



Ma San Group Corporation and its subsidiaries

Financial Statements for the year ended
31 December 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

Auditors

KPMG Limited
Vietnam

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

The Board of Management is responsible for the preparation and fair presentation of the financial statements of Ma San Group Corporation ("the Company") and its subsidiaries (collectively "the Group") as at and for the year ended 31 December 2014 in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In preparing those financial statements, the Board of Management is required to:

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

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

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

APPROVAL OF THE FINANCIAL STATEMENTS

I, Nguyen Dang Quang, being the Chairman of the Board of Directors and on behalf of the Board of Directors, do hereby approve the accompanying financial statements of the Company and the Group as of and for year ended 31 December 2014, which were prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Directors

EC



Nguyen Dang Quang
Chairman

Ho Chi Minh City, Vietnam

31 March 2015



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

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INDEPENDENT AUDITORS' REPORT

To the Shareholders Ma San Group Corporation

We have audited the accompanying separate and consolidated financial statements of Ma San Group Corporation ("the Company") and its subsidiaries (collectively "the Group"), which comprise the separate and consolidated balance sheets as at 31 December 2014, the separate and consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 31 March 2015, as set out on pages 5 to 102.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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



Auditor's Opinion

In our opinion, the separate and consolidated financial statements give a true and fair view, in all material respects, of the separate and consolidated financial position of the Company and the Group, respectively, as of 31 December 2014 and of their separate and consolidated results of operations and their separate and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Operating registration certificate No.: 4114000230

Audit Report No: 14-01-723



Phan Phan Phor

Practicing Auditor Registration

Certificate No. 2252-2013-007-1

Deputy General Director

Nguyen Thanh Nghi

Practicing Auditor Registration

Certificate No. 0304-2013-007-1

Ho Chi Minh City, 31 March 2015

Ma San Group Corporation and its subsidiaries
Balance sheets as at 31 December 2014

Form B 01 – DN/HN

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2014	31/12/2013	31/12/2014	31/12/2013
			VND million	VND million	VND million	VND million
ASSETS						
Current assets						
(100 = 110 + 120 + 130 + 140 + 150)	100		16,428,327	11,198,630	7,247,661	12,352,670
Cash and cash equivalents	110	7	5,166,415	5,698,563	517,251	1,379,279
Cash	111		302,970	203,577	9,901	11,831
Cash equivalents	112		4,863,445	5,494,986	507,350	1,367,448
Short-term investments	120	14	4,042,212	3,287,000	239,614	-
Accounts receivable – short-term	130	8	5,176,907	975,138	6,390,439	10,893,087
Accounts receivable	131		4,346,998	351,434	3,072,190	-
Prepayments to suppliers	132		341,231	360,236	134,636	139,141
Other receivables	135		490,742	265,252	3,183,613	10,753,946
Allowance for doubtful debts	139		(2,064)	(1,784)	-	-
Inventories	140	9	1,604,854	1,070,334	-	-
Inventories	141		1,627,172	1,091,073	-	-
Allowance for inventories	149		(22,318)	(20,739)	-	-
Other current assets	150		437,939	167,595	100,357	80,304
Short-term prepayments	151		70,227	28,718	396	489
Deductible value added tax	152		295,726	100,506	50,380	46,866
Taxes receivables from State						
Treasury	154		21,343	-	19,222	-
Other current assets	158		50,643	38,371	30,359	32,949

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Balance sheets as at 31 December 2014 (continued)

Form B 01 – DN/HN

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2014	31/12/2013	31/12/2014	31/12/2013
			VND million	VND million	VND million	VND million
Long-term assets (200 = 210 + 220 + 250 + 260 + 269)	200		36,536,773	35,303,511	17,399,699	19,375,093
Accounts receivable – long-term	210	8	1,387,798	450,183	5,016,249	2,875,015
Other long-term receivables	218		1,387,798	450,183	5,016,249	2,875,015
Fixed assets	220		24,064,527	23,121,361	9,443	81,122
Tangible fixed assets	221	10	18,409,913	1,731,429	7,172	68,036
Cost	222		19,887,100	2,457,614	20,759	92,565
Accumulated depreciation	223		(1,477,187)	(726,185)	(13,587)	(24,529)
Finance lease tangible fixed assets	224	11	44,867	58,327	-	-
Cost	225		67,300	67,300	-	-
Accumulated depreciation	226		(22,433)	(8,973)	-	-
Intangible fixed assets	227	12	1,798,696	1,288,672	2,271	3,065
Cost	228		2,262,894	1,597,069	4,532	4,214
Accumulated amortisation	229		(464,198)	(308,397)	(2,261)	(1,149)
Construction in progress	230	13	3,811,051	20,042,933	-	10,021
Long-term investments	250	14	8,745,176	10,761,467	12,322,338	16,355,220
Investments in subsidiaries	251		-	-	3,389,914	7,422,796
Investments in associates	252		8,597,526	10,757,867	8,932,424	8,932,424
Other long-term investments	258		147,650	3,600	-	-
Other long-term assets	260		1,546,918	533,381	51,669	63,736
Long-term prepayments	261	15	1,369,592	403,353	42,288	53,311
Deferred tax assets	262	16	117,491	87,572	-	-
Other long-term assets	268		59,835	42,456	9,381	10,425
Goodwill	269	17	792,354	437,119	-	-
TOTAL ASSETS (270 = 100 + 200)	270		52,965,100	46,502,141	24,647,360	31,727,763

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Balance sheets as at 31 December 2014 (continued)

Form B 01 – DN/HN

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2014	31/12/2013	31/12/2014	31/12/2013
			VND million	VND million	VND million	VND million
RESOURCES						
LIABILITIES (300 = 310 + 330)	300		31,039,961	23,240,644	7,116,242	17,472,541
Current liabilities	310		11,796,756	9,783,892	2,341,101	3,684,322
Short-term borrowings and liabilities	311	18	6,042,278	6,635,910	567,960	2,311,300
Accounts payable	312		999,340	942,375	1,451	9,286
Advances from customers	313		35,786	22,163	-	-
Taxes payable to State Treasury	314	19	962,550	483,421	1,127	386
Payables to employees	315		258	20,387	-	-
Accrued expenses	316	20	1,862,531	1,578,366	215,239	479,911
Other payables	319	21	1,894,013	101,270	1,555,324	883,439
Long-term borrowings and liabilities	330		19,243,205	13,456,752	4,775,141	13,788,219
Other long-term liabilities	333	21	177,901	234,688	75,141	1,812,997
Long-term borrowings and liabilities	334	22	17,521,970	12,067,096	4,700,000	11,975,222
Deferred tax liabilities	335	16	932,787	1,151,716	-	-
Provisions – long-term	337	23	610,547	3,252	-	-
EQUITY (400 = 410)	400		15,016,083	14,432,969	17,531,118	14,255,222
Owner's equity	410	24	15,016,083	14,432,969	17,531,118	14,255,222
Share capital	411	25	7,358,081	7,349,113	7,358,081	7,349,113
Capital surplus	412	25	9,631,164	9,601,627	9,631,164	9,601,627
Other capital	413	26	97,703	97,703	97,703	97,703
Foreign exchange differences	416		-	(43,098)	-	-
Other reserves	418		(9,142,752)	(8,929,770)	(1,586,675)	(1,586,675)
Retained profits	420		7,071,887	6,357,394	2,030,845	(1,206,546)
MINORITY INTERESTS	439		6,909,056	8,828,528	-	-
TOTAL RESOURCES (440 = 300 + 400 + 439)	440		52,965,100	46,502,141	24,647,360	31,727,763

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Balance sheets as at 31 December 2014 (continued)

Form B 01 – DN/HN

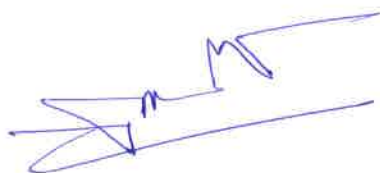
OFF BALANCE SHEET ITEM

Included in the cash and cash equivalents as at 31 December 2014 and 31 December 2013 are amounts denominated in currencies other than VND of:

	<u>Group</u>		<u>Company</u>	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Foreign currencies:				
United States dollar ("USD")	9,141,772	27,222,114	7,064	6,945
Euro ("EUR")	179,401	7,547	-	-
Singapore dollar ("SGD")	-	621	-	621

31 March 2015

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Statements of income for the year ended 31 December 2014

Form B 02 – DN/HN

	Code	Note	<u>Group</u>		<u>Company</u>	
			2014	2013	2014	2013
			VND million	VND million	VND million	VND million
Total revenue	01	27	16,346,576	12,105,989	-	-
Less revenue deductions	02	27	257,940	163,456	-	-
Net revenue (10 = 01 – 02)	10	27	16,088,636	11,942,533	-	-
Cost of sales	11	28	9,489,008	6,943,196	-	-
Gross profit (20 = 10 – 11)	20		6,599,628	4,999,337	-	-
Financial income	21	29	1,570,967	664,121	4,259,505	1,239,232
Financial expenses	22	30	1,710,991	606,785	922,574	1,868,462
<i>In which: Interest expense</i>	23		<i>1,464,722</i>	<i>417,378</i>	<i>909,287</i>	<i>1,713,259</i>
Selling expenses	24		2,864,837	1,981,587	-	-
General and administration expenses	25		1,048,358	889,580	106,550	337,596
Net operating profit/(loss) {30 = 20 + (21 - 22) - (24 + 25)}	30		2,546,409	2,185,506	3,230,381	(966,826)
Other income	31	31	405,287	105,808	67,929	2,983
Other expenses	32	32	158,904	85,089	60,919	-
Results of other activities (40 = 31 - 32)	40		246,383	20,719	7,010	2,983
Share of loss in associates	45	33	(53,061)	(192,781)	-	-
Profit/(loss) before tax (50 = 30 + 40 + 45) (carried forward)	50		2,739,731	2,013,444	3,237,391	(963,843)

The accompanying notes are an integral part of these financial statements

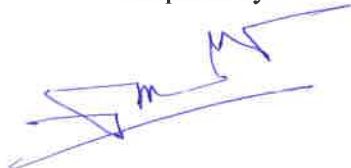
Ma San Group Corporation and its subsidiaries
Statements of income for the year ended 31 December 2014 (continued)

Form B 02 – DN/HN

	Code	Note	<u>Group</u>		<u>Company</u>	
			2014	2013	2014	2013
			VND million	VND million	VND million	VND million
Profit/(loss) before tax (50 = 30 + 40 + 45) (brought forward)	50		2,739,731	2,013,444	3,237,391	(963,843)
Income tax expense – current	51	34	958,677	579,811	-	-
Income tax (benefit)/expense – deferred	52	34	(255,988)	126,409	-	-
Net profit/(loss) after tax (60 = 50 - 51 - 52)	60		2,037,042	1,307,224	3,237,391	(963,843)
Attributable to:						
Minority interest	61		956,873	856,024	-	-
Equity holders of the Company	62		1,080,169	451,200	-	-
Earnings per share						
Basic earnings per share in VND	70	36	1,447	618	-	-
Diluted earnings per share in VND		36	1,418	429	-	-

31 March 2015

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Statements of cash flows for the year ended 31 December 2014 (Indirect method)

