

**Ma San Group Corporation
and its subsidiaries**

Quarterly financial statements for the
period ended 30 September 2014

**Ma San Group Corporation
Corporate Information**

Business Registration Certificate No

0303576603

20 August 2014

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 20 August 2014. 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 Directors

Dr Nguyen Dang Quang	Chairman
Mr Ho Hung Anh	Member
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 September 2014

Form B 01 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			30/9/2014	31/12/2013	30/9/2014	31/12/2013
			VND million	VND million	VND million	VND million
ASSETS						
Current assets						
(100 = 110 + 120 + 130 + 140 + 150)	100		9,320,040	11,198,630	4,755,689	12,352,670
Cash and cash equivalents	110	3	2,897,335	5,698,563	126,021	1,379,279
Cash	111		301,793	203,577	14,121	11,831
Cash equivalents	112		2,595,542	5,494,986	111,900	1,367,448
Short-term investments	120	10	2,762,876	3,287,000	265,780	-
Accounts receivable	130	4	1,516,985	975,138	4,257,839	10,893,087
Accounts receivable - trade	131		849,642	351,434	55,388	-
Prepayments to suppliers	132		396,850	360,236	136,474	139,141
Other receivables	135		272,582	265,252	4,065,977	10,753,946
Allowance for doubtful debts	139		(2,089)	(1,784)	-	-
Inventories	140	5	1,779,454	1,070,334	-	-
Inventories	141		1,789,533	1,091,073	-	-
Allowance for inventories	149		(10,079)	(20,739)	-	-
Other current assets	150		363,390	167,595	106,049	80,304
Short-term prepayments	151		55,756	28,718	2,196	489
Deductible value added tax	152		233,633	100,506	49,298	46,866
Taxes and other receivables from						
State Treasury	154		30,143	-	20,659	-
Other current assets	158		43,858	38,371	33,896	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 September 2014 (continued)

Form B 01 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			30/9/2014	31/12/2013	30/9/2014	31/12/2013
			VND million	VND million	VND million	VND million
Long-term assets						
(200 = 210 + 220 + 250 + 260)	200		37,342,268	35,303,511	18,423,324	19,375,093
Accounts receivable –						
long-term	210	4	1,958	450,183	3,972,986	2,875,015
Other receivables	218		1,958	450,183	3,972,986	2,875,015
Fixed assets	220		22,236,147	23,121,361	10,914	81,122
Tangible fixed assets	221	6	17,924,665	1,731,429	8,386	68,036
Cost	222		19,225,750	2,457,614	20,759	92,565
Accumulated depreciation	223		(1,301,085)	(726,185)	(12,373)	(24,529)
Finance lease tangible fixed assets	224	7	48,232	58,327	-	-
Cost	225		67,300	67,300	-	-
Accumulated depreciation	226		(19,068)	(8,973)	-	-
Intangible fixed assets	227	8	1,801,501	1,288,672	2,528	3,065
Cost	228		2,266,495	1,597,069	4,508	4,214
Accumulated amortisation	229		(464,994)	(308,397)	(1,980)	(1,149)
Construction in progress	230	9	2,461,749	20,042,933	-	10,021
Long-term investments	250	10	11,235,575	10,761,467	14,386,834	16,355,220
Investments in subsidiaries	251		-	-	5,454,410	7,422,796
Investments in associates, joint-venture	252		11,087,925	10,757,867	8,932,424	8,932,424
Other long-term investments	258		147,650	3,600	-	-
Other long-term assets	260		3,868,588	970,500	52,590	63,736
Long-term prepayments	261	11	2,782,698	403,353	43,209	53,311
Deferred tax assets	262		172,315	87,572	-	-
Other long-term assets	268		70,789	42,456	9,381	10,425
Goodwill	269	12	842,786	437,119	-	-
TOTAL ASSETS (270 = 100 + 200)	270		46,662,308	46,502,141	23,179,013	31,727,763

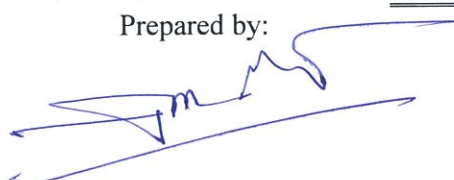
The accompanying notes are an integral part of these quarterly financial statements

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

Form B 01 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			30/9/2014	31/12/2013	30/9/2014	31/12/2013
			VND million	VND million	VND million	VND million
RESOURCES						
LIABILITIES						
(300 = 310 + 330)	300		24,602,383	23,240,644	5,907,084	17,472,541
Current liabilities	310		7,026,002	9,783,892	370,183	3,684,322
Short-term borrowings and liabilities	311	13	3,342,801	6,635,910	188,100	2,311,300
Accounts payable – trade	312		1,254,947	942,375	267	9,286
Advances from customers	313		60,815	22,163	-	-
Taxes payable to State Treasury	314	14	366,146	483,421	7	386
Payables to employees	315		52,971	20,387	-	-
Accrued expenses	316	15	1,786,827	1,578,366	144,876	479,911
Other payables	319	16	161,495	101,270	36,933	883,439
Long-term borrowings and liabilities	330		17,576,381	13,456,752	5,536,901	13,788,219
Other long-term liabilities	333	16	202,898	234,688	75,141	1,812,997
Long-term borrowings and liabilities	334	17	16,112,553	12,067,096	5,461,760	11,975,222
Deferred tax liabilities	335		1,258,228	1,151,716	-	-
Provision for severance allowance	336		2,702	3,252	-	-
EQUITY (400=410)	400		14,331,170	14,432,969	17,271,929	14,255,222
Owners' equity	410	18	14,331,170	14,432,969	17,271,929	14,255,222
Share capital	411	19	7,358,081	7,349,113	7,358,081	7,349,113
Capital surplus	412	19	9,631,164	9,601,627	9,631,164	9,601,627
Other capital	413	20	97,703	97,703	97,703	97,703
Foreign exchange differences	416		-	(43,098)	-	-
Other reserves	418		(8,795,278)	(8,929,770)	(1,586,675)	(1,586,675)
Retained profits	420		6,039,500	6,357,394	1,771,656	(1,206,546)
MINORITY INTERESTS	439		7,728,755	8,828,528	-	-
TOTAL RESOURCES	440		46,662,308	46,502,141	23,179,013	31,727,763
(440 = 300 + 400 + 439)						

