities amounting to USD108 million made available to the subsidiaries which have not been drawn down. The facility fees are payable in 2015;
- 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 2015;
- VND2,121,922 million relates to principal of VND1,962,320 million and interest receivables of VND159,602 million, which is due in 2015 and bears interest rate of 12% per annum;
- VND221,484 million relates to principal of VND210 billion and interest receivables of VND11,484 million, which is due in 2015 and bears interest rate 10% per annum;
- VND23,641 million relates to interest receivables, which is due in 2015, accrued on a VND620 billion loan extended to a subsidiary in 2013 which had been repaid in year 2013; and
- The remaining VND34,438 million of short-term non-trade receivables due from related companies were unsecured, interest-free and receivable in accordance with contract terms.

As at 30 June 2014, the non-trade long-term amounts due from other related companies of the Company were unsecured and receivable in accordance with contract terms, and consist of:

- Facility fees of 4.25% to 15% per annum until 28 February 2014 amounting to VND1,177,961 million on unsecured loan facilities amounting to USD110 million and VND2,095 billion made available to the subsidiaries which have not been drawn down. And VND216,893 million relates to principal and interest receivables. The facility fees are payable in 2015 and 2016;
- VND299,514 million relates to interest receivables, which is due in 2019, accrued on a VND2,000 billion loan extended to a subsidiary in 2011 which had been repaid in year 2012;
- VND452,313 million relates to principal and interest receivables, which is due in 2016;

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- d) VND6,667 million relates to principal of VND6,665 million and interest receivables of VND2 million, which is due in 2019 and bears interest rate 12% per annum.
- e) VND2,111,776 million relates to principal of VND1,985,233 million and interest receivables of VND126,543 million, which is due in 2018 and bears interest rate 12% per annum.

Movement of allowance for doubtful debts during the period was as follows:

	<u>Group</u>	
	From	
	1/1/2014	2013
	to 30/6/2014	
	VND million	VND million
Opening balance	1,784	378
Increase in allowance during the period	479	1,493
Allowance utilised during the period	-	(57)
Allowance written back during the period	(70)	(30)
Closing balance	2,193	1,784

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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5. Inventories

	<u>Group</u>		<u>Company</u>	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	VND million	VND million	VND million	VND million
Goods in transit	123,023	49,521	-	-
Raw materials	660,170	381,333	-	-
Tools and supplies	393,023	326,413	-	-
Work in progress	92,746	90,522	-	-
Finished goods	372,535	223,444	-	-
Merchandise inventories	4,085	19,840	-	-
	1,645,582	1,091,073	-	-
Allowance for inventories	(13,813)	(20,739)	-	-
	1,631,769	1,070,334	-	-

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

	<u>Group</u>	
	From 1/1/2014 to 30/6/2014	2013
	VND million	VND million
Opening balance	20,739	11,991
Increase in allowance during the period	34,608	38,187
Allowance utilised during the period	(40,445)	(24,495)
Allowance written back during the period	(1,089)	(4,944)
Closing balance	13,813	20,739

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Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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6. Tangible fixed assets

Group

	Buildings and structures VND million	Mining Properties VND million	Leasehold improvements VND million	Office equipment VND million	Machinery and equipment VND million	Motor vehicles VND million	Total VND million
Cost							
Opening balance	627,019	-	94,220	71,834	1,605,642	58,899	2,457,614
Additions	60,923	-	-	753	1,846	-	63,522
Transfers from construction in progress	2,576,392	6,002,630	-	11,659	7,671,451	1,258	16,263,390
Transfers from long term prepayment	11	-	-	-	-	-	11
Disposals	(776)	-	(71,680)	(4,439)	(6,875)	(2,020)	(85,790)
Written off	(294)	-	-	-	(621)	-	(915)
Reclassifications	(1,854)	-	-	668	1,186	-	-
Closing balance	3,261,421	6,002,630	22,540	80,475	9,272,629	58,137	18,697,832
Accumulated depreciation							
Opening balance	86,063	-	29,111	32,932	552,702	25,377	726,185
Charge for the period	74,581	112,620	7,643	8,505	220,869	3,786	428,004
Disposals	(750)	-	(19,809)	(2,206)	(3,478)	(944)	(27,187)
Written off	(294)	-	-	-	(580)	-	(874)
Reclassifications	106	-	-	653	(759)	-	-
Closing balance	159,706	112,620	16,945	39,884	768,754	28,219	1,126,128
Net book value							
Opening balance	540,956	-	65,109	38,902	1,052,940	33,522	1,731,429
Closing balance	3,101,715	5,890,010	5,595	40,591	8,503,875	29,918	17,571,704