Form B 03 – DN/HN

	Code	Note	<u>Group</u>		<u>Company</u>	
			2014	2013	2014	2013
			VND million	VND million	VND million	VND million
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax	01		2,739,731	2,013,444	3,237,391	(963,843)
Adjustments for						
Depreciation and amortisation	02		1,120,817	488,632	12,185	32,657
Allowances and provisions	03		64,376	37,958	-	-
Net unrealised foreign exchange	04		49,068	18,906	(121)	-
Loss on disposal/written off of fixed assets and other long-term assets	05		6,102	7,864	1,356	-
Interest and dividend income	05		(404,953)	(391,541)	(3,970,465)	(1,231,138)
Income from investment activities	05		(1,111,073)	-	(286,587)	-
Negative goodwill on business combination	05		-	(213,963)	-	-
Interest expense	06		1,464,722	417,378	909,287	1,713,259
Share of loss in associates	07		53,061	192,781	-	-
Operating profit/(loss) before changes in working capital	08		3,981,851	2,571,459	(96,954)	(449,065)
Change in receivables and other assets	09		(202,202)	(239,025)	(1,510,445)	(1,278)
Change in inventories	10		(609,978)	(485,440)	-	-
Change in payables and other liabilities	11		(685,798)	47,826	1,396,875	73,961
Change in prepayments	12		201,979	-	11,179	-
			2,685,852	1,894,820	(199,345)	(376,382)
Interest paid	13		(1,734,103)	(1,351,905)	(812,331)	(497,586)
Corporate income tax paid	14		(562,747)	(830,677)	-	-
Other payments for operating activities	16		(55,855)	(28,160)	-	-
Net cash flows from operating activities	20		333,147	(315,922)	(1,011,676)	(873,968)

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Statements of cash flows for the year ended 31 December 2014 (Indirect method - continued)

Form B 03 – DN/HN

Code	Note	<u>Group</u>		<u>Company</u>	
		2014	2013	2014	2013
		VND million	VND million	VND million	VND million
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for additions to fixed assets and other long-term assets	21	(2,708,702)	(3,840,386)	(1,411)	(18,003)
Proceeds from disposals of fixed assets and other long-term assets	22	32,300	1,573	23,183	-
Loans provided to a third party	23	(235,799)	(424,788)	-	-
Loans provided to subsidiaries	23	-	-	(1,821,711)	(2,617,558)
Collections on loans to subsidiaries	23	-	-	647,042	930,000
Term deposit to banks	24	(25,765,031)	(43,406,557)	(239,614)	-
Term deposit received	24	24,685,669	42,325,557	-	68,000
Payments for investments in subsidiaries, an associate and other entities	25	(1,174,308)	(639,046)	-	(1,881,403)
Proceeds from sale of a subsidiary to another subsidiary	26	-	-	818,000	-
Net cash from disposals of equity interest in subsidiaries	26	(1,463)	-	-	-
Net cash generated from acquisition of a subsidiary	26	57,401	-	-	-
Proceeds from sale of economic interests in a subsidiary to a third party	26	-	1,061,862	-	-
Receipts of interest and dividend	27	434,094	484,084	559,159	57,669
Net cash flows from investing activities	30	(4,675,839)	(4,437,701)	(15,352)	(3,461,295)

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Statements of cash flows for the year ended 31 December 2014 (Indirect method - continued)

Form B 03 – DN/HN

	Code	Note	<u>Group</u>		<u>Company</u>	
			2014	2013	2014	2013
			VND million	VND million	VND million	VND million
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issuance of new shares	31		-	178,608	-	178,608
Proceeds from capital contribution /issuance of new shares in subsidiaries to minority interest	31		507,943	3,274,210	-	-
Payments for repurchases of equity instruments	32		-	(3,490,092)	-	(3,490,092)
Proceeds from short-term and long-term borrowings	33		21,843,111	11,882,530	735,000	6,910,000
Payments to settle debts to banks and other entities	34		(16,929,786)	(7,011,216)	(570,000)	-
Payments of borrowing fees	36		(272,457)	(74,448)	-	(44,000)
Payments of dividends to minority interest of subsidiaries	36		(1,336,827)	(24,876)	-	-
Net cash flows from financing activities	40		3,811,984	4,734,716	165,000	3,554,516
Net cash flows during the year (50 = 20 + 30 + 40)	50		(530,708)	(18,907)	(862,028)	(780,747)
Cash and cash equivalents at the beginning of the year	60		5,698,563	5,718,717	1,379,279	2,160,026
Effect of exchange rate fluctuations on cash and cash equivalents	61		(1,440)	(1,247)	-	-
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	7	5,166,415	5,698,563	517,251	1,379,279

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries

Statements of cash flows for the year ended 31 December 2014 (Indirect method - continued)

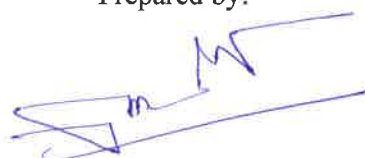
Form B 03 – DN/HN

NON-CASH INVESTING AND FINANCING ACTIVITIES

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	VND million	VND million	VND million	VND million
Depreciation and amortisation capitalised into construction in progress	4,979	51,563	-	-
Issuance of new shares to settle debt instruments	38,562	1,962,319	38,562	-
Additions of fixed assets from increase in provisions for mining rights	607,858	-	-	-
Novation of loan receivable from a subsidiary through issuance of new shares	-	-	-	1,962,319
Transfer of equity interests in a subsidiary to another subsidiary	-	-	3,591,682	6,949,241
Acquisition of a subsidiary from another subsidiary	-	-	1,246,496	-
Loan repaid to a subsidiary through assignment loans to another subsidiary	-	-	7,709,298	-
Net off dividend with a subsidiary	-	-	1,435,702	-
Capital contribution to a subsidiary through conversion loan principal and interest receivable	-	-	376,800	-

31 March 2015

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2014

Form B 09 – DN/HN

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

1. Reporting entity

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

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

The principal activities of the subsidiaries are described as follows:

Name	Principal activity	Percentage of economic interests at	
		31/12/2014	31/12/2013
MasanConsumerHoldings Company Limited (“MCH”)	Investment holding	100%	100%
Ma San Consumer Corporation (“MSC”)	Trading and distribution	78.4%	74.2%
Masan Food Company Limited (“MSF”)	Food trading and distribution	78.4%	74.2%
Ma San Industrial One Member Company Limited	Seasonings, convenience food manufacturing and packaging	78.4%	74.2%
Viet Tien Food Technology One Member Company Limited	Seasoning manufacturing	78.4%	74.2%
Ma San HD One Member Company Limited	Convenience food manufacturing	78.4%	74.2%
Ma San PQ Corporation	Seasoning manufacturing	74%	70.1%
Minh Viet Packaging One Member Company Limited (“MVP”) (i)	Packaging	-	74.2%
Masan Beverage Company Limited (ii)	Beverage trading and distribution	78.4%	-
Masan ĐN One Member Company Limited (iii)	Seasonings, convenience food manufacturing and packaging	78.4%	-

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2014 (continued)

Form B 09 – DN/HN

Name	Principal activity	Percentage of economic interests at	
		31/12/2014	31/12/2013
Masan MB One Member Company Limited (iv)	Seasonings, convenience food manufacturing and packaging	78.4%	-
Vinacafe Bien Hoa Joint Stock Company	Beverage trading and manufacturing	41.7%	39.5%
Vinh Hao Mineral Water Corporation	Beverage manufacturing	50.1%	47.1%
Kronfa., JSC	Beverage manufacturing	50.1%	47.1%
Ma San Horizon Corporation (“MH”)	Investment holding	100%	100%
Ma San Resources Corporation (“MR”)	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 (“NPM”)	Exploring and processing mineral	74.1%	75.9%
Masan Agri Corporation (“MA”) (v)	Investment holding	-	37.9%
Masan Brewery Company Limited (formerly known as Orchid Consultant Company Limited)	Investment holding	100%	100%
Lamka One Member Company Limited (“Lamka”) (vi)	Beer and beverage manufacturing	100%	-
Phu Yen Beer and Beverage., JSC (“Pybeco”) (vi)	Beer and beverage manufacturing	99.99%	-

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Notes to the financial statements for the year ended 31 December 2014 (continued)

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- (i) In December 2014, MSF disposed 100% of its stakes in MVP, a subsidiary, to a third party for a cash consideration of VND500 billion. Such transaction resulted in the Group no longer holding any equity interest in MVP.
- (ii) In May 2014, the Planning and Investment Department of Ho Chi Minh City issued the Business Registration Certificate No. 0312797567 approving the establishment of Masan Beverage Company Limited, a newly incorporated 100% owned subsidiary of MSC.
- (iii) In September 2014, the Planning and Investment Department of Da Nang City issued the Business Registration Certificate No. 0401622417 approving the establishment of Masan ĐN One Member Company Limited, a newly incorporated 100% owned subsidiary of MSC.
- (iv) In October 2014, the Planning and Investment Department of Nghe An Province issued the Business Registration Certificate No. 2901738808 approving the establishment of Masan MB One Member Company Limited, a newly incorporated 100% owned subsidiary of MSF.
- (v) In May 2014, the Company acquired 51% equity interest of MA from MSC for a consideration of VND1,246,496 million. Therefore, the Company's effective interest in MA increased from 37.9% as at 31 December 2013 to 51% as at 31 May 2014. In December 2014, the Company acquired the remaining 49% equity interest of MA, then sold all equity interest of MA to other third parties.
- (vi) In September 2014, Masan Brewery Company Limited (formerly known as Orchid Consultant Company Limited), a subsidiary of the Company acquired 100% equity interest of Lamka which holds 99.99% equity interest in Pybeco.

All the subsidiaries are incorporated in Vietnam.

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

As at 31 December 2014, the Company had 32 employees (31/12/2013: 38 employees) and the Group had 7,047 employees (31/12/2013: 7,297 employees).

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2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting year

The annual accounting period of the Company and its subsidiaries are from 1 January to 31 December.

(d) Accounting currency

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

3. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) *Common-control business combination*

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

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Notes to the financial statements for the year ended 31 December 2014 (continued)

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

(ii) *Non-common control business combination*

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

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

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

(iii) *Subsidiaries*

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

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Notes to the financial statements for the year ended 31 December 2014 (continued)

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(iv) *Associates (equity accounted investees)*

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

(v) *Minority interests*

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

(vi) *Transactions eliminated on consolidation*

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

(b) *Foreign currency transactions*

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

All foreign exchange differences are recorded in the statement of income, except when they relate to the construction of tangible fixed assets or the translation of foreign currency monetary items during pre-operating stage, in which case they are recorded in the Foreign Exchange Difference Account in equity until the entity commences operations and the tangible fixed assets are put into use. Once the entity commences operations and the tangible fixed assets are put into use, the net related foreign exchange gain or loss is transferred to Unearned Revenue Account or Long-term Prepayment Account respectively. The net gain or loss is then amortised on a straight line basis over 5 years.

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(c) Cash and cash equivalents

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

(d) Investments

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

(e) Accounts receivable

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

(f) Inventories

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

The Group apply the perpetual method of accounting for inventory.