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Nguyễn Đăng Quang
Chairman

14 November 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 nine-month period ended 30 September 2014

Form B 02 – DN

Group

			From 1/7/2014 to 30/9/2014 VND million	From 1/7/2013 to 30/9/2013 VND million	From 1/1/2014 to 30/9/2014 VND million	From 1/1/2013 to 30/9/2013 VND million
	Code	Note				
Total revenue	01	21	4,056,217	3,274,033	10,999,453	7,628,973
Less sales deductions	02	21	62,296	39,019	166,579	123,880
Net sales (10 = 01 – 02)	10	21	3,993,921	3,235,014	10,832,874	7,505,093
Cost of sales	11	22	2,362,782	1,840,616	6,574,017	4,492,075
Gross profit (20 = 10 – 11)	20		1,631,139	1,394,398	4,258,857	3,013,018
Financial income	21	23	80,324	92,349	352,791	319,466
Financial expenses	22	24	404,682	121,927	1,286,445	278,848
Selling expenses	24		641,790	591,193	1,981,693	1,323,238
General and administration expenses	25		258,302	216,852	764,158	609,320
Net operating profit {30 = 20 + (21 - 22) - (24 + 25)}	30		406,689	556,775	579,352	1,121,078
Other income	31	25	32,559	23,471	129,211	147,146
Other expenses	32	26	44,828	25,428	119,328	59,173
Results of other activities (40 = 31 - 32)	40		(12,269)	(1,957)	9,883	87,973
Share of profit/(loss) in associates, joint-venture	41	27	(48,552)	(62,097)	(7,058)	(135,050)
Profit before tax (50 = 30 + 40 + 41)	50		345,868	492,721	582,177	1,074,001
Income tax expense – current	51		42,237	229,735	371,725	526,032
Income tax (benefit)/expense – deferred	52		70,919	(45,675)	21,762	(62,178)
Net profit (60 = 50 - 51 - 52) (carried forward to next page)	60		232,712	308,661	188,690	610,147

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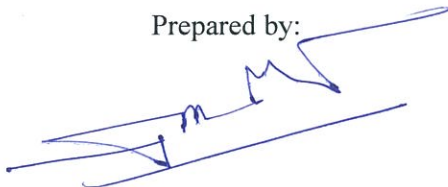
Ma San Group Corporation and its subsidiaries
Statements of income for the nine-month period ended 30 September 2014 (continued)

Form B 02 – DN

Group

			From 1/7/2014 to 30/9/2014 VND million	From 1/7/2013 to 30/9/2013 VND million	From 1/1/2014 to 30/9/2014 VND million	From 1/1/2013 to 30/9/2013 VND million
	Code	Note				
Net profit (60 = 50 - 51 - 52) (brought forward from previous page)	60		232,712	308,661	188,690	610,147
Attributable to:						
Minority interests	61		204,688	194,013	493,996	359,022
Equity holders of the Company	62		28,024	114,648	(305,306)	251,125
Earnings per share						
Basic earnings per share in VND	70	28	38	161	(409)	353

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman

14 November 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 nine-month period ended 30 September 2014 (continued)

Group

	Code	Proforma ⁽¹⁾			
		From 1/7/2014 to 30/9/2014 VND million	From 1/7/2013 to 30/9/2013 VND million	From 1/1/2014 to 30/9/2014 VND million	From 1/1/2013 to 30/9/2013 VND million
Total revenue	01	4,056,217	3,274,033	10,999,453	7,628,973
Less sales deductions	02	62,296	39,019	166,579	123,880
Net sales (10 = 01 – 02)	10	3,993,921	3,235,014	10,832,874	7,505,093
Cost of sales	11	2,265,128	1,840,616	6,447,662	4,492,075
Gross profit (20 = 10 – 11)	20	1,728,793	1,394,398	4,385,212	3,013,018
Financial income	21	80,324	92,349	352,791	319,466
Financial expenses	22	409,485	121,927	1,231,763	278,848
Selling expenses	24	641,790	591,193	1,981,693	1,323,238
General and administration expenses	25	294,202	165,000	596,341	461,413
Net operating profit {30 = 20 + (21 - 22) - (24 + 25)}	30	463,640	608,627	928,206	1,268,985
Other income	31	32,559	23,471	129,211	147,146
Other expenses	32	39,582	25,428	114,082	59,173
Results of other activities (40 = 31 - 32)	40	(7,023)	(1,957)	15,129	87,973
Share of profit in associates, joint-venture	41	117,274	103,730	490,422	367,167
Profit before tax (50 = 30 + 40 + 41)	50	573,891	710,400	1,433,757	1,724,125
Income tax expense – current	51	42,237	229,735	371,725	526,032
Income tax (benefit)/expense– deferred	52	74,747	(42,054)	47,420	(51,812)
Net profit (60 = 50 - 51 - 52) (carried forward to next page)	60	456,907	522,719	1,014,612	1,249,905

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

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

Group

	Code	Proforma ⁽¹⁾			
		From 1/7/2014 to 30/9/2014 VND million	From 1/7/2013 to 30/9/2013 VND million	From 1/1/2014 to 30/9/2014 VND million	From 1/1/2013 to 30/9/2013 VND million
Net profit (60 = 50 - 51 - 52) (brought forward from previous page)	60	456,907	522,719	1,014,612	1,249,905
Attributable to:					
Minority interests	61	232,332	213,803	621,162	410,923
Equity holders of the Company	62	224,575	308,916	393,450	838,982
Earnings per share					
Basic earnings per share in VND	70	301	435	527	1,180