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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Company

	Leasehold improvements VND million	Office equipment VND million	Total VND million
Cost			
Opening balance	86,778	5,787	92,565
Transfers from construction in progress	-	4,313	4,313
Disposals	(71,680)	(4,439)	(76,119)
Closing balance	15,098	5,661	20,759
Accumulated depreciation			
Opening balance	21,979	2,550	24,529
Depreciation for the period	7,577	1,060	8,637
Disposals	(19,809)	(2,206)	(22,015)
Closing balance	9,747	1,404	11,151
Net book value			
Opening balance	64,799	3,237	68,036
Closing balance	5,351	4,257	9,608

7. Finance lease tangible fixed assets

	Machinery and equipment VND million
Cost	
Opening balance /closing balance	67,300
Accumulated amortisation	
Opening balance	8,973
Charge for the period	6,730
Closing balance	15,703
Net book value	
Opening balance	58,327
Closing balance	51,597

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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8. Intangible fixed assets

Group

	Land use rights VND million	Software VND million	Brand name VND million	Customer relationships VND million	Mineral resources VND million	Total VND million
Cost						
Opening balance	173,793	39,964	702,866	375,110	305,336	1,597,069
Additions	-	458	-	-	-	458
Transfer from construction in progress	-	268,003	-	-	-	268,003
Closing balance	173,793	308,425	702,866	375,110	305,336	1,865,530
Accumulated amortisation						
Opening balance	20,194	17,363	125,665	142,788	2,387	308,397
Amortisation for the period	2,475	10,506	31,159	34,159	8,651	86,950
Closing balance	22,669	27,869	156,824	176,947	11,038	395,347
Net book value						
Opening balance	153,599	22,601	577,201	232,322	302,949	1,288,672
Closing balance	151,124	280,556	546,042	198,163	294,298	1,470,183

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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Company

	Software VND million
Cost	
Opening balance	4,214
Additions	294
	<hr/>
Closing balance	4,508
	<hr/>
Accumulated amortisation	
Opening balance	1,149
Charge for the period	545
	<hr/>
Closing balance	1,694
	<hr/>
Net book value	
Opening balance	3,065
Closing balance	2,814
	<hr/> <hr/>

9. Construction in progress

	<u>Group</u>		<u>Company</u>	
	From 1/1/2014 to 30/6/2014 VND million	2013 VND million	From 1/1/2014 to 30/6/2014 VND million	2013 VND million
Opening balance	20,042,933	15,317,924	10,021	71,628
Acquisition on business combination	-	1,047	-	-
Additions during the period	1,277,680	5,094,361	1,093	16,009
Transfer to tangible fixed assets	(16,263,390)	(340,323)	(4,313)	(74,844)
Transfer to intangible fixed assets	(268,003)	(15,097)	-	(2,161)
Transfer to long-term prepayments	(2,379,093)	(5,779)	(63)	(570)
Transfer to short-term prepayments	(3,285)	(9,200)	-	(41)
Disposals	(5,263)	-	(4,521)	-
Written off	(2,217)	-	(2,217)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	2,399,362	20,042,933	-	10,021
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Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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10. Investments

	<u>Group</u>		<u>Company</u>	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	VND million	VND million	VND million	VND million
Long-term investments				
Investments in subsidiaries	-	-	5,077,610	7,422,796
Investment in an associates (a)	10,719,361	10,757,867	8,932,424	8,932,424
Other long-term investments	52,600	3,600	-	-
	10,771,961	10,761,467	14,010,034	16,355,220
Short-term investments (b)	283,300	3,287,000	-	-
	283,300	3,287,000	-	-

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

	30/6/2014	31/12/2013
	VND million	VND million
Ma San Consumer Corporation	-	3,591,682
MasanConsumerHoldings Company Limited	516,600	516,600
Orchid Consultant Company Limited	441,200	441,200
Ma San Horizon Corporation	2,873,314	2,873,314
Ma San Agri Corporation	1,246,496	-
	5,077,610	7,422,796

(a) Investment in associates

Investments in associates represent investments in 30.36% (31/12/2013: 30.36%) and 20.4% (31/12/2013: 15.14%) of the effective economic interest in Vietnam Technological and Commercial Joint Stock Bank ("Techcombank") and Vietnamese French Cattle Feed Joint Stock Company ("Proconco") as of 30 June 2014, respectively for the Group.