(g) Tangible fixed assets

(i) Cost

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

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Included in the cost of tangible fixed assets of the Group, there are certain costs related to mineral assets that are specified as followings:

- Capitalised exploration, evaluation and development expenditure (including development stripping) for properties now in production;
- Capitalised production stripping (as described below in ‘Deferred stripping costs’);
- Mine rehabilitation; and
- Fair value of mineral reserves from business combination.

Deferred stripping costs

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore body. Stripping costs incurred in the development phase of a mine (development stripping costs) are capitalised as part of the cost of mine under construction. All capitalised development stripping included in assets under construction is transferred to other mining assets.

The costs of removal of the waste material during a mine’s production phase (production stripping costs) are deferred where they give rise to future benefits:

- a) It is probable that the future economic benefits will flow to the Company;
- b) The component of the ore body for which access has been improved can be identified; and
- c) The costs incurred can be measured reliably.

Production stripping costs

Production stripping costs are allocated between the inventory produced and the production stripping asset with reference to the average life of mine strip ratio.

The average life of mine strip ratio represents the ratio of the estimated total volume of waste, to the estimated total quantity of economically recoverable ore, over the life of the mine. These costs are capitalised to the production stripping assets where the current period actual stripping ratio is higher than the average life of mine strip ratio.

The deferred stripping costs and production stripping assets are depreciated using a straight-line basis over the life of the proven and probable reserves of the relevant components. Stripping assets are classified as “other mining assets”.

(ii) Depreciation

Plant and equipment and fair value of mineral reserves from business combination directly related to mining activities

Plant and equipment and fair value of mineral reserves from business combination which are directly related to the mining exploitation activities is depreciated over its mineral reserve on a unit-of-production basis. Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the Group’s mining properties.

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Others

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

- | | |
|----------------------------|--------------|
| ▪ buildings and structures | 4 - 30 years |
| ▪ leasehold improvements | 3 - 5 years |
| ▪ office equipment | 3 - 10 years |
| ▪ machinery and equipment | 3 - 25 years |
| ▪ motor vehicles | 3 - 10 years |

(h) Finance lease tangible fixed assets

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

Depreciation on finance leased assets is computed on a straight-line basis over the estimated useful lives of items of the leased assets which is 5 years.

(i) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

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

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

(iii) Software

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

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(iv) 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.

(v) Customer relationships

Customer relationships that are acquired by the Group in the acquisition of subsidiary are capitalised and presented as an intangible asset.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of customer relationships is amortised on a straight line basis over their useful lives ranging from 5 to 13 years.

(vi) Mineral water resources

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

(vi) Mining rights

The mining rights is calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with Decree 2013/2013/ND/CP dated 28 November 2013 which became effective from 20 January 2014. Cost of mining rights are stated at an amount equal to the present value of mining rights fee and is capitalised and treated as an intangible asset. Amortisation of mining rights fees is computed on a straight-line basis over the period of the economic life of the mine reserves.

(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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Mineral assets under development comprise mineral reserve and related development costs acquired in a business combination and subsequent development expenditure. These assets are qualified 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 value as part of business combination accounting and subsequent development expenditure 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 either “machinery or equipment” or “mining properties” in 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 3 years starting from the date of commercial operation.

(ii) *Prepaid land costs*

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

(iii) *Land compensation cost*

Land compensation costs comprise 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 of 20 years.

(iv) *Printing axles and tools and supplies*

Printing axles and tools and supplies are initially stated at cost and amortised over their useful lives of 1 to 3 years.

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

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(v) 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 associates in non-common control acquisition.

Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is amortised on a straight-line basis over 10 years. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying value of the investment.

(m) Trade and other payables

Trade and other payables are stated at their cost.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Severance allowance

Under the Vietnamese Labour Code, when employees who have worked for 12 months or more ("eligible employees") voluntarily terminates their labour contracts, the employer is required to pay the eligible employees severance allowance calculated based on years of service and employees' compensation at termination. Provision for severance allowance has been provided based on employees' years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 1 January 2009, the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees' basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of the unemployment insurance scheme, the Group is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to existing eligible employees as of 31 December 2014 will be determined based on the eligible employees' years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

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Mining rights

In accordance with the Law on Minerals 2010, a subsidiary of the Company has an obligation to pay the government fees for mining rights grant. The mining rights fees is calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with Decree 2013/2013/ND/CP dated 28 November 2013 which became effective from 20 January 2014. Mining rights grant fees are recognised as intangible fixed assets.

Mine rehabilitation

The mining, extraction and processing activities of the Group give rise to obligations for site closure or rehabilitation. Closure and rehabilitation works can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of the Ministry of Natural Resources and Environment (“MONRE”) and the Group’s environmental policies based on the Environment Impact Report. The timing of the actual closure and rehabilitation expenditure is dependant on the life and nature of the mine.

When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of closure and rehabilitation activities is recognised in other mining assets and depreciated accordingly. The value of the provision is progressively increased over time as the effect of the discounting unwinds, creating an expense recognised in financial expenses.

Closure and rehabilitation provisions are also adjusted for changes in estimates. These adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the under-depreciated capitalised cost of the related assets, in which the capitalised cost is reduced to nil and the remaining adjustment is recognised in the income statement. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved.

(o) Classification of financial instruments

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

(i) Financial assets

Financial assets at fair value through profit or loss

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

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

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- Upon initial recognition, it is designated by the Group and the Company as financial assets at fair value through profit or loss.

Held-to-maturity investments

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

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

Loans and receivables

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

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

Available-for-sale financial assets

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

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

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(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities carried at amortised cost

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

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

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

(p) Derivative financial instruments

The Group holds derivative financial instruments to hedge its exposures to the risk of raw material price fluctuation. Derivative financial instruments are recorded in the balance sheet at carrying value on the date when the derivative contracts are entered into. Realised gains or losses from derivatives are recognised as financial income or financial expenses in the statement of income.

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(q) 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.

(r) Equity

(i) *Share capital and capital surplus*

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

(ii) *Other capital*

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

(iii) *Other reserves*

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

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(s) Revenue and other income

(i) Goods sold

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. For sales of minerals, the sales price is usually determined on a provisional basis at the date revenue recognition and adjustments to the sales price subsequently occurs based on movements in quoted market or contractual prices up to the date of final pricing. The period between provisional invoicing and final pricing is typically between 30 and 60 days, but in some cases can be as long as 90 days. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. In cases where the terms of the executed contractual sales agreement allow for an adjustment to the sales price based on a survey of the goods by the customer, assay results issued by a third party are preferable, unless customer's survey is within executed contractual tolerance, then sales is based on the most recently determined of product specifications.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

(ii) Services rendered

Revenue from services rendered is recognised in the statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed as certified by the customers following the contract terms. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(t) Dividend income

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

(u) Financial income and financial expenses

(i) Financial income

Financial income comprises interest income from deposits and loans, facility income, negative goodwill on business combination, income from disposal equity interests and net foreign exchange gains. Interest income is recognised as it accrues in the statement of income.

(ii) Financial expenses

Financial expenses comprise interest expenses on borrowings, facility fees, net foreign exchange losses and realised losses from derivative financial instruments. 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.

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(v) Operating lease payments

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

(w) Earnings per share

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

(x) Segment reporting

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

(y) Related parties

Related parties include enterprises and individuals that directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

(z) Share-based payments

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

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2014 (continued)

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4. Segment reporting

The Group has four (4) reportable segments, as described below, which are the Group's strategic businesses. The strategic businesses offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic businesses, the Group's Board of Management reviews internal management reports on a periodic basis.

The Group holds the following business segments through separate subsidiary groups:

- Food and beverage
- Mining and processing

The Group also invested in and has significant influence in a joint stock bank and a group that operates feed mills and supply animal nutrition products. The Group's Board of Management considers Financial Services and Animal Nutrition as separate business segments.

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2014 (continued)

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(a) Business segments

	Food and beverage		Animal nutrition		Mining and processing		Financial services		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Segment revenue	13,262,905	11,942,533	-	-	2,825,731	-	-	-	16,088,636	11,942,533
Segment gross margin	5,828,734	4,999,337	-	-	739,419	-	-	-	6,568,153	4,999,337
Segment results	2,666,839	2,774,956	194,773	183,016	(109,956)	(30,191)	(247,834)	(375,797)	2,503,822	2,551,984
Unallocated expenses									(109,041)	(289,330)
Financial income									754,437	87,264
Financial expenses									(655,869)	(357,193)
Net operating profit (include share of results of associates)									2,493,348	1,992,725
Other income									405,287	105,808
Other expenses									(158,904)	(85,089)
Income tax expense									(702,689)	(706,220)
Net profit									2,037,042	1,307,224

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2014 (continued)

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	Food and beverage		Animal nutrition		Mining and processing		Financial services		Total	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Segment assets	15,108,276	12,923,825	-	2,152,932	24,199,705	20,376,937	8,357,101	8,604,935	47,665,082	44,058,629
Unallocated assets									5,300,018	2,443,512
Total assets									52,965,100	46,502,141
Segment liabilities	10,963,588	7,952,295	-	-	9,891,791	7,870,718	-	-	20,855,379	15,823,013
Unallocated liabilities									10,184,582	7,417,631
Total liabilities									31,039,961	23,240,644
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Capital expenditure	843,267	315,863	-	-	1,885,626	3,506,517	-	-	2,728,893	3,822,380
Depreciation	278,654	227,483	-	-	612,488	38,051	-	-	891,142	265,534
Amortisation	319,250	200,991	-	-	201,807	16,919	-	-	521,057	217,910

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

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2014 (continued)

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(b) Geographical segments

2014

	Vietnam VND million	Asia (excluded Vietnam) VND million	Europe VND million	Americas VND million	Others VND million	Total VND million
External revenue	13,841,739	1,026,750	767,363	253,091	199,693	16,088,636
Segment assets	52,965,100	-	-	-	-	52,965,100
Capital expenditure	2,728,893	-	-	-	-	2,728,893

2013

In 2013, the Group view themselves as operating in one geographical segment which is in Vietnam since all the Group's facilities, investments and revenue are in Vietnam.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2014 (continued)

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5. Business combination

Acquisition of Lamka

In September 2014, a subsidiary within the Group, Masan Brewery Company Limited completed the acquisition of 100% equity interest of Lamka which holds 99.99% equity interest of Pybeco for a total consideration of VND594 million, including transaction costs. The share acquisitions resulted in the Group gaining 100% and 99.99% effective equity interest in Lamka and Pybeco as at 31 December 2014, respectively.

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

	Pre-acquisition carrying amounts VND million	Fair value adjustments VND million	Recognised value on acquisition VND million
Cash and cash equivalents	57,995	-	57,995
Accounts receivable – short term	5,939	-	5,939
Inventories	30,694	-	30,694
Other current assets	19,975	-	19,975
Tangible fixed assets	358,423	26,872	385,295
Intangible fixed assets	927	8,105	9,032
Construction in progress	2,799	-	2,799
Other long-term assets	2,271	-	2,271
Goodwill	96,996	(96,996)	-
Current liabilities	(225,385)	-	(225,385)
Long-term liabilities	(702,915)	-	(702,915)
Deferred tax liabilities	-	(6,995)	(6,995)
Total net identifiable liabilities acquired	(352,281)	(69,014)	(421,295)
Share of net liabilities acquired			(421,295)
Goodwill on acquisition (Note 17)			421,889
Total consideration			594
Consideration paid			(594)
Cash acquired			57,995
Net cash inflow			57,401

Goodwill acquired in the acquisition is attributable mainly to synergies which management expect to realise by integrating Lamka into the Group's existing business.