(1)

- a) Adding back the amortization of goodwill from the transfer of ownership in Techcombank for the nine -month period ended 30 September 2014 and 2013.
- b) Adding back the amortization of goodwill and purchase price allocation from the acquisition of Vinacafe Bien Hoa JSC for the nine -month period ended 30 September 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 nine -month period ended 30 September 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 nine -month period ended 30 September 2014 and 2013.
- e) Adding back the amortization of purchase price allocation from the acquisition of Kronfa., JSC for the nine-month period ended 30 September 2014.
- f) Adding back the amortization of purchase price allocation from the acquisition of Nui Phao Mining Company Limited for the nine -month period ended 30 September 2014.
- g) Adding back the amortization of purchase price allocation from the acquisition of LamKa One Member Company Limited for the nine -month period ended 30 September 2014.
- h) Adding back one-time, non-recurring expenses incurred during the initial operating period and during refinancing in the resources business for the nine-month period ended 30 September 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 nine-month period ended 30 September 2014 (continued)

Form B 02 – DN

Company

	Code	Note	From 1/7/2014 to 30/9/2014 VND million	From 1/7/2013 to 30/9/2013 VND million	From 1/1/2014 to 30/9/2014 VND million	From 1/1/2013 to 30/9/2013 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	158,745	301,978	3,811,286	900,629
Financial expenses	22	24	176,747	468,243	750,397	1,207,691
General and administration expenses	25		19,797	57,789	89,675	169,566
Net operating gain/(loss) {30 = 20 + (21 - 22) - (24 + 25)}	30		(37,799)	(224,054)	2,971,214	(476,628)
Other income	31	25	42	589	67,907	73,312
Other expenses	32	26	-	-	60,919	-
Results of other activities (40 = 31 - 32)	40		42	589	6,988	73,312
Gain/(loss) before tax (50 = 30 + 40)	50		(37,757)	(223,465)	2,978,202	(403,316)
Income tax expense – current	51		-	-	-	-
Income tax expense – deferred	52		-	-	-	-
Net gain/(loss) (60 = 50 - 51 - 52)	60		(37,757)	(223,465)	2,978,202	(403,316)

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman

14 November 2014

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 nine-month period ended 30 September 2014

Form B 03 – DN

	Code	Note	<u>Group</u>	<u>Company</u>		
			From 1/1/2014 to 30/9/2014 VND million	From 1/1/2013 to 30/9/2013 VND million	From 1/1/2014 to 30/9/2014 VND million	From 1/1/2013 to 30/9/2013 VND million
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax	01		582,177	1,074,001	2,978,202	(403,316)
Adjustments for						
Depreciation and amortisation	02		1,101,083	373,206	27,822	22,297
Allowances and provisions	03		31,435	10,948	-	-
Net unrealised foreign exchange gains	04		32,958	(8,595)	(676)	-
Loss on disposal, write - off of fixed assets and other long-term assets	05		11,743	7,386	1,433	-
Interest, facility and dividend income	05		(314,051)	(258,559)	(3,810,603)	(892,649)
Interest and facility expense	06		1,086,860	217,128	746,896	1,190,316
Share of (profit)/loss in associates, joint-venture	07		7,058	135,050	-	-
Operating profit/(loss) before changes in working capital	08		2,539,263	1,550,565	(56,926)	(83,352)
Change in receivables and other assets	09		(1,163,508)	(400,549)	(10,430)	(235,792)
Change in inventories	10		(709,452)	(610,355)	-	-
Change in payables and other liabilities	11		277,984	53,841	(125,435)	(21,538)
			944,287	593,502	(192,791)	(340,682)
Interest paid	13		(1,432,767)	(1,153,379)	(718,688)	(484,817)
Corporate income tax paid	14		(500,026)	(655,679)	-	-
Other payments for operating activities	16		(55,285)	(25,308)	-	-
Net cash flows from operating activities	20		(1,043,791)	(1,240,864)	(911,479)	(825,499)

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Ma San Group Corporation and its subsidiaries

Statements of cash flows for the nine-month period ended 30 September 2014 (continued)

Form B 03 – DN

	Code	Note	Group	Company		
			From 1/1/2014 to 30/9/2014 VND million	From 1/1/2013 to 30/9/2013 VND million	From 1/1/2014 to 30/9/2014 VND million	From 1/1/2013 to 30/9/2013 VND million
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments for additions to fixed assets and other long-term assets	21		(1,361,350)	(3,258,112)	(8,428)	(15,297)
Proceeds from disposals of fixed assets and other long-term assets	22		2,159	1,557	-	-
Loans provided to subsidiaries	23		-	-	(1,778,985)	(1,317,068)
Loans provided to third party	23		(235,799)	-	-	-
Collection on loans provided to subsidiaries	23		-	-	606,777	930,000
Term deposit to banks	24		(19,601,972)	(34,443,235)	(265,780)	-
Term deposit received	24		19,982,046	35,314,235	-	68,000
Net cash used in acquisition of subsidiary	26		57,987	(429,139)	-	-
Payments for investment in subsidiaries and in an entity	26		(440,447)	(207,463)	-	(1,881,404)
Disposal a part of investment in a subsidiary	26		-	1,061,861	-	-
Receipts of interest and dividend	27		470,774	418,802	557,735	32,090
Net cash flows from investing activities	30		(1,126,602)	(1,541,494)	(888,681)	(2,183,679)

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Ma San Group Corporation and its subsidiaries

Statements of cash flows for the nine-month period ended 30 September 2014 (continued)