(b) Short-term investments

Mainly term deposits in banks represent deposits with original terms to maturity of more than three months and less than 12 months from their transaction dates. The term deposits are denominated in Vietnam Dong and earned interest 5.7% per annum (31/12/2013: 6% to 8%).

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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11. Long-term prepayments

Group

	Pre- operating expenses VND million	Prepaid land costs VND million	Printing axles VND million	Tools and supplies VND million	Borrowing fees VND Million	Total VND million
Opening balance	58,796	2,226	1,143	34,371	306,817	403,353
Additions	61,281	-	2,141	9,521	135,797	208,740
Transfer from construction in progress	336,153	2,038,509	-	4,431	-	2,379,093
Amortisation for the period	(42,050)	(32,519)	(1,570)	(14,408)	(70,261)	(160,808)
Transfers to tangible fixed assets	-	-	-	(11)	-	(11)
Disposals	-	-	-	(202)	-	(202)
Written off	-	-	-	(208)	-	(208)
Closing balance	414,180	2,008,216	1,714	33,494	372,353	2,829,957

Company

	Borrowing fees VND million	Tools and supplies VND million	Total VND million
Opening balance	52,812	499	53,311
Additions	-	38	38
Transfer from construction in progress	-	63	63
Amortisation for the period	(11,088)	(209)	(11,297)
Disposals	-	(74)	(74)
Closing balance	41,724	317	42,041

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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12. Goodwill

	<u>Group</u> VND million
Cost	
Opening balance /closing balance	520,945
Accumulated amortisation	
Opening balance	83,826
Amortisation for the period	26,047
Closing balance	109,873
Net book value	
Opening balance	437,119
Closing balance	411,072

13. Short-term borrowings and liabilities

	<u>Group</u>		<u>Company</u>	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	VND million	VND million	VND million	VND million
Short-term borrowings	1,873,585	4,245,567	-	2,123,200
Current portion of long-term borrowings (Note 17)	376,496	2,390,343	188,100	188,100
	2,250,081	6,635,910	188,100	2,311,300

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

	Currency	Group		Company	
		30/6/2014	31/12/2013	30/6/2014	31/12/2013
		VND million	VND million	VND million	VND million
Bank borrowings:					
VND denominated	VND	1,873,585	3,275,725	-	-
USD denominated	USD	-	968,762	-	-
EUR denominated	EUR	-	1,080	-	-
		1,873,585	4,245,567	-	-

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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14. Taxes payable to State Treasury

	<u>Group</u>		<u>Company</u>	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	VND million	VND million	VND million	VND million
Corporate income tax	251,549	334,003	-	-
Value added tax	46,037	91,603	-	-
Import-export tax	8,986	3,332	-	-
Personal income tax	25,241	27,112	-	-
Other taxes	42,342	27,371	19	386
	374,155	483,421	19	386

15. Accrued expenses

	<u>Group</u>		<u>Company</u>	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	VND million	VND million	VND million	VND million
Accrued interest payable	420,593	423,814	207,093	303,400
Accrual for construction work	260,815	66,563	-	-
Advertising and promotion expenses	507,886	279,737	-	-
Consultant fee	52,010	104,365	23,667	32,476
Bonus and 13 th month salary	171,562	198,675	-	-
Sales discount	63,451	49,653	-	-
Transportation expenses	174,049	46,056	-	-
Accrued withholding tax	120,319	33,729	348	5,251
Accruals for inventories purchased	80,826	16,252	-	-
Others	172,285	359,522	3,178	138,784
	2,023,796	1,578,366	234,286	479,911

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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16. Other payables

	<u>Group</u>		<u>Company</u>	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	VND million	VND million	VND million	VND million
Other short-term payables				
Social and health insurance	4,598	155	-	155
Short-term deposits from customers	2,109	1,509	-	-
Other short-term payables to a subsidiary	-	-	-	883,284
Purchase of shares in a subsidiary	24,360	43,398	-	-
Others	115,600	56,208	13,079	-
	146,667	101,270	13,079	883,439
Other long-term payables				
Other long-term payables to a subsidiary	-	-	-	1,725,360
Long-term payables	148,091	174,127	20,879	27,076
Obligation to issue shares	60,561	60,561	60,561	60,561
	208,652	234,688	81,440	1,812,997