Ma San Group Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2014 (continued)****Form B 09 – DN/HN****6. Disposal of subsidiaries****(a) Disposal of MA**

In December 2014, the Group acquired the remaining 49% of equity interests in MA which hold 40% equity interest in Vietnamese – French Cattle Feed Joint Stock Company (“Proconco”), an associate, for a consideration of VND1,500 billion. In December 2014, the Group had 99.99% equity interests in MA. In December 2014, the Group completely disposed 99.99% equity interests in MA to third parties, for a cash consideration of VND3,035,143 million. Such transaction resulted in the Group no longer holding any equity interest in MA and Proconco.

The disposal had the following effect on the Group’s financial statements on disposal date:

	VND million
Cash and cash equivalents	477
Short-term investments	83,500
Other receivables	1,659
Investments in associates	2,267,705
Taxes payable to State Treasury	(357)
Accrued expenses	(467)
	<hr/>
Total net identifiable assets disposed	2,352,517
Gain recorded in statement of income (Note 29)	682,626
	<hr/>
Selling price	3,035,143
	<hr/>
Balance of receivable as at 31 December 2014 (*)	(3,035,143)
Cash and cash equivalents disposed	(477)
	<hr/>
Net of cash disposed	(477)
	<hr/>

- (*) Subsequent to 31 December 2014, the Group has received VND1,500 billion of the proceed on disposal of this investment.

Ma San Group Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2014 (continued)****Form B 09 – DN/HN****(b) Disposal of MVP**

In December 2014, the Group disposed 100% of its stakes in MVP, a subsidiary, to a third party for a cash consideration of VND500 billion. Such transaction resulted in the Group no longer holding any equity interest in MVP.

The disposal had the following effect on the Group's financial statements on disposal date:

	VND million
Cash and cash equivalents	986
Short-term investments	96,600
Accounts receivable	4,507
Inventory	42,207
Other current assets	1,319
Tangible fixed assets	15,901
Intangible fixed assets	2,420
Other non-current assets	4,515
Short-term borrowings	(65,884)
Accounts payable	(9,080)
Advances from customers	(16,294)
Taxes and obligations	(4,928)
Accrued expenses	(2,638)
Other payable	(1,631)
	<hr/>
Total net identifiable assets disposed	68,000
Gains recorded in statements of income (Note 29)	428,447
Gains recorded in other reserve (Note 14 (d)(iii))	3,553
	<hr/>
Selling price	500,000
	<hr/>
Balance of receivable at as 31 December 2014 (*)	(500,000)
Cash and cash equivalents disposed	(986)
	<hr/>
Net of cash disposed	(986)
	<hr/> <hr/>

- (*) Subsequent to 31 December 2014, the Group has received VND50 billion of the proceed on disposal of this investment.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2014 (continued)

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7. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND million	VND million	VND million	VND million
Cash on hand	1,432	3,367	124	470
Cash in banks	301,538	200,210	9,777	11,361
Cash equivalents	4,863,445	5,494,986	507,350	1,367,448
	<hr/>	<hr/>	<hr/>	<hr/>
	5,166,415	5,698,563	517,251	1,379,279
	<hr/>	<hr/>	<hr/>	<hr/>

Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transactions dates. The term deposits are denominated in VND and earned interest at rates ranging from 4.4% to 5.4% per annum during the year (31/12/2013: 6% to 8% per annum for VND and 0.25% to 0.5% per annum for USD).

There was no cash equivalent as at 31 December 2014 (31/12/2013: VND28,000 million) pledged with banks as security for loans granted to the Group (Note 22).

8. Accounts receivable – short-term and long-term

As at 31 December 2014, certain trade receivables of the Group were pledged with banks as security for loans granted to subsidiaries (see Note 18).

As at 31 December 2014, prepayments to suppliers of the Group amounting to VND61,723 million (31/12/2013: VND194,417 million) were related to construction in progress.

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2014 (continued)

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Other receivables comprised:

	<u>Group</u>		<u>Company</u>	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND million	VND million	VND million	VND million
Other short-term receivables				
Receivables from sales of claims	256,200	-	-	-
Non-trade receivables from related companies	142,244	142,244	3,168,668	10,734,312
Accrued interest receivable from deposits	64,972	51,906	3,398	1,250
VAT portion of foreign contractor tax	-	11,947	-	6,837
Services receivable	11,547	11,547	11,547	11,547
Others	15,779	47,608	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	490,742	265,252	3,183,613	10,753,946
	<hr/>	<hr/>	<hr/>	<hr/>
Other long-term receivables				
Long-term interest receivables	4,712	25,395	-	-
Long-term loans receivables	-	424,788	-	-
Other long-term receivables from related parties	-	-	5,016,249	2,875,015
Other (*) (Note 13)	1,383,086	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,387,798	450,183	5,016,249	2,875,015
	<hr/>	<hr/>	<hr/>	<hr/>

(*) Other represents receivables from State Treasury for the land compensation cost of the Nui Phao Mining Project at Ha Thuong Commune, Dai Tu District, Thai Nguyen Province. The amount could be net off with annual land rental fee.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2014 (continued)

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Other receivables include the following amounts due from related parties:

	<u>Group</u>		<u>Company</u>	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND million	VND million	VND million	VND million
Amounts due from Ma San Corporation – the parent company				
Non-trade – short-term	142,244	142,244	142,244	142,244
Amounts due from other related companies				
Non-trade – short-term	-	-	3,026,424	10,592,068
Non-trade – long-term	-	-	5,016,249	2,875,015

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

As at 31 December 2014, the short-term non-trade receivables due from other related parties of the Company comprised of:

- VND2,247,291 million (31/12/2013: VND2,003,529 million) relates to an unsecured loan agreement between the Company and a subsidiary for a principal amount of VND1,962,319 million (31/12/2013: VND1,962,319 million) and interest receivable of VND284,972 million (31/12/2013: VND41,210 million). The loan is due in 2015 and earns interest at 12% per annum (2013: 12% per annum);
- An unsecured funding agreement between the Company and a subsidiary for a principal amount of VND487,500 million (31/12/2013: VND487,500 million). The loan is interest free and will be repayable on the maturity date in 2015;
- VND232,177 million (31/12/2013: VND211,070 million) relates to an unsecured loan agreement between the Company and a subsidiary for a principal amount of VND210,000 million (31/12/2013: VND210,000 million) and interest receivable of VND22,177 million (31/12/2013: VND1,070 million). The loan is due in 2015 and earns interest at 10% per annum (2013: 10% per annum);
- VND25,018 million (31/12/2013: VND22,755 million) relates to interest receivable, which is due in 2015, accrued on a VND620,000 million loan extended to a subsidiary in 2013 which has been repaid in 2013; and
- The remaining VND34,438 million (31/12/2013: VND6,983,680 million) of short-term non-trade receivables due from related parties were unsecured, interest-free and receivable in accordance with contract terms.

Ma San Group Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2014 (continued)****Form B 09 – DN/HN**

At 31 December 2014, the non-trade long-term amounts due from other related companies of the Company were unsecured, interest free and receivable in accordance with contract terms, and consist of:

- (a) VND1,074,265 million of receivables as at 31 December 2013 were related to facility fees charged on unsecured loan facilities amounting to USD218 million and VND2,200 billion made available to a subsidiary. During the year, the Company entered into agreements with its subsidiaries to change the nature of the facility fees to interest cost for loans granted to the subsidiary. These interest cost amounting to VND2,134,490 million as at 31 December 2014 are receivable from 2016 to 2018. The remaining VND229,967 million (31/12/2103: Nil) relates to principal drawn down from the loan facilities granted by the Company and interest receivables during the year;
- (b) VND323,560 million (31/12/2013: VND278,398 million) relates to interest receivable, which are due in 2019, accrued on a VND2,000 billion loan extended to a subsidiary in 2011 which has been repaid in 2012;
- (c) VND2,245,113 million (31/12/2013: VND1,072,169 million) relates to unsecured loan agreements between the Company and its subsidiary for the principal amount of VND1,994,358 million (31/12/2013: VND1,052,769 million) and interest receivable of VND250,755 million (31/12/2013: 19,400 million). The loans are due in 2018 and earns interest rate of 12% per annum (2013: 12% per annum);
- (d) VND83,119 million (31/12/2013: VND450,183 million) relates to unsecured loan agreements between the Company and its subsidiary for the principal amount of VND79,569 million (31/12/2013: VND424,788 million) and interest receivable of VND3,550 million (31/12/2013: VND25,395 million). The loans are due in 2017 and earns interest rate of 10.5% per annum (2013: 10% to 10.5% per annum).

9. Inventories

	31/12/2014 VND million	Group 31/12/2013 VND million
Goods in transit	64,148	49,521
Raw materials	599,438	381,333
Tools and supplies	511,941	326,413
Work in progress	76,624	90,522
Finished goods	366,480	223,444
Merchandise inventories	5,097	19,840
Goods on consignment	3,444	-
	1,627,172	1,091,073
Allowance for inventories	(22,318)	(20,739)
	1,604,854	1,070,334

Ma San Group Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2014 (continued)****Form B 09 – DN/HN**

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

	2014	<u>Group</u>	2013
	VND million		VND million
Opening balance	20,739		11,991
Increase in allowance during the year	67,433		38,187
Allowance utilised during the year	(61,739)		(24,495)
Written back	(3,488)		(4,944)
Disposal of a subsidiary	(627)		-
Closing balance	22,318		20,739

As at 31 December 2014, certain inventories of the Group were pledged with banks as security for loans granted to subsidiaries (see Note 18).

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2014 (continued)

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10. Tangible fixed assets

Group

	Mining properties VND million	Buildings and structures VND million	Leasehold improvements VND million	Office equipment VND million	Machinery and equipment VND million	Motor vehicles VND million	Total VND million
Cost							
Opening balance	-	627,019	94,220	71,834	1,605,642	58,899	2,457,614
Acquisition on business combinations	-	75,021	45	1,633	307,884	712	385,295
Additions	101,468	1,173	3,175	1,010	6,510	77	113,413
Transfer from construction in progress	5,698,583	2,119,485	-	12,024	9,320,422	4,333	17,154,847
Transfer to short-term prepayments	-	-	-	-	(481)	-	(481)
Transfer to long-term prepayments	-	(1,561)	-	-	(3,018)	-	(4,579)
Disposals	-	(2,973)	(71,680)	(4,990)	(34,785)	(7,818)	(122,246)
Written off	-	(2,500)	-	(2,820)	(1,359)	(220)	(6,899)
Reclassifications	-	660	-	615	(1,275)	-	-
Disposal of a subsidiary	-	(10,832)	-	(1,822)	(76,469)	(741)	(89,864)
Closing balance	5,800,051	2,805,492	25,760	77,484	11,123,071	55,242	19,887,100

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2014 (continued)

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	Mining properties VND million	Buildings and structures VND million	Leasehold improvements VND million	Office equipment VND million	Machinery and equipment VND million	Motor vehicles VND million	Total VND million
Accumulated depreciation							
Opening balance	-	86,063	29,111	32,932	552,702	25,377	726,185
Charge for the year	171,419	106,252	9,774	10,245	582,643	8,422	888,755
Transfer to short-term prepayments	-	-	-	-	(100)	-	(100)
Transfer to long-term prepayments	-	-	-	-	(1,717)	-	(1,717)
Disposals	-	(2,299)	(19,809)	(2,756)	(24,760)	(6,042)	(55,666)
Written off	-	(2,367)	-	(2,820)	(901)	(219)	(6,307)
Reclassifications	-	1,327	-	566	(1,490)	(403)	-
Disposal of a subsidiary	-	(5,869)	-	(1,540)	(65,813)	(741)	(73,963)
Closing balance	171,419	183,107	19,076	36,627	1,040,564	26,394	1,477,187
Net book value							
Opening balance	-	540,956	65,109	38,902	1,052,940	33,522	1,731,429
Closing balance	5,628,632	2,622,385	6,684	40,857	10,082,507	28,848	18,409,913

Included in the cost of tangible fixed assets were assets costing VND131,143 million which were fully depreciated as of 31 December 2014 (31/12/2013: VND128,897 million), but which are still in active use.