Form B 03 – DN

	Code	Note	<u>Group</u>		<u>Company</u>	
			From 1/1/2014 to 30/9/2014 VND million	From 1/1/2013 to 30/9/2013 VND million	From 1/1/2014 to 30/9/2014 VND million	From 1/1/2013 to 30/9/2013 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		119,620	8,420,581	-	-
Payments of repurchases equity instrument	31		-	(3,490,092)	-	(3,490,092)
Proceeds from short-term and long-term borrowings	33		15,360,631	3,223,529	735,000	6,610,000
Payments to settle debts to banks and other entities	34		(14,607,437)	(4,828,758)	(188,100)	-
Payment for borrowing fee	34		(170,211)	(306,235)	-	(44,000)
Payment of dividends to minority interest by a subsidiary	36		(1,335,151)	(14,926)	-	-
Net cash flows from financing activities	40		(632,548)	3,182,707	546,900	3,254,516
Net cash flows during the period (50=20 + 30 + 40)	50		(2,802,941)	400,349	(1,253,260)	245,338
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	(3,773)	2	-
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	3	2,897,335	6,115,293	126,021	2,405,364

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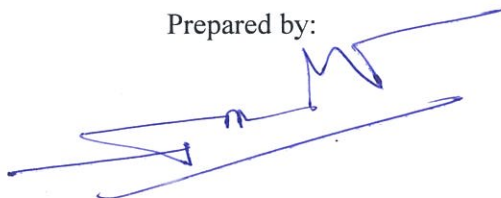
Ma San Group Corporation and its subsidiaries
Statements of cash flows for the nine-month period ended 30 September 2014 (continued)

Form B 03 – DN

NON-CASH INVESTING AND FINANCING ACTIVITIES

	<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
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	VND	VND	VND	VND
	million	million	million	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	-
Proceeds from long-term borrowings deducted against payment to settle loan principals, interest expenses and related fees	-	2,616,426	-	-
Borrowing costs capitalised into construction in progress	-	865,827	-	-
Depreciation and amortisation capitalised into construction in progress	-	32,340	-	-

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman

14 November 2014

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Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the nine-month period ended 30 September 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	
		30/9/2014	31/12/2013
MasanConsumerHoldings Company Limited	Investment holding	100%	100%
Masan Brewery Company Limited (formerly known as Orchid Consultant Company Limited)	Investment holding	100%	100%
LamKa One Member Company Limited	Beer and beverage trading	100%	-
Phu Yen Beer and Beverage Joint Stock Company	Beer and beverage manufacturing	99.99%	-
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%

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Name	Principal activity	Percentage of economic interests at	
		30/9/2014	31/12/2013
VinaCafe Bien Hoa Joint Stock Company	Beverage manufacturing	41.1%	39.5%
Vinh Hao Mineral Water Corporation	Beverage manufacturing	49.1%	47.1%
Kronfa., JSC	Beverage manufacturing	49.1%	47.1%
Masan Beverage Company Limited	Beverage trading and manufacturing	77.3%	-
Masan DN One Member Company Limited	Food sauce, instant noodle manufacturing and beverage manufacturing	77.3%	-
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.

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Notes to the financial statements for the nine-month period ended 30 September 2014
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2. Summary of significant accounting policies

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

(a) Basis of financial statement preparation

(i) *General basis of accounting*

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

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

(ii) *Basis of consolidation*

Common-control business combination

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

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

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.

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

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

(iii) *Subsidiaries*

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

(iv) *Associate, joint-venture (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.

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(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.

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.

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(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.

(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

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(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.

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.

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Notes to the financial statements for the nine-month period ended 30 September 2014
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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.

(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.

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(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.

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.

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(q) Revenue

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

(r) Financial income and financial expenses

(i) *Financial income*

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

(ii) *Financial expenses*

Financial expenses comprise interest expenses on borrowings and foreign exchange losses. Borrowing costs are recognised as an expense in the 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.

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3. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
	VND million	VND million	VND million	VND million
Cash on hand	2,200	3,367	124	470
Cash in bank	299,593	200,210	13,997	11,361
Cash equivalents	2,595,542	5,494,986	111,900	1,367,448
	2,897,335	5,698,563	126,021	1,379,279

4. Accounts receivable

Other receivables comprised:

	<u>Group</u>		<u>Company</u>	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
	VND million	VND million	VND million	VND million
Other short-term receivables				
Non-trade receivables from related companies	214,661	142,244	4,053,917	10,734,312
Accrued interest receivable	14,691	51,906	513	1,250
VAT portion of foreign contractor tax	-	11,947	-	6,837
Services receivable	11,547	11,547	11,547	11,547
Others	31,683	47,608	-	-
	272,582	265,252	4,065,977	10,753,946
Other long-term receivables				
Long-term interest receivables	1,958	25,395	-	-
Other long-term receivables	-	424,788	-	-
Other long-term receivables from related companies	-	-	3,972,986	2,875,015
	1,958	450,183	3,972,986	2,875,015

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Notes to the financial statements for the nine-month period ended 30 September 2014
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Other receivables include the following amounts due from related parties:

	<u>Group</u>		<u>Company</u>	
	30/9/2014	31/12/2013	30/9/2014	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	72,417	-	3,911,673	10,592,068
Non-trade – long-term	-	-	3,972,986	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 September 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;
- VND2,182,100 million relates to principal of VND1,962,320 million and interest receivables of VND219,780 million, which is due in 2015 and bears interest rate of 12% per annum;
- VND226,777 million relates to principal of VND210 billion and interest receivables of VND16,777 million, which is due in 2015 and bears interest rate 10% per annum;
- VND24,329 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 September 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 VND223,430 million relates to principal and interest receivables. The facility fees are payable in 2015 and 2016;
- VND311,086 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;
- VND80,894 million relates to principal and interest receivables, which is due in 2016;

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- d) VND6,869 million relates to principal of VND6,665 million and interest receivables of VND204 million, which is due in 2019 and bears interest rate 12% per annum.
- e) VND2,172,656 million relates to principal of VND1,985,233 million and interest receivables of VND187,423 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:

	Group	
	From	
	1/1/2014	2013
	to 30/9/2014	
	VND million	VND million
Opening balance	1,784	378
Increase in allowance during the period	479	1,493
Allowance utilised during the period	(104)	(57)
Allowance written back during the period	(70)	(30)
Closing balance	2,089	1,784