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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17. Long-term borrowings and liabilities

	<u>Group</u>		<u>Company</u>	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	VND million	VND million	VND million	VND million
Long-term borrowings (a)	4,030,615	8,519,274	-	6,286,800
Convertible bonds and loans	988,422	1,176,522	988,422	1,176,522
Secured bonds	11,500,000	4,700,000	4,700,000	4,700,000
Finance lease liabilities	56,412	61,643	-	-
	16,575,449	14,457,439	5,688,422	12,163,322
Repayable within twelve months (Note 13)	(376,496)	(2,390,343)	(188,100)	(188,100)
Repayable after twelve months	16,198,953	12,067,096	5,500,322	11,975,222

a. Long-term borrowings

	<u>Group</u>		<u>Company</u>	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	VND million	VND million	VND million	VND million
Bank borrowings:				
▪ VND denominated	303,990	2,674,117	-	-
▪ USD denominated	3,726,625	5,845,157	-	-
Loan from a subsidiary	-	-	-	6,286,800
	4,030,615	8,519,274	-	6,286,800

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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18. Changes in owners' equity

Group

	Share capital VND million	Capital surplus VND million	Other capital VND million	Foreign exchange differences VND million	Other reserves VND million	Retained profits VND million	Equity attributable to equity holders of Company VND million	Minority interests VND million	Total VND million
Balance at 1 January 2013	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
Transactions with minority interest in MSC	-	-	-	-	1,153,955	-	1,153,955	863,484	2,017,439
Increase in minority interest from the acquisition of a subsidiary	-	-	-	-	-	-	-	116,139	116,139
Transaction with minority interest in MH	-	-	-	-	(41,028)	-	(41,028)	513,708	472,680
Foreign exchange differences in a subsidiary	-	-	-	(27,298)	-	-	(27,298)	(12,663)	(39,961)
Net profit for the period	-	-	-	-	-	136,477	136,477	165,009	301,486
Dividend paid	-	-	-	-	-	-	-	(14,926)	(14,926)
Transfer to funds	-	-	-	-	-	(15,925)	(15,925)	(16,949)	(32,874)
Balance at 30 June 2013	7,051,409	7,999,167	1,721,824	(43,426)	(7,506,552)	6,046,204	15,268,626	7,434,350	22,702,976

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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Group

	Share capital VND million	Capital surplus VND million	Other capital VND million	Foreign exchange differences VND million	Other reserves VND million	Retained profits VND million	Equity attributable to equity holders of Company VND million	Minority interests VND million	Total VND million
Balance at 1 January 2014	7,349,113	9,601,627	97,703	(43,098)	(8,929,770)	6,357,394	14,432,969	8,828,528	23,261,497
Transactions with minority interest in MSC	-	-	-	-	360,317	-	360,317	(400,640)	(40,323)
Increase in minority interest from share capital issued by subsidiaries	-	-	-	-	(229,858)	-	(229,858)	133,679	(96,179)
Foreign exchange differences in a subsidiary	-	-	-	46,213	-	-	46,213	(14,682)	31,531
Net profit for the period	-	-	-	-	-	(333,330)	(333,330)	289,308	(44,022)
Dividend paid	-	-	-	-	-	-	-	(1,304,830)	(1,304,830)
Transfer to funds	-	-	-	-	-	(12,012)	(12,012)	(15,470)	(27,482)
Balance at 30 June 2014	7,349,113	9,601,627	97,703	3,115	(8,799,311)	6,012,052	14,264,299	7,515,893	21,780,192

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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Company:

	Share capital VND million	Capital Surplus VND million	Other capital VND million	Other reserves VND million	Accumulated losses VND million	Total VND million
Balance at 1 January 2013	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
Net loss for the period	-	-	-	-	(179,851)	(179,851)
Balance at 30 June 2013	7,051,409	7,999,167	1,721,824	(530,235)	(422,554)	15,819,611
Balance at 1 January 2014	7,349,113	9,601,627	97,703	(1,586,675)	(1,206,546)	14,255,222
Net gain for the period	-	-	-	-	3,015,959	3,015,959
Balance at 30 June 2014	7,349,113	9,601,627	97,703	(1,586,675)	1,809,413	17,271,181