No tangible fixed assets of the Group retired from active use and held for disposal as of 31 December 2014 (31/12/2013: VND1,547 million).

The carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND33,679 million as of 31 December 2014 (31/12/2013: VND48,573 million).

As at 31 December 2014, tangible fixed assets with a carrying value of VND815,204 million (31/12/2013: VND676,017 million) were pledged with banks as security for loans granted to the subsidiaries (see Note 18 and 22).

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 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
Transfer 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
Charge for the year	9,183	1,890	11,073
Disposals	(19,809)	(2,206)	(22,015)
Closing balance	11,353	2,234	13,587
Net book value			
Opening balance	64,799	3,237	68,036
Closing balance	3,745	3,427	7,172

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2014 (continued)

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11. Finance lease tangible fixed assets

Group

	Machinery and equipment VND million
Cost	
Opening and closing balance	67,300
	<hr/>
Accumulated amortisation	
Opening balance	8,973
Charge for the year	13,460
	<hr/>
Closing balance	22,433
	<hr/>
Net book value	
Opening balance	58,327
Closing balance	44,867
	<hr/> <hr/>

A subsidiary of the Company leased laboratory equipments for metallurgical assay testing under a finance lease arrangement (Note 22(d)).

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2014 (continued)

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12. Intangible fixed assets

Group

	Land use rights VND million	Software VND million	Brand name VND million	Customer relationships VND million	Mineral water resources VND million	Mining rights VND million	Total VND million
Cost							
Opening balance	173,793	39,964	702,866	375,110	305,336	-	1,597,069
Acquisition on business combinations	-	927	8,105	-	-	-	9,032
Additions	-	3,505	1,500	-	-	588,373	593,378
Transfer from construction in progress	-	67,048	-	-	-	-	67,048
Transfer to long-term prepayments	-	(50)	-	-	-	-	(50)
Written off	(31)	(44)	-	-	-	-	(75)
Disposal of a subsidiary	(3,508)	-	-	-	-	-	(3,508)
Closing balance	170,254	111,350	712,471	375,110	305,336	588,373	2,262,894
Accumulated amortisation							
Opening balance	20,194	17,363	125,665	142,788	2,387	-	308,397
Charge for the year	4,947	12,981	62,710	68,319	2,603	5,369	156,929
Transfer to long-term prepayments	-	(18)	-	-	-	-	(18)
Written off	-	(22)	-	-	-	-	(22)
Disposal of a subsidiary	(1,088)	-	-	-	-	-	(1,088)
Closing balance	24,053	30,304	188,375	211,107	4,990	5,369	464,198
Net book value							
Opening balance	153,599	22,601	577,201	232,322	302,949	-	1,288,672
Closing balance	146,201	81,046	524,096	164,003	300,346	583,004	1,798,696

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Included in the cost of intangible fixed assets were assets costing VND15,031 million which were fully amortised as of 31 December 2014 (31/12/2013: VND7,274 million), but which are still in use.

As at 31 December 2014, land use rights with a carrying value of VND70,093 million (31/12/2013: VND72,958 million) were pledged with banks as security for loans granted to the Group's subsidiaries (see Note 18).

Company:

	Software VND million
Cost	
Opening balance	4,214
Additions	318
	<hr/>
Closing balance	4,532
	<hr/>
Accumulated amortisation	
Opening balance	1,149
Charge for the year	1,112
	<hr/>
Closing balance	2,261
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Net book value	
Opening balance	3,065
Closing balance	2,271
	<hr/> <hr/>

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2014 (continued)

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13. Construction in progress

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	VND million	VND million	VND million	VND million
Opening balance	20,042,933	15,317,924	10,021	71,628
Acquisition on business combinations	2,799	1,047	-	-
Additions during the year	3,356,972	5,094,361	1,093	16,009
Transfer to tangible fixed assets	(17,154,847)	(340,323)	(4,313)	(74,844)
Transfer to intangible fixed assets	(67,048)	(15,097)	-	(2,161)
Transfer to short-term prepayments	(6,594)	(5,779)	-	(570)
Transfer to long-term prepayments	(972,598)	(9,200)	(63)	(41)
Disposals	(5,263)	-	(4,521)	-
Written off	(2,217)	-	(2,217)	-
Reimbursement of resettlement cost, transfer to other receivables (Note 8)	(1,383,086)	-	-	-
Closing balance	3,811,051	20,042,933	-	10,021

As at 31 December 2014, no construction in progress were pledged with banks as security for loans granted to the Group's subsidiaries (31/12/2013: VND176,983 million) (see Note 18).

During the year, borrowing costs capitalised into construction in progress amounted to VND412,373 million (for the year ended 31 December 2013: VND1,117,239 million).

14. Investments

	<u>Group</u>		<u>Company</u>	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND million	VND million	VND million	VND million
Long-term investments				
Investments in subsidiaries	-	-	3,389,914	7,422,796
Investment in associates (a)	8,597,526	10,757,867	8,932,424	8,932,424
Other long-term investments (b)	147,650	3,600	-	-
	8,745,176	10,761,467	12,322,338	16,355,220
Short-term investments				
Term deposits in banks	4,042,212	3,287,000	239,614	-

Ma San Group Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2014 (continued)****Form B 09 – DN/HN**

Term deposits at banks represented deposits with original terms to maturity of more than three months but less than twelve months from their transaction dates. The term deposits are denominated in Vietnam Dong and earned interest at rates ranging from 4.9% to 7% (2013: ranging from 6% to 8%) per annum during the year.

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

	31/12/2014 VND million	31/12/2013 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) (**)	-	441,200
Ma San Horizon Corporation	2,873,314	2,873,314
	<hr/>	<hr/>
	3,389,914	7,422,796

(*) In May 2014, the Company transferred the remaining equity interest of 21.39% of MSC at cost to MCH for a consideration of VND3,591,682 million. The Company assigned all outstanding debts and related interest payables to MSC to MCH.

(**) In September 2014, the Company converted all outstanding loans and interest receivable amounting of VND376,800 million to capital contribution in Masan Brewery Company Limited. Then in December 2014, the Company transferred all of 100% its equity interest in Masan Brewery Company Limited at cost to MCH for a consideration of VND818,000 million.

The following are the details of the consolidated subsidiaries as at 31 December 2014:

Name	Address
MasanConsumerHoldings Company Limited	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Ma San Consumer Corporation	12 th Floor, Kumho Asiana Plaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Masan Food Company Limited	12 th Floor, Kumho Asiana Plaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Ma San Industrial One Member Company Limited	Lot 6, Tan Dong Hiep A Industrial Park, Di An District, Binh Duong Province, Vietnam
Viet Tien Food Technology One Member Company Limited	Lot III-10-Industrial Group III, Tan Binh Industrial Park, Tan Phu District, Ho Chi Minh City, Vietnam
Ma San HD One Member Company Limited	Lot 22, Dai An Industrial Park, Tu Minh Ward, Hai Duong City, Hai Duong Province, Vietnam.

Ma San Group Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2014 (continued)****Form B 09 – DN/HN**

Name	Address
Ma San PQ Corporation	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam.
Masan Beverage Company Limited	12th Floor, Kumho Asiana Plaza Saigon – 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.
Masan DN One Member Company Limited	Street No. 7, Hoa Khanh Industrial Park, Hoa Khanh Bac Ward, Lien Chieu District, Da Nang City, Vietnam.
Masan MB One Member Company Limited	Area B, Nam Cam Industrial Park – Dong Nam Nghe An Economic Zone, Nghi Long Commune, Nghi Loc District, Nghe An Province, Vietnam.
VinaCafe Bien Hoa Joint Stock Company	Bien Hoa Industrial Zone I, Bien Hoa City, Dong Nai Province, Vietnam
Vinh Hao Mineral Water Corporation	Vinh Son Hamlet, Vinh Hao Commune, Tuy Phong District, Binh Thuan Province, Vietnam.
Kronfa., JSC	Km37, National Road 27, Tan Son Town, Ninh Son District, Ninh Thuan Province, Vietnam
Ma San Horizon Corporation	Suite 802, 8 th Floor, Central Tower, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Ma San Resources Corporation	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Ma San Thai Nguyen Resources Company Limited	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam
Thai Nguyen Trading and Investment Company Limited	8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Nui Phao Mining Company Limited	Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam
Masan Brewery Company Limited (formerly known as Orchid Consultant Company Limited)	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Lamka One Member Company Limited	10 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Phu Yen Beer and Beverage., JSC	Hoa Hiep Industrial Park, Hoa Hiep Bac Ward, Dong Hoa District, Phu Yen Province, Vietnam

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2014 (continued)

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(a) Investment in associates

Details of the investments in associates were as follows:

	<u>Group</u>		<u>Company</u>	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND million	VND million	VND million	VND million
Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”) (*)	8,357,101	8,604,935	8,932,424	8,932,424
Vietnamese French Cattle Feed Joint Stock Company (“Proconco”) (**)	-	2,152,932	-	-
Cholimex Food Joint Stock Company (“Cholimex”) (***)	240,425	-	-	-
	8,597,526	10,757,867	8,932,424	8,932,424

(*) Investment in Techcombank represents investment in 30.36% (31/12/2013: 30.36%) of the effective economic interest in Techcombank as of 31 December 2014. The Group’s effective economic interest includes 15.64% through direct equity interest and 14.72% through 10 year convertible bonds issued by Techcombank which the Company has agreed to irrevocably and mandatorily convert during the conversion period of the convertible bonds, subject to regulatory and other customary approvals.

(**) The Group divest all their effective equity interest in Proconco as of 31 December 2014 (31/12/2013: their holding of 15.14%), as a result of the disposal of MA, which holds a 40% direct interest in Proconco.

(***) In December 2014, MSF, a subsidiary of the Company acquired 32.84% equity interest in Cholimex for a consideration of VND239,420 million excluding transactions cost.