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5. Inventories

	<u>Group</u>		<u>Company</u>	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
	VND million	VND million	VND million	VND million
Goods in transit	15,285	49,521	-	-
Raw materials	717,934	381,333	-	-
Tools and supplies	411,963	326,413	-	-
Work in progress	58,821	90,522	-	-
Finished goods	581,820	223,444	-	-
Merchandise inventories	3,710	19,840	-	-
	1,789,533	1,091,073	-	-
Allowance for inventories	(10,079)	(20,739)	-	-
	1,779,454	1,070,334	-	-

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

	<u>Group</u>	
	From 1/1/2014 to 30/9/2014	2013
	VND million	VND million
Opening balance	20,739	11,991
Increase in allowance during the period	34,516	38,187
Allowance utilised during the period	(41,686)	(24,495)
Allowance written back during the period	(3,490)	(4,944)
Closing balance	10,079	20,739

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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
Addition on business combination	48,149	-	-	1,677	307,884	712	358,422
Additions	1,548	57,153	3,181	719	5,902	77	68,580
Transfers from construction in progress	2,780,977	5,942,337	-	8,839	7,727,116	4,100	16,463,369
Transfers from short term prepayment	-	-	-	-	(480)	-	(480)
Transfers from long term prepayment	(1,560)	-	-	-	(3,018)	-	(4,578)
Disposals	(4,213)	-	(71,680)	(4,490)	(33,278)	(2,020)	(115,681)
Written off	(581)	-	-	(262)	(653)	-	(1,496)
Reclassifications	571	-	-	538	(1,109)	-	-
Closing balance	3,451,910	5,999,490	25,721	78,855	9,608,006	61,768	19,225,750
Accumulated depreciation							
Opening balance	85,945	-	29,111	32,687	553,032	25,410	726,185
Charge for the period	118,735	130,566	8,593	9,835	354,923	5,539	628,191
Transfers from short term prepayment	-	-	-	-	(100)	-	(100)
Transfers from long term prepayment	-	-	-	-	(1,717)	-	(1,717)
Disposals	(3,539)	-	(19,809)	(2,257)	(23,789)	(944)	(50,338)
Written off	(294)	-	-	(262)	(580)	-	(1,136)
Reclassifications	496	-	-	641	(1,137)	-	-
Closing balance	201,343	130,566	17,895	40,644	880,632	30,005	1,301,085
Net book value							
Opening balance	541,074	-	65,109	39,147	1,052,610	33,489	1,731,429
Closing balance	3,250,567	5,868,924	7,826	38,211	8,727,374	31,763	17,924,665

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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	8,380	1,479	9,859
Disposals	(19,809)	(2,206)	(22,015)
Closing balance	10,550	1,823	12,373
Net book value			
Opening balance	64,799	3,237	68,036
Closing balance	4,548	3,838	8,386

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Notes to the financial statements for the nine-month period ended 30 September 2014
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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	10,095
Closing balance	19,068
Net book value	
Opening balance	58,327
Closing balance	48,232

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8. Intangible fixed assets

<u>Group</u>	Land use rights	Software	Mining Rights	Brand name	Customer relationships	Mineral resources	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Cost							
Opening balance	173,793	39,964	-	702,866	375,110	305,336	1,597,069
Addition on business combination	-	927	-	-	-	-	927
Additions	-	903	415,181	-	-	-	416,084
Transfer from construction in progress	-	252,415	-	-	-	-	252,415
Closing balance	173,793	294,209	415,181	702,866	375,110	305,336	2,266,495
Accumulated amortisation							
Opening balance	20,194	17,363	-	125,665	142,788	2,387	308,397
Amortisation for the period	3,837	18,186	34,598	46,784	51,239	1,953	156,597
Closing balance	24,031	35,549	34,598	172,449	194,027	4,340	464,994
Net book value							
Opening balance	153,599	22,601	-	577,201	232,322	302,949	1,288,672
Closing balance	149,762	258,660	380,583	530,417	181,083	300,996	1,801,501

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the nine-month period ended 30 September 2014
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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	831
	<hr/>
Closing balance	1,980
	<hr/>
Net book value	
Opening balance	3,065
Closing balance	2,528
	<hr/>

9. Construction in progress

	<u>Group</u>		<u>Company</u>	
	From 1/1/2014 to 30/9/2014 VND million	2013 VND million	From 1/1/2014 to 30/9/2014 VND million	2013 VND million
Opening balance	20,042,933	15,317,924	10,021	71,628
Addition on business combination	2,799	1,047	-	-
Additions during the period	1,520,107	5,094,361	1,093	16,009
Transfer to tangible fixed assets	(16,463,369)	(340,323)	(4,313)	(74,844)
Transfer to intangible fixed assets	(269,693)	(15,097)	-	(2,161)
Transfer to long-term prepayments	(2,358,244)	(5,779)	(63)	(570)
Transfer to short-term prepayments	(5,304)	(9,200)	-	(41)
Disposals	(5,263)	-	(4,521)	-
Written off	(2,217)	-	(2,217)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	2,461,749	20,042,933	-	10,021

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the nine-month period ended 30 September 2014
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10. Investments

	<u>Group</u>		<u>Company</u>	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
	VND million	VND million	VND million	VND million
Long-term investments				
Investments in subsidiaries	-	-	5,454,410	7,422,796
Investment in an associates, joint-venture (a)	11,087,925	10,757,867	8,932,424	8,932,424
Other long-term investments	147,650	3,600	-	-
	11,235,575	10,761,467	14,386,834	16,355,220
Short-term investments (b)	2,762,876	3,287,000	-	-
	2,762,876	3,287,000	-	-

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

	30/9/2014	31/12/2013
	VND million	VND million
Ma San Consumer Corporation	-	3,591,682
MasanConsumerHoldings Company Limited	516,600	516,600
Masan Brewery Company Limited (formerly known as Orchid Consultant Company Limited)	818,000	441,200
Ma San Horizon Corporation	2,873,314	2,873,314
Ma San Agri Corporation	1,246,496	-
	5,454,410	7,422,796

(a) Investment in associates, joint-venture

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 September 2014, respectively for the Group.