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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19. Share capital and capital surplus

The Company's authorised and issued share capital comprise:

	30/6/2014		31/12/2013	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	734,911,338	7,349,113	734,911,338	7,349,113
Issued share capital				
Ordinary shares	734,911,338	7,349,113	734,911,338	7,349,113
Capital surplus	-	9,601,627	-	9,601,627

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

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

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

	From 1/1/2014 to 30/6/2014		2013	
	Number of shares	VND million	Number of shares	VND million
Balance at beginning of the period	734,911,338	7,349,113	687,280,123	6,872,801
Issuance of new shares for cash	-	-	17,860,750	178,608
Issuance of new shares to settle debt instruments	-	-	29,770,465	297,704
Balance at the end of the period	734,911,338	7,349,113	734,911,338	7,349,113

20. Other capital

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

Ma San Group Corporation and its subsidiaries**Notes to the financial statements for the six-month period ended 30 June 2014 (continued)****Form B 09 – DN****21. Total revenue**

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

Net sales comprised:

	<u>Group</u>		<u>Company</u>	
	From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million	From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million
Total revenue				
▪ Sales of finished goods	6,853,363	4,354,466	-	-
▪ Services and other sales	89,873	474	-	-
Less sales deductions				
▪ Sales discounts	(79,787)	(70,923)	-	-
▪ Sales returns and allowances	(24,496)	(13,938)	-	-
Net sales	6,838,953	4,270,079	-	-

22. Cost of sales

	<u>Group</u>		<u>Company</u>	
	From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million	From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million
Total cost of sales				
▪ Finished goods sold	4,177,716	2,645,338	-	-
▪ Allowance for inventories	33,519	6,121	-	-
	4,211,235	2,651,459	-	-

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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23. Financial income

	<u>Group</u>		<u>Company</u>	
	From	From	From	From
	1/1/2014	1/1/2013	1/1/2014	1/1/2013
	to	to	to	to
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
	VND million	VND million	VND million	VND million
Interest income from:				
▪ Deposits	215,207	183,080	14,917	12,373
▪ Provided loans	25,979	5,983	-	-
▪ Loan to subsidiaries	-	-	291,198	52,095
Facility income from subsidiaries	-	-	176,691	526,203
Dividend income	-	-	3,169,052	-
Foreign exchange gains	14,518	37,569	683	7,980
Others	16,763	485	-	-
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	272,467	227,117	3,652,541	598,651
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24. Financial expenses

	<u>Group</u>		<u>Company</u>	
	From	From	From	From
	1/1/2014	1/1/2013	1/1/2014	1/1/2013
	to	to	to	to
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
	VND million	VND million	VND million	VND million
Interest expenses payable to:				
• Banks	205,289	62,217	-	-
• Bondholders	456,598	52,978	350,656	216,631
• Subsidiary	-	-	220,087	314,407
Facility fee expenses to subsidiary	-	-	2,893	196,300
Foreign exchange losses	59,370	32,481	14	75
Other financial expenses	160,506	9,245	-	12,035
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	881,763	156,921	573,650	739,448
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Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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25. Other income

	<u>Group</u>		<u>Company</u>	
	From 1/1/2014 to 30/6/2014	From 1/1/2013 to 30/6/2013	From 1/1/2014 to 30/6/2014	From 1/1/2013 to 30/6/2013
	VND million	VND million	VND million	VND million
Proceeds on disposal of fixed assets and long term assets	61,044	113	59,486	-
Income from scrap sales	12,592	7,887	-	-
Others	23,016	115,675	8,379	72,723
	96,652	123,675	67,865	72,723

26. Other expenses

	<u>Group</u>		<u>Company</u>	
	From 1/1/2014 to 30/6/2014	From 1/1/2013 to 30/6/2013	From 1/1/2014 to 30/6/2014	From 1/1/2013 to 30/6/2013
	VND million	VND million	VND million	VND million
Net book value of disposed and written off fixed assets, long term assets	63,108	313	60,919	-
Cost of scrap sales	8,985	6,296	-	-
Others	2,407	27,136	-	-
	74,500	33,745	60,919	-