Movements of investment in associates as at 31 December 2014 were as follows:

	Techcombank	Proconco	Cholimex	Total
	VND million	VND million	VND million	VND million
Opening balance	8,604,935	2,152,932	-	10,757,867
Share in post-acquisition profit/(loss) of associates during the year	(247,834)	194,773	-	(53,061)
Dividends received	-	(80,000)	-	(80,000)
Disposal of investment in associates (Note 6 (a))	-	(2,267,705)	-	(2,267,705)
Acquisition of an associate	-	-	240,425	240,425
Closing balance	8,357,101	-	240,425	8,597,526

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2014 (continued)

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(b) Other long-term investments

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

	Group	
	31/12/2014	31/12/2013
	VND million	VND million
Term deposits at banks	144,050	-
Investment in Vinh Hao Seaweed Corporation	3,600	3,600
	<hr/>	<hr/>
	147,650	3,600
	<hr/>	<hr/>

The term deposits are denominated in Vietnam Dong, have original terms to maturity of more than twelve months from their transaction dates and earned interest at rates ranging from 7.2% to 7.7% per annum during the year.

(c) Transactions in subsidiaries for the year ended 31 December 2014 – transactions with minority interests

(i) Transactions with minority interests in MSC

In January 2013, KKR Ma San Aggregator L.P, an affiliate of Kohlberg Kravis Roberts & Co. L.P (“KKR”), subscribed for new shares issued by MSC. In connection with the issuance, MSC entered into an agreement with the investor to issue additional shares based on certain valuation conditions derived from 2013 earnings. The additional shares required to be issued resulted in a decrease in the Group’s equity interests as at 31 December 2013.

However, this requirement was waived by the investor in 2014 resulting in the Group’s equity interests in MSC increasing back to 77.4%, resulting in the following effects:

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

Ma San Group Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2014 (continued)****Form B 09 – DN/HN**

In May 2014, MSC disposed 51% equity interests of MA by doing an upstream transfer of MA to the Company. Therefore, MCH shared other reverse of this transactions to minority investors, resulting in the following effects:

	VND million
Net assets decreased	7,135
	<hr/>
Difference recorded in other reserves	7,135
	<hr/>

In June 2014, MSC issued shares to certain employees under its employee share based payment plan after obtaining shareholders' approval at its Annual General Meeting, resulting in the following effects:

	VND million
Shares issued at par not subscribed by the Group, net of transaction costs	39,905
Net assets diluted	(74,832)
	<hr/>
Difference recorded in other reserves	(34,927)
	<hr/>

In July 2014, MSC acquired an additional 0.44% of the equity interest of Vinh Hao Mineral Water Corporation ("Vinh Hao") for a total consideration of VND568 million in cash, resulting in the following effects:

	VND million
Cost of acquisition, cash paid	(568)
Net assets acquired	2,144
	<hr/>
Differences recorded in other reserves	1,576
	<hr/>

During the year, the MCH acquired additional 1.56% of the equity interest in MSC from minority interests for a total of VND695,068 million in cash, resulting in the following effects:

	VND million
Cost of acquisition	(695,068)
Net assets acquired	201,422
	<hr/>
Difference recorded in other reserves	(493,646)
	<hr/>

Ma San Group Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2014 (continued)****Form B 09 – DN/HN**

In December 2014, MSC repurchased 18,000,000 treasury shares from MCH and minority investors for VND1,253,687 million and VND386,566 million in cash, including transaction costs, respectively. As a result of this transaction, economic interests of MCH in MSC increased by 0.03% equivalent and other reserves increased by VND15,921 million.

In December 2014, MCH shared other reserves of MSC transactions to minority investors, resulting in the following effects:

	VND million
Net assets increased	(1,111)
Difference recorded in other reserves	(1,111)

(ii) Transactions with minority interests in MA

In December 2014, MSN acquired 49% of the equity interest in MA for VND1,502,060 million in cash, resulting in the following effects:

	VND million
Cost of acquisition	(1,502,060)
Net assets acquired	1,152,733
Difference recorded in other reserves	(349,327)

Ma San Group Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2014 (continued)****Form B 09 – DN/HN****(iii) Transactions with minority interests in MR**

From February 2014 to December 2014, MR issued shares to certain employees under its employee share based payment plan after obtaining shareholders' approval at its Annual General Meeting. The Group effective interest in MR had a decrease from 75.9% to 74.2% resulting in the following effects:

	VND million
Shares issued at par not subscribed by the Group, net of transaction costs	12,436
Net assets diluted	(204,652)
	<hr/>
Difference recorded in other reserves	(192,216)
	<hr/>

Other reserve movements during the year were as follows

	VND million
Balance at 1 January 2014	(8,929,770)
Decrease in minority interests in MSC	(24,319)
Gains recorded in other reserve from disposals of shares in a subsidiary of MSC (Note 6)	3,553
Loss recognised in other reserve when acquired 49% equity interest in MA	(349,327)
Transfer other reserves to retained earnings as a result of the disposal of 100% equity interest in MA	349,327
Increase in minority interests in MR	(192,216)
	<hr/>
Balance at 31 December 2014	(9,142,752)
	<hr/>

Moreover, in 2014, MCH granted the right to acquire the option equity interest in MCH worth VND525,900 to PENM III Germany GmbH & Co. Kg million at a pre-agreed valuation which can be exercised after 4 years. MCH has the ability to settle the option by delivering primary shares of MCH or secondary shares owned by the Company or other parties.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2014 (continued)

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(e) Significant transactions in subsidiaries in 2013

(i) Transactions with minority interests in MSC

On 16 January 2013, the Company acquired an additional 0.45% of the equity interests in MSC, a subsidiary, from minority interests for VND207,462 million in cash, resulting in the following effects:

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

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

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

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

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

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

Ma San Group Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2014 (continued)****Form B 09 – DN/HN**

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

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

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

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

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

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

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

In 2014, the Company and TPG entered into an agreement whereby TPG agreed to cancel all options that the Company granted to TPG.

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2014 (continued)

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(ii) *Transactions with minority interests in MR*

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

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

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

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

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

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

(f) *Significant transactions in subsidiaries in prior years*

(i) *Transactions with minority interest in MSC*

On 7 April 2011, Kohlberg Kravis Roberts & Co. L.P. (“KKR”) through its company named MC Holdings II (Cayman) Limited subscribed for new shares issued by MSC equivalent to 10% of its outstanding shares on that date for VND3,327,552 million.

Ma San Group Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2014 (continued)****Form B 09 – DN/HN**

In connection with this issuance, the Company entered into an agreement with the investor wherein if the equity valuation of MSC based on a multiple of 16 times 2011 earnings does not meet the agreed initial entry valuation of MSC, the Company will transfer a certain number of its MSC shares to the investor to achieve an effective entry valuation of 16 times 2011 earnings. In addition, if the 2011-2013 growth rate of MSC's earnings is below the agreed internal return rate at 20% in VND or 15% in USD at the Company's discretion, the Company will also transfer a certain number of its MSC shares to the investor. At 31 December 2013, the 2011-2013 growth rate of MSC's earnings was above the initial agreed internal return rate and the Company has no legal obligation to transfer additional shares of MSC to the investor.

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

(ii) Transactions with minority interest in MR

On 16 March 2011, Mount Kellett Capital Management LP through its company named MRC Limited subscribed for new MR shares for a cash consideration of USD100 million, equivalent to VND2,059,120 million. The investor obtained 20% interest in MR. As part of this transaction, the Group invested VND487,500 million in MR for new ordinary shares. The Company also granted the investor an option to put its 20% ownership in MR to the Company for the Company's shares in the event MR has not listed within 4.5 years after closing of the transaction. The amount of shares to be issued in the event the put option is exercised will be based on the trading price of the Company's shares and an amount of shares that would allow the investor to generate a certain rate of return, based on the USD invested amount.

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

On 11 July 2013, MRC Limited further subscribed to 29,420,151 ordinary shares issued by MR in a private placement at a subscription price of VND10,000 per share.

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Notes to the financial statements for the year ended 31 December 2014 (continued)

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15. Long-term prepayments

Group

	Pre- operating expenses VND million	Prepaid land costs VND million	Land compensation costs VND million	Printing axes VND million	Tools and supplies VND million	Borrowing fees VND million	Foreign exchange differences VND million	Others VND million	Total VND million
Opening balance	58,796	2,226	-	1,143	25,980	306,817	-	8,391	403,353
Additions	-	-	-	4,675	8,002	232,227	-	7,875	252,779
Acquisition on business combinations	-	-	-	-	-	-	-	1,856	1,856
Transfer from/(to) construction in progress	313,184	-	660,515	-	(1,164)	-	-	63	972,598
Transfers from tangible fixed assets	-	-	-	-	2,862	-	-	-	2,862
Transfers from intangible fixed assets	-	-	-	-	32	-	-	-	32
Reclassification from short-term prepayments	-	-	-	-	5,710	-	-	-	5,710
Transfer from foreign exchange difference account	-	-	-	-	-	-	43,190	-	43,190
Amortisation for the year	(86,995)	(55)	(27,521)	(3,247)	(23,347)	(153,000)	(7,263)	(3,120)	(304,548)
Disposals	-	-	-	(475)	(3,117)	-	-	(74)	(3,666)
Written off	-	-	-	-	(208)	-	-	-	(208)
Disposal of subsidiaries	-	-	-	(2,050)	(2,316)	-	-	-	(4,366)
Closing balance	284,985	2,171	632,994	46	12,434	386,044	35,927	14,991	1,369,592

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Notes to the financial statements for the year ended 31 December 2014 (continued)

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Company

	Borrowing fees VND million	Others VND million	Total VND million
Opening balance	52,812	499	53,311
Additions	6,000	7,041	13,041
Transfer from construction in progress	-	63	63
Disposals	-	(74)	(74)
Amortisation for the year	(22,843)	(1,210)	(24,053)
Closing balance	35,969	6,319	42,288

16. Deferred tax assets and liabilities

(i) *Recognised deferred tax assets and liabilities*

	31/12/2014 VND million	Group 31/12/2013 VND million
Deferred tax assets:		
Accrued sales discount	12,770	8,891
Accrued advertising and promotion expenses	71,916	57,987
Accrued transportation costs	19,116	9,486
Other accruals	9,988	9,755
Unrealised profits on intra-group transactions	3,701	1,453
Total deferred tax assets	117,491	87,572
Deferred tax liabilities:		
Construction in progress	(730,050)	(751,021)
Tangible fixed assets	(19,111)	(15,954)
Intangible fixed assets	(183,626)	(194,506)
Accrued interest income	-	(190,235)
Total deferred tax liabilities	(932,787)	(1,151,716)
	(815,296)	(1,064,144)

Ma San Group Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2014 (continued)

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(ii) Movement in temporary differences during the year

		<u>Group</u>			
	31/12/2013	Acquisition	Disposal of a	Recognised	31/12/2014
	VND million	on business	subsidiary	in income	VND million
		combination	VND million	VND million	
Accrued sales discount	8,891	-	-	3,879	12,770
Accrued advertising and promotion expenses	57,987	-	-	13,929	71,916
Accrued transportation costs	9,486	-	-	9,630	19,116
Other accruals	9,755	-	(145)	378	9,988
Unrealised profit on intra-group transactions	1,453	-	-	2,248	3,701
Construction in progress	(751,021)	-	-	20,971	(730,050)
Tangible fixed assets	(15,954)	(5,374)	-	2,217	(19,111)
Intangible fixed assets	(194,506)	(1,621)	-	12,501	(183,626)
Accrued interest income	(190,235)	-	-	190,235	-
	(1,064,144)	(6,995)	(145)	255,988	(815,296)