Investment in joint-venture represents investment in 51% (31/12/2013: nil) of the effective economic interest in Nuiphao – H.C.Starck Tungsten Chemical Manufacturing LLC as of 30 September 2014.

(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 from 5.0% to 5.7% per annum (31/12/2013: 6% to 8%).

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the nine-month period ended 30 September 2014
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11. Long-term prepayments

Group

	Pre- operating expenses VND million	Prepaid land costs VND million	Printing axes VND million	Tools and supplies VND million	Borrowing fees VND Million	For.ex reserve VND Million	Total VND million
Opening balance	58,796	2,226	1,143	34,372	306,816		403,353
Addition on business combination	-	-	-	1,856	-	-	1,856
Additions	-	-	2,469	61,832	170,211	43,190	277,702
Transfers to short term prepayment	-	-	-	5,854	-	-	5,854
Transfer from construction in progress	309,419	2,043,600	-	5,225	-	-	2,358,244
Amortisation for the period	(68,715)	(59,645)	(2,529)	(21,569)	(109,411)	(5,101)	(266,970)
Transfers to tangible fixed assets	-	-	-	2,861	-	-	2,861
Disposals	-	-	-	(202)	-	-	(202)
Closing balance	299,500	1,986,181	1,083	90,229	367,616	38,089	2,782,698

Company

	Borrowing fees VND million	Tools and supplies VND million	Total VND million
Opening balance	52,812	499	53,311
Additions	-	7,041	7,041
Transfer from construction in progress	-	63	63
Amortisation for the period	(16,633)	(499)	(17,132)
Disposals	-	(74)	(74)
Closing balance	36,179	7,030	43,209

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Notes to the financial statements for the nine-month period ended 30 September 2014
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12. Goodwill

	<u>Group</u> VND million
Cost	
Opening balance	520,945
Addition on business combination	96,997
Addition	352,874
Closing balance	<u>970,816</u>
Accumulated amortisation	
Opening balance	83,826
Amortisation for the period	44,204
Closing balance	<u>128,030</u>
Net book value	
Opening balance	437,119
Closing balance	<u>842,786</u>

13. Short-term borrowings and liabilities

	<u>Group</u>		<u>Company</u>	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
	VND million	VND million	VND million	VND million
Short-term borrowings	2,979,588	4,245,567	-	2,123,200
Current portion of long-term borrowings (Note 17)	363,213	2,390,343	188,100	188,100
	3,342,801	6,635,910	188,100	2,311,300

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

	Currency	Group		Company	
		30/9/2014	31/12/2013	30/9/2014	31/12/2013
		VND million	VND million	VND million	VND million
Bank borrowings:					
VND denominated	VND	2,956,750	3,275,725	-	-
USD denominated	USD	22,838	968,762	-	-
EUR denominated	EUR	-	1,080	-	-
		2,979,588	4,245,567	-	-

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the nine-month period ended 30 September 2014
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14. Taxes payable to State Treasury

	<u>Group</u>		<u>Company</u>	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
	VND million	VND million	VND million	VND million
Corporate income tax	223,424	334,003	-	-
Value added tax	42,119	91,603	-	-
Import-export tax	7,979	3,332	-	-
Personal income tax	28,054	27,112	-	-
Other taxes	64,570	27,371	7	386
	366,146	483,421	7	386

15. Accrued expenses

	<u>Group</u>		<u>Company</u>	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
	VND million	VND million	VND million	VND million
Accrued interest payable	189,898	423,814	121,125	303,400
Accrual for construction work	220,990	66,563	-	-
Advertising and promotion expenses	421,556	279,737	-	-
Consultant fee	28,907	104,365	21,833	32,476
Bonus and 13 th month salary	70,876	198,675	-	-
Sales discount	79,761	49,653	-	-
Transportation expenses	116,741	46,056	-	-
Accrued withholding tax	1,649	33,729	695	5,251
Accruals for inventories purchased	97,905	16,252	-	-
Accrual for mining rights	415,180	-	-	-
Others	143,364	359,522	1,223	138,784
	1,786,827	1,578,366	144,876	479,911

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the nine-month period ended 30 September 2014
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16. Other payables

	<u>Group</u>		<u>Company</u>	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
	VND million	VND million	VND million	VND million
Other short-term payables				
Social and health insurance	6,353	155	-	155
Short-term deposits from customers	-	1,509	-	-
Other short-term payables to a subsidiary	-	-	-	883,284
Purchase of shares in a subsidiary	-	43,398	-	-
Others	155,142	56,208	36,933	-
	161,495	101,270	36,933	883,439
Other long-term payables				
Other long-term payables to a subsidiary	-	-	-	1,725,360
Long-term payables	142,337	174,127	14,580	27,076
Obligation to issue shares	60,561	60,561	60,561	60,561
	202,898	234,688	75,141	1,812,997

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17. Long-term borrowings and liabilities

	<u>Group</u>		<u>Company</u>	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
	VND million	VND million	VND million	VND million
Long-term borrowings (a)	3,972,250	8,519,274	-	6,286,800
Convertible bonds and loans	949,860	1,176,522	949,860	1,176,522
Secured bonds	11,500,000	4,700,000	4,700,000	4,700,000
Finance lease liabilities	53,656	61,643	-	-
	16,475,766	14,457,439	5,649,860	12,163,322
Repayable within twelve months (Note 13)	(363,213)	(2,390,343)	(188,100)	(188,100)
Repayable after twelve months	16,112,553	12,067,096	5,461,760	11,975,222

a. Long-term borrowings

	<u>Group</u>		<u>Company</u>	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
	VND million	VND million	VND million	VND million
Bank borrowings:				
▪ VND denominated	245,625	2,674,117	-	-
▪ USD denominated	3,726,625	5,845,157	-	-
Loan from a subsidiary	-	-	-	6,286,800
	3,972,250	8,519,274	-	6,286,800