27. Share of profit/(loss) in associates

	<u>Group</u>	
	From 1/1/2014 to 30/6/2014	From 1/1/2013 to 30/6/2013
	VND million	VND million
Share of profit in associates	373,148	263,603
Adjustment arising from purchase price allocation and goodwill amortisation	(331,654)	(336,556)
	41,494	(72,953)

Ma San Group Corporation and its subsidiaries**Notes to the financial statements for the six-month period ended 30 June 2014 (continued)****Form B 09 – DN****28. Earnings per share**

The calculation of basic earnings per share at 30 June 2014 was based on the profit attributable to ordinary shareholders of VND(333,330) million (the six-month period ended 30 June 2013: VND136,477 million) of the Group and a weighted average number of ordinary shares outstanding of 746,361,691 shares during the period (the six-month period ended 30 June 2013: 730,496,274 shares), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million
Net (loss)/profit attributable to ordinary shareholders	(333,330)	136,477

(ii) Weighted average number of ordinary shares

	From 1/1/2014 to 30/6/2014	From 1/1/2013 to 30/6/2013
Issued ordinary shares at the beginning of the period	734,911,338	687,280,123
Effect of shares issued for cash	-	3,042,216
Effect of share issued solely after the passage of time	11,450,353	40,173,935
Weighted average number of ordinary shares at the end of the period	746,361,691	730,496,274

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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29. Significant transactions with related parties

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

Group:

Related Party	Nature of transaction	From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million
Key management personnel	Remuneration to key management personnel (*)	19,998	24,359

(*) No board fees were paid to Board of Management members in the six-month period ended 30 June 2014 and 2013.

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the six-month period ended 30 June 2014 (continued)

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Company:

Related Party	Nature of transaction	From 1/1/2014 to 30/6/2014 VND million	From 1/1/2013 to 30/6/2013 VND million
Subsidiaries			
Ma San Consumer Corporation	Loan received from subsidiary	735,000	1,050,000
	Loan repaid to a subsidiary through assignment loan to a subsidiary	7,709,298	-
	Interest repaid to a subsidiary through assignment loan to a subsidiary	2,831,626	-
	Purchase a subsidiary	1,246,496	-
	Dividend income	1,240,800	-
	Interest expense on long-term loan	220,087	314,407
	Facility fee expense	2,893	196,300
Ma San Horizon Corporation	Loan provided to a subsidiary	932,463	-
	Interest income from loans provided to a subsidiary	225,536	-
Ma San Resources Corporation	Interest income from loans provided to a subsidiary	32,416	46,113
	Facility fee income	72,995	196,300
	Loan provided to a subsidiary	-	930,000
	Loan collected from a subsidiary	-	727,000
Nui Phao Mining Company Limited	Facility fee income	103,696	329,903
	Loan provided to a subsidiary	210,000	-
	Interest income from loan provided to a subsidiary	6,892	-
Orchid Consultant Company Limited	Loans provided to a subsidiary	475,657	214,494
	Collected loan from a subsidiary	154,200	-
	Sale of shares to a subsidiary	3,591,682	-
	Dividend income	1,928,252	-
	Interest income from loans provided to a subsidiary	1,523	5,982
Key management personnel	Remuneration to key management personnel (*)	2,909	4,137

(*) No board fees were paid to Board of Management members in the six-month period ended 30 June 2014 and 2013.

30. Explanation of the net profit movement

The Group net loss after tax in 2Q2014 is VND67 billion (after goodwill amortization) compared with net profit after tax of VND266 billion in the last corresponding period. The key drivers for the net loss movement were:

- Higher net profits from the consumer business driven by revenue growth and higher gross margins; and higher operating EBITDA (earnings before interest, depreciation and tax) from both the consumer and resources businesses;

Offset by:

- Lower net financial income;
- Interest and depreciation expenses in the resources business due to commissioning of the Nui Phao mine; and
- One-time non-recurring expenses incurred during the initial operating period in the resources business.

The Company net profit after tax in 2Q2014 is a gain of VND3,054 billion compared with a loss of VND139 billion in the last corresponding period, mainly due to an increase in dividend income.

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



The red circular stamp contains the text: S.Đ.K.K.D. 0303576803-C.T.C.B, CÔNG TY CỔ PHẦN, TẬP ĐOÀN MA SAN, QUẬN 1 TP. HCM.

Nguyễn Đăng Quang
Chairman

Eric