(iii) Unrecognised deferred tax assets

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

	<u>Group</u>		<u>Company</u>	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND million	VND million	VND million	VND million
Other accruals	1,115	19,934	(546)	19,934
Tax losses	454,319	286,888	269,953	264,527
	455,434	306,822	269,407	284,461

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

Ma San Group Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2014 (continued)****Form B 09 – DN/HN**

The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available	
		<u>Group</u> VND million	<u>Company</u> VND million
2015	Outstanding	18,950	-
2016	Outstanding	196,687	215,633
2017	Outstanding	224,049	203,899
2018	Outstanding	864,352	782,864
2019	Outstanding	773,078	24,665
		2,077,116	1,227,061

17. Goodwill

	<u>Group</u> 31/12/2014 VND million
Cost	
Opening balance	520,945
Acquisition on business combinations (Note 5)	421,889
Closing balance	942,834
Accumulated amortisation	
Opening balance	83,826
Amortisation for the year	66,654
Closing balance	150,480
Net book value	
Opening balance	437,119
Closing balance	792,354

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Notes to the financial statements for the year ended 31 December 2014 (continued)

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18. Short-term borrowings and liabilities

	<u>Group</u>		<u>Company</u>	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND million	VND million	VND million	VND million
Short-term borrowings	5,329,971	4,245,567	-	2,123,200
Current portion of long-term borrowings (Note 22)	712,307	2,390,343	567,960	188,100
	6,042,278	6,635,910	567,960	2,311,300

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

	Currency	Annual interest rate	<u>Group</u>		<u>Company</u>	
			31/12/2014	31/12/2013	31/12/2014	31/12/2013
			VND million	VND million	VND million	VND million
Short-term borrowings						
Secured bank loans	VND	4%-4.8%	3,327,030	2,088,838	-	-
Secured bank loans	USD	5.5%	1,035,382	968,762	-	-
Secured bank loans	EUR	-	-	1,080	-	-
Unsecured bank loan	VND	3%-6.2%	928,228	287,712	-	-
Unsecured loan	USD	8.5%	39,331	-	-	-
Promissory Note	VND	-	-	899,175	-	-
Unsecured loan from a subsidiary	VND	15%	-	-	-	2,123,200
			5,329,971	4,245,567	-	2,123,200

As at 31 December 2014, the bank loans were secured by the following assets of the Group:

- (i) Inventories and trade receivables with a carrying amount of USD18 million, equivalent to VND384,570 million (31/12/2013: VND165.5 million and USD30.5 million, equivalent to VND642,940 million).
- (ii) Fixed assets with a carrying value of VND885,297 million (31/12/2013: VND925,958 million). Part of these fixed assets with carrying value of VND853,081 million (31/12/2013: VND885,745 million) was also used as security for long-term borrowings and accordingly, included in the amount of security disclosed in Note 22.

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19. Taxes payable to State Treasury

	<u>Group</u>		<u>Company</u>	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND million	VND million	VND million	VND million
Corporate income tax	736,476	334,003	-	-
Value added tax	78,677	91,603	-	-
Natural resource taxes	70,461	-	-	-
Personal income tax	32,669	27,112	-	-
Special consumption tax	27,451	-	-	-
Import-export tax	7,457	3,332	-	-
Other taxes	9,359	27,371	1,127	386
	962,550	483,421	1,127	386

20. Accrued expenses

	<u>Group</u>		<u>Company</u>	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND million	VND million	VND million	VND million
Accrued interest payable	507,510	423,814	192,767	303,400
Advertising and promotion expenses	476,995	279,737	-	-
Accruals for construction work	192,614	66,563	-	-
Bonus and 13 th month salary	112,489	198,675	-	-
Transportation expenses	103,563	46,056	-	-
Withholding tax	79,257	33,729	334	5,251
Sales discount	70,622	49,653	-	-
Consultant fee	55,044	104,365	21,328	32,476
Accruals for inventories purchased	10,401	16,252	-	-
Others	254,036	359,522	810	138,784
	1,862,531	1,578,366	215,239	479,911

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21. Other payables

	Group		Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND million	VND million	VND million	VND million
Other short-term payables				
Social and health insurance	104	155	-	155
Short-term deposits from customers	935	1,509	155	-
Purchase of shares in a subsidiary and associate	1,739,738	43,398	1,500,558	-
Dividends payable	54,672	902	-	-
Other short-term payables to a subsidiary	-	-	-	883,284
Others	98,564	55,306	54,611	-
	1,894,013	101,270	1,555,324	883,439
Other long-term liabilities				
Long-term payables (a)	93,043	157,610	14,580	27,076
Obligation to issue shares (b) (Note 26)	60,561	60,561	60,561	60,561
Long-term deposit	24,297	16,517	-	-
Other long-term payables to a subsidiary	-	-	-	1,725,360
	177,901	234,688	75,141	1,812,997

(a) Long-term payables of the Group and the Company amounting to VND14,580 million (31/12/2013: VND27,076 million) comprise the gross amount of interest relating to certain instruments described in Notes 26, and were unsecured and payable every six months from the disbursement date of the instruments. The remaining VND78,463 million (31/12/2013: VND130,534 million) included in long-term payables of the Group is related to fixed dividends payable for mandatory convertible preference shares issued by a subsidiary in Note 14(e)(ii).

(b) Obligation to issue shares represents the liability to issue an additional variable number of shares as noted in Note 26.

Ma San Group Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2014 (continued)****Form B 09 – DN/HN****22. Long-term borrowings and liabilities**

	<u>Group</u>		<u>Company</u>	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND million	VND million	VND million	VND million
Long-term borrowings (a)	4,015,513	8,519,274	-	6,286,800
Convertible loans (b)	567,960	1,176,522	567,960	1,176,522
Secured bonds (c)	13,600,000	4,700,000	4,700,000	4,700,000
Finance lease liabilities (d)	50,804	61,643	-	-
	18,234,277	14,457,439	5,267,960	12,163,322
Repayable within twelve months (Note 18)	(712,307)	(2,390,343)	(567,960)	(188,100)
Repayable after twelve months	17,521,970	12,067,096	4,700,000	11,975,222

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

				<u>Group</u>		<u>Company</u>		
	Currency	Interest rate per annum	Year of maturity	31/12/2014 VND million	31/12/2013 VND million	31/12/2014 VND million	31/12/2013 VND million	
a. Long-term borrowings								
Secured bank loans	VND	10%-14.5%	2015-2017	276,637	2,674,117	-	-	
		Libor + 3.5% -						
Secured bank loans	USD	Libor + 4.5%	2016	3,738,876	5,845,157	-	-	
Unsecured loan from a subsidiary	VND	10.5%-13.0%	2016-2018	-	-	-	6,286,800	
				4,015,513	8,519,274	-	6,286,800	
b. Convertible loans issued to:								
International Finance Corporation Jade Dragon (Mauritius) Limited	(b.1)	VND	8.0%-20.4%	2014-2016	-	608,562	-	608,562
	(b.2)	USD	2.0%-6.0%	2015	567,960	567,960	567,960	567,960
				567,960	1,176,522	567,960	1,176,522	
c. Secured bonds								
	VND	8%-12.5%	2016-2024	13,600,000	4,700,000	4,700,000	4,700,000	
d. Finance lease liability								
	VND	14%	2018	50,804	61,643	-	-	

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- (a) As at 31 December 2014, long-term borrowings of the Group comprised of:
- (i) VND denominated loans amounting to VND276,637 million (31/12/2013: VND390,279 million) secured over fixed assets with a carrying amount of VND853,081 million (31/12/2013: VND885,745 million and a certain term deposit at bank with amount VND28,000 million).
 - (ii) USD175 million USD denominated loan from J.P Morgan amounting to VND3,738,876 million (31/12/2013: USD175 million, equivalent to VND3,689,000 million), of which USD150 million, equivalent to VND3,204,750 million was insured by Multilateral Investment Guarantee (“MIGA”), a member of the World Bank (31/12/2013: USD150 million of the loans, equivalent to VND3,162,000 million). The USD150 million and USD25 million loans will bear interest at rates of LIBOR + 3.5% and LIBOR + 4.5%, respectively, if they are guaranteed by the Company, otherwise they will bear interest at rates of LIBOR + 4.5% and LIBOR + 5.5%, respectively. The outstanding balance at 31 December 2014 is repayable in one instalment on the termination date, which is on 15 August 2016.

At 31 December 2014, MSC’s investments in subsidiaries with carrying value of VND1,709,804 (31/12/2013: VND879,023 million) were pledged as security for this loan.

- (b.1) As at 31 December 2013, this loan represented a convertible loan, with a principal of VND608,562 million, entered into with International Finance Corporation (“IFC”), wherein VND38,562 million was convertible to the Company’s shares.

Among others, the agreement provides the following:

- (i) Interest is charged at 8% per annum from disbursement date to 15 April 2012 and at 20.4% per annum from 15 April 2012 to the maturity date for the non-convertible portion. Interest is charged at 20.4% per annum for the convertible portion from 15 April 2013 to 15 April 2016. The loan matures on 15 April 2016. The Group has accrued interest based on the nominal interest rates.
- (ii) IFC can exercise the option to convert VND190,000 million, at the maximum, of the principal amount and require the Company to list those converted shares. There are two available periods for conversion: the first option period is the period commencing the date falling 12 months after 11 May 2010 and ending on the date falling 36 months after 31 May 2010, the second option period is the period commencing from the date falling thirty six months after 11 May 2010 and ending on 15 April 2016. Interest shall continue to accrue and payment premium remains payable on the convertible loan if IFC does not exercise its conversion option during the first option period. IFC exercised the option to convert VND151,438 million into 3,521,803 shares issued by the Company in June 2012.

In August 2014, IFC exercised the option to convert the remaining convertible portion of VND38,562 million into 896,802 shares.

In December 2014, the Company repaid VND570,000 million plus accrued interest to IFC.

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- (b.2) This loan from Goldman Sachs Group, Inc. through its company named Jade Dragon (Mauritius) Limited represents a USD-denominated convertible loan, with a principal amount of USD30 million.

Among others, the agreement provides the following:

- (i) The interest rate of this loan has two portions: nominal interest rate and deferred interest rate. Deferred interest is not payable if the loan is converted. During the period from 15 December 2010 to 14 December 2012 the nominal interest rate and deferred interest rate are 2% per annum and 6% per annum respectively. During the period from 15 December 2012 to 14 December 2013 the nominal interest rate and deferred interest rate are 4% per annum and 4% per annum respectively. During the period from 15 December 2013 to 14 December 2015 the nominal interest rate and deferred interest rate are 6% per annum and 2% per annum respectively. The loan matures on 14 December 2015. The nominal interest rate is compounded daily and the deferred interest rate is compounded annually. The Group has accrued interest based on the nominal interest rates.
 - (ii) The loan may be converted into shares by the lender at any time after two years from 15 December 2010 to the loan's maturity date.
 - (iii) The conversion price was determined at VND65,000 per share.
 - (iv) The Group also separately entered into an arrangement with Ma San Corporation which undertakes the risks and obligations to subscribe to and pay a cash consideration of USD30 million plus the deferred interest for 9,000,000 shares under the convertible loan in the event that the lender does not exercise the conversion option.
- (c) The secured bonds of the Company amounting to VND4,700 billion comprised the following:
- (i) VND2,200 billion bonds included VND600 billion of the bonds bear coupon of 3% per annum plus the amalgated average 12 months deposit rates of selected major banks and VND1,600 billion of the bonds bear coupon of 1% per annum plus the amalgated average 12 months deposit rates of selected major banks. The coupons are payable every six months from the disbursement date. These bonds were secured against 22.3 million convertible bonds issued by Techcombank.
 - (ii) VND2,500 billion bonds with a maturity of 3 years at an interest rate of 12.0% per annum in the first year, 12.5% per annum in the second year and 4% per annum plus the amalgated average 12 months deposit rates of selected major banks in the third year. MCH has pledged 125 million shares in MSC as security for these bonds.