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the nine-month period ended 30 September 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
Increase in minority interest from share capital issued by subsidiaries	-	-	-	-	1,155,043	-	1,155,043	1,841,721	2,996,764
Increase in minority interest from disposal a part of investment in a subsidiary	-	-	-	-	44,664	-	44,664	1,017,197	1,061,861
Increase in minority interest from the acquisition of a subsidiary	-	-	-	-	-	-	-	116,139	116,139
Decrease in minority interest from a subsidiaries' stake acquired	-	-	-	-	(159,430)	-	(159,430)	(48,033)	(207,463)
Equity instruments repurchased	-	-	(1,624,121)	-	(1,056,440)	-	(2,680,561)	-	(2,680,561)
Foreign exchange differences in a subsidiary	-	-	-	(26,581)	-	-	(26,581)	(12,663)	(39,244)
Net profit for the period	-	-	-	-	-	251,125	251,125	359,022	610,147
Dividend paid	-	-	-	-	-	-	-	(14,926)	(14,926)
Transfer to funds	-	-	-	-	-	(15,944)	(15,944)	(16,566)	(32,510)
Balance at 30 September 2013	7,051,409	7,999,167	97,703	(42,709)	(8,635,642)	6,160,833	12,630,761	9,062,439	21,693,200

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the nine-month period ended 30 September 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
Issuance of new shares due to conversion of debt instruments	8,968	29,537	-	-	-	-	38,505	-	38,505
Transactions with minority interest in a subsidiary	-	-	-	-	360,317	-	360,317	(575,426)	(215,109)
Increase in minority interest from share capital issued by subsidiaries	-	-	-	-	(192,474)	-	(192,474)	210,676	18,202
Decrease in minority interest from share capital issued by a subsidiary	-	-	-	-	(33,351)	-	(33,351)	74,372	41,021
Foreign exchange differences in a subsidiary	-	-	-	43,098	-	-	43,098	16,909	60,007
Net profit for the period	-	-	-	-	-	(305,306)	(305,306)	493,996	188,690
Dividend paid	-	-	-	-	-	-	-	(1,304,830)	(1,304,830)
Transfer to funds	-	-	-	-	-	(12,588)	(12,588)	(15,470)	(28,058)
Balance at 30 September 2014	7,358,081	9,631,164	97,703	-	(8,795,278)	6,039,500	14,331,170	7,728,755	22,059,925

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the nine-month period ended 30 September 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
Equity instruments repurchased	-	-	(1,624,121)	(1,056,440)	-	(2,680,561)
Net loss for the period	-	-	-	-	(403,316)	(403,316)
Balance at 30 September 2013	7,051,409	7,999,167	97,703	(1,586,675)	(646,019)	12,915,585
Balance at 1 January 2014	7,349,113	9,601,627	97,703	(1,586,675)	(1,206,546)	14,255,222
Issuance of new shares due to conversion of debt instruments	8,968	29,537	-	-	-	38,505
Net gain for the period	-	-	-	-	2,978,202	2,978,202
Balance at 30 September 2014	7,358,081	9,631,164	97,703	(1,586,675)	1,771,656	17,271,929

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19. Share capital and capital surplus

The Company's authorised and issued share capital comprise:

	30/9/2014		31/12/2013	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	735,808,140	7,358,081	734,911,338	7,349,113
Issued share capital				
Ordinary shares	735,808,140	7,358,081	734,911,338	7,349,113
Capital surplus	-	9,631,164	-	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 30/9/2014		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 due to conversion of debt instruments	896,802	8,968	29,770,465	297,704
Balance at the end of the period	735,808,140	7,358,081	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.

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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 30/9/2014	From 1/1/2013 to 30/9/2013	From 1/1/2014 to 30/9/2014	From 1/1/2013 to 30/9/2013
	VND million	VND million	VND million	VND million
Total revenue				
▪ Sales of finished goods	10,911,285	7,624,016	-	-
▪ Services and other sales	88,168	4,957	-	-
Less sales deductions				
▪ Sales discounts	(135,780)	(105,412)	-	-
▪ Sales returns and allowances	(30,799)	(18,468)	-	-
Net sales	10,832,874	7,505,093	-	-

22. Cost of sales

	<u>Group</u>		<u>Company</u>	
	From 1/1/2014 to 30/9/2014	From 1/1/2013 to 30/9/2013	From 1/1/2014 to 30/9/2014	From 1/1/2013 to 30/9/2013
	VND million	VND million	VND million	VND million
Total cost of sales				
▪ Finished goods sold	6,542,991	4,481,684	-	-
▪ Allowance for inventories	31,026	10,391	-	-
	6,574,017	4,492,075	-	-

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Notes to the financial statements for the nine-month period ended 30 September 2014
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23. Financial income

	<u>Group</u>		<u>Company</u>	
	From 1/1/2014 to 30/9/2014	From 1/1/2013 to 30/9/2013	From 1/1/2014 to 30/9/2014	From 1/1/2013 to 30/9/2013
	VND million	VND million	VND million	VND million
Interest income from:				
▪ Deposits	281,818	243,862	22,841	27,524
▪ Provided loans	32,233	14,697	-	-
▪ Loan to subsidiaries	-	-	442,019	72,382
Facility income from subsidiaries	-	-	176,691	792,743
Dividend income	-	-	3,169,052	-
Foreign exchange gains	17,854	60,239	683	7,980
Others	20,886	668	-	-
	352,791	319,466	3,811,286	900,629

24. Financial expenses

	<u>Group</u>		<u>Company</u>	
	From 1/1/2014 to 30/9/2014	From 1/1/2013 to 30/9/2013	From 1/1/2014 to 30/9/2014	From 1/1/2013 to 30/9/2013
	VND million	VND million	VND million	VND million
Interest expenses payable to:				
• Banks	364,613	110,171	-	-
• Bondholders	722,247	106,957	523,916	358,211
• Subsidiary	-	-	220,087	591,486
Facility fee expenses to subsidiary	-	-	2,893	240,619
Foreign exchange losses	62,084	33,109	14	77
Other financial expenses	137,501	28,611	3,487	17,298
	1,286,445	278,848	750,397	1,207,691

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25. Other income

	<u>Group</u>		<u>Company</u>	
	From 1/1/2014 to 30/9/2014	From 1/1/2013 to 30/9/2013	From 1/1/2014 to 30/9/2014	From 1/1/2013 to 30/9/2013
	VND million	VND million	VND million	VND million
Proceeds on disposal of fixed assets and long term assets	61,645	1,557	59,486	-
Income from scrap sales	23,723	49,684	-	-
Others	43,843	95,905	8,421	73,312
	129,211	147,146	67,907	73,312

26. Other expenses

	<u>Group</u>		<u>Company</u>	
	From 1/1/2014 to 30/9/2014	From 1/1/2013 to 30/9/2013	From 1/1/2014 to 30/9/2014	From 1/1/2013 to 30/9/2013
	VND million	VND million	VND million	VND million
Net book value of disposed and written off fixed assets, long term assets	71,425	8,944	60,919	-
Cost of scrap sales	17,977	46,503	-	-
Others	29,926	3,726	-	-
	119,328	59,173	60,919	-

27. Share of profit/(loss) in associates and joint-venture

	<u>Group</u>	
	From 1/1/2014 to 30/9/2014	From 1/1/2013 to 30/9/2013
	VND million	VND million
Share of profit in associates and joint-venture	490,732	367,167
Adjustment arising from purchase price allocation and goodwill amortisation	(497,790)	(502,217)
	(7,058)	(135,050)

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28. Earnings per share

The calculation of basic earnings per share at 30 September 2014 was based on the profit attributable to ordinary shareholders of VND (305,306) million (the nine-month period ended 30 September 2013: VND251,125 million) of the Group and a weighted average number of ordinary shares outstanding of 746,565,360 shares during the period (the nine-month period ended 30 September 2013: 710,801,203 shares), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	From 1/1/2014 to 30/9/2014 VND million	From 1/1/2013 to 30/9/2013 VND million
Net (loss)/profit attributable to ordinary shareholders	(305,306)	251,125

(ii) Weighted average number of ordinary shares

	From 1/1/2014 to 30/9/2014	From 1/1/2013 to 30/9/2013
Issued ordinary shares at the beginning of the period	734,911,338	687,280,123
Effect of shares issued for cash	-	12,070,727
Effect of shares issued due to conversion of debt instruments	203,669	-
Effect of share issued solely after the passage of time	11,450,353	11,450,353
Weighted average number of ordinary shares at the end of the period	746,565,360	710,801,203

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Notes to the financial statements for the nine-month period ended 30 September 2014
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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 30/9/2014 VND million	From 1/1/2013 to 30/9/2013 VND million
Other related party			
Vietnamese French Cattle Feed Joint Stock Company	Dividend income and received	80,000	-
Key management personnel	Remuneration to key management personnel (*)	27,499	35,944

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

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Company:

Related Party	Nature of transaction	From 1/1/2014 to 30/9/2014 VND million	From 1/1/2013 to 30/9/2013 VND million
Subsidiaries			
Ma San Consumer Corporation	Loan received from subsidiary	735,000	4,410,000
	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	591,486
	Facility fee expense	2,893	240,619
Ma San Horizon Corporation	Loan provided to a subsidiary	932,463	-
	Interest income from loans provided to a subsidiary	346,594	-
Ma San Resources Corporation	Interest income from loans provided to a subsidiary	49,969	57,686
	Facility fee income	72,995	302,631
	Loan provided to a subsidiary	-	930,000
	Loan collected from a subsidiary	-	930,000
Nui Phao Mining Company Limited	Facility fee income	103,696	490,112
	Loan provided to a subsidiary	210,000	-
	Interest income from loan provided to a subsidiary	13,430	-
Masan Brewery Company Limited (formerly known as Orchid Consultant Company Limited)	Loans provided to a subsidiary	475,657	387,068
	Collected loan from a subsidiary	452,577	-
	Interest income from loan provided to a subsidiary	30,302	-
	Collected loan through net off with capital contribution	368,300	14,696
MasanConsumerHoldings Company Limited	Interest income from loan provided to a subsidiary	1,724	-
	Dividend income	1,928,252	-
	Sale of shares to a subsidiary	3,591,682	-
	Loan provided to a subsidiary	160,865	-
	Collected loan from a subsidiary	154,200	-
Key management personnel	Remuneration to key management personnel (*)	3,188	5,986

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

30. Explanation of the net profit movement

The Group profit after tax in 3Q2014 is VND233 billion (after goodwill amortization) compared with net profit after tax of VND309 billion in the last corresponding period. The key drivers for the net profit movement were:

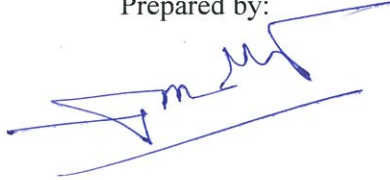
- Higher sales and EBITDA on account of contribution from the resources business and continuing performance from the consumer business;

Offset by:

- Lower net financial income;
- Higher selling, general and administration expenses due to investment in brand building and new products, especially in convenience foods and beverages; and
- Interest and depreciation expenses due to commissioning of the Nui Phao mine.

The Company net profit after tax in 3Q2014 is a loss of VND38 billion compared with a loss of VND223 billion in the last corresponding period, mainly due to a reduction in financial expenses and in general and administration expenses.

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman

14 November 2014