The secured bonds of the Group amounting to VND13,600 billion comprise VND4,700 billion bonds as described above and VND6,800 billion bonds with a maturity of 5 years at an interest rate of 11.0% per annum in first 12 months and 4% per annum plus the amalgated average 12 months deposit rates of selected major banks in the remaining months. The bonds were secured over certain assets of a subsidiary of the Company. The remaining secured bonds amounting to VND2,100 billion with a maturity of 10 years at an interest rate of 8.0% per annum in 10 years, guaranteed by Credit Guarantee and Investment Facility.

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

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

	31 December 2014			31 December 2013		
	Payments	Interest	Principal	Payments	Interest	Principal
	VND million	VND million	VND million	VND million	VND million	VND million
Within one year	20,364	6,788	13,576	20,364	8,554	11,810
Within two to five years	43,861	6,633	37,228	62,661	12,828	49,833
	64,225	13,421	50,804	83,025	21,382	61,643

23. Provisions – long-term

	Group	
	31/12/2014	31/12/2013
	VND million	VND million
Provision for mining rights fee	588,373	-
Provision for mine rehabilitation	19,485	-
Provision for severance allowance	2,689	3,252
	610,547	3,252

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

	Group	
	2014	2013
	VND million	VND million
Opening balance	3,252	1,381
Provision made during the year	-	3,252
Provision paid during the year	(563)	-
Reclassification	-	(1,381)
Closing balance	2,689	3,252

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24. Change in owners' equity

Group

	Share Capital VND million	Capital surplus VND million	Other capital VND million	Foreign exchange differences VND million	Other reserves VND million	Retained profits VND million	Equity attributable to equity holders of Company VND million	Minority interests VND million	Total VND million
Balance at 1 January 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
Issuance of new shares due to conversion of debt instruments of a subsidiary	297,704	1,602,460	-	-	-	-	1,900,164	-	1,900,164
Equity instruments repurchased	-	-	(1,624,121)	-	(1,056,440)	-	(2,680,561)	-	(2,680,561)
Transactions with minority interest in MSC	-	-	-	-	675,965	-	675,965	2,519,479	3,195,444
Decrease in minority interests from share capital issued by MR	-	-	-	-	70,184	-	70,184	(311,116)	(240,932)
Foreign exchange differences in a subsidiary	-	-	-	(26,970)	-	-	(26,970)	(13,518)	(40,488)
Net profit for the year	-	-	-	-	-	451,200	451,200	856,024	1,307,224
Dividend declared	-	-	-	-	-	-	-	(24,876)	(24,876)
Transfer to funds	-	-	-	-	-	(19,458)	(19,458)	(18,013)	(37,471)
Balance at 31 December 2013	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

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	Share capital VND million	Capital surplus VND million	Other capital VND million	Foreign exchange differences VND million	Other reserves VND million	Retained profits VND million	Equity attributable to equity holders of Company VND million	Minority interests VND million	Total VND million
Balance at 1 January 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 (Note 22(b)(i))	8,968	29,537	-	-	-	-	38,505	-	38,505
Contribution of equity interest from minority investor	-	-	-	-	-	-	-	388,890	388,890
Transactions with minority interest in MSC (Note 14(c)(i))	-	-	-	-	(20,766)	-	(20,766)	(999,734)	(1,020,500)
Acquisition of equity interest in MA from minority interest (Note 14(c)(ii))	-	-	-	-	(349,327)	-	(349,327)	(1,152,733)	(1,502,060)
Disposal of equity interests in MA	-	-	-	-	349,327	(349,327)	-	-	-
Transactions with minority interest in MR (Note 14(c)(iii))	-	-	-	-	(192,216)	-	(192,216)	209,915	17,699
Net profit for the year	-	-	-	-	-	1,080,169	1,080,169	956,873	2,037,042
Dividend declared	-	-	-	-	-	-	-	(1,304,830)	(1,304,830)
Transfer to funds	-	-	-	-	-	(16,349)	(16,349)	(17,853)	(34,202)
Foreign exchange differences in a subsidiary	-	-	-	43,098	-	-	43,098	-	43,098
Balance at 31 December 2014	7,358,081	9,631,164	97,703	-	(9,142,752)	7,071,887	15,016,083	6,909,056	21,925,139

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Company

	Share capital VND million	Capital surplus VND million	Other capital VND million	Other reserves VND million	Retained profits VND million	Total VND million
Balance at 1 January 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
Issuance of new shares due to conversion of debt instruments of a subsidiary	297,704	1,602,460	-	-	-	1,900,164
Equity instruments repurchased	-	-	(1,624,121)	(1,056,440)	-	(2,680,561)
Net loss for the year	-	-	-	-	(963,843)	(963,843)
Balance at 31 December 2013	7,349,113	9,601,627	97,703	(1,586,675)	(1,206,546)	14,255,222
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 (Note 25)	8,968	29,537	-	-	-	38,505
Net profit for the year	-	-	-	-	3,237,391	3,237,391
Balance at 31 December 2014	7,358,081	9,631,164	97,703	(1,586,675)	2,030,845	17,531,118

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25. Share capital and capital surplus

The Company's authorised and issued share capital comprises:

	31/12/2014		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 year were as follows:

	2014		2013	
	Number of shares	VND million	Number of shares	VND million
Balance at beginning of the year	734,911,338	7,349,113	687,280,123	6,872,801
Issuance of new shares to settle debt instruments	896,802	8,968	29,770,465	297,704
Issuance of new shares for cash	-	-	17,860,750	178,608
Balance at the end of the year	735,808,140	7,358,081	734,911,338	7,349,113

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26. Other capital

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

	31/12/2014		31/12/2013	
	Number of shares	VND million	Number of shares	VND million
Parent company credit support	2,450,353	97,703	2,450,353	97,703

Movements of other capital during the year were as follows:

	2014		2013	
	Number of shares to be issued	VND million	Number of shares to be issued	VND million
Balance at beginning of the year	2,450,353	97,703	31,173,935	1,721,824
Equity instruments repurchased	-	-	(28,723,582)	(1,624,121)
Balance at the end of the year	2,450,353	97,703	2,450,353	97,703

In 2012, the Company entered into convertible loan agreements for USD30 million (equivalent to VND624,840 million) with Mount Kellett Capital Management LP through its company named MRG Limited for a term of 4 years.

To enhance the creditworthiness of the Company and facilitate the financing transaction, the parent company also entered into arrangement with the Company and the lender in which the parent company undertakes the risks and obligations to subscribe to the Conversion Shares and directly pay the principals and deferred interests to the lender in the event that the lender do not exercise the conversion option. The parent company did not receive any consideration or other benefits in return for such undertakings on behalf of the Company.

Among others, the agreements provide the following:

- (i) The convertible loan bear semi-annual coupons of 5% per annum in year one, 6% per annum in years two and three, and 7% per annum for the remaining term of the convertible loan. A deferred interest which would achieve an effective rate of return of 10% is payable if the conversion option is not exercised; and
- (ii) The shares to be issued on conversion ("Conversion Shares") shall be determined based on an initial conversion price of VND85,000 per share and subject to ratchet adjustments and other terms of the definitive agreement. However, the maximum number of Conversion Shares will be 9.6 million. The mandatorily issuable minimum number of Conversion Shares is 7.5 million, which is treated as an equity instrument.

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In July 2013, the Company repurchased two thirds of the convertible loan of USD30 million subscribed by MRG Limited, resulting in the maximum number of Conversion Shares being reduced to 3.2 million and the mandatorily issuable minimum number of Conversion Shares was reduced to 2.5 million as at 31 December 2013 and 31 December 2014.

27. Total revenue

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

Net revenue comprised:

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	VND million	VND million	VND million	VND million
Total revenue				
▪ Sales of finished goods	16,257,544	12,014,694	-	-
▪ Services and other sales	89,032	91,295	-	-
	16,346,576	12,105,989	-	-
Less sales deductions				
▪ Sales discounts	(192,121)	(132,659)	-	-
▪ Sales returns	(65,819)	(30,797)	-	-
	(257,940)	(163,456)	-	-
	16,088,636	11,942,533	-	-

28. Cost of sales

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	VND million	VND million	VND million	VND million
Total cost of sales				
▪ Finished goods sold	9,417,828	6,908,667	-	-
▪ Service provided	7,235	1,286	-	-
▪ Allowance for inventories	63,945	33,243	-	-
	9,489,008	6,943,196	-	-

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29. Financial income

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	VND million	VND million	VND million	VND million
Interest income from:				
• Deposits	372,720	366,146	26,318	53,775
• Loans to subsidiaries	-	-	775,095	1,173,363
• Loans to third party	32,233	25,395	-	-
Negative goodwill on acquisition of a subsidiary	-	213,963	-	-
Foreign exchange gains	34,859	57,703	753	8,094
Disposal of investments in subsidiaries	1,111,073	-	286,587	-
Dividend income	-	-	3,169,052	-
Realised gains from derivative financial instruments	16,772	-	-	-
Others	3,310	914	1,700	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,570,967	664,121	4,259,505	1,239,232
	<hr/>	<hr/>	<hr/>	<hr/>

30. Financial expenses

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	VND million	VND million	VND million	VND million
Interest expense on loans from:				
• Banks	451,685	215,388	-	-
• Bondholders	1,013,037	201,990	689,200	537,210
• Subsidiary	-	-	220,087	1,176,049
Foreign exchange losses	95,933	34,274	14	79
Realised losses from derivative financial instruments	48,704	-	-	-
Others	101,632	155,133	13,273	155,124
	<hr/>	<hr/>	<hr/>	<hr/>
	1,710,991	606,785	922,574	1,868,462
	<hr/>	<hr/>	<hr/>	<hr/>

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31. Other income

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	VND million	VND million	VND million	VND million
Income from scrap sales	42,630	29,660	-	-
Income from sale of claims	256,200	-	-	-
Proceeds on disposals of fixed assets	68,603	1,573	59,486	-
Reimbursement camp site expenses from contractors	-	48,956	-	-
Import tax refund	9,107	19,289	-	-
Others	28,747	6,330	8,443	2,983
	405,287	105,808	67,929	2,983

32. Other expenses

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	VND million	VND million	VND million	VND million
Cost of scrap sales	23,085	25,158	-	-
Net book value of fixed assets, construction in progress and other assets disposed	75,509	9,094	58,701	-
Net book value of fixed assets, construction in progress and other assets written off	3,070	343	2,217	-
Expense relating to sales of claims	34,297	-	-	-
Camp site expenses from contractors	-	43,555	-	-
Others	22,943	6,939	-	-
	158,904	85,089	60,919	-

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33. Share of loss in associates

	2014	2013
	VND million	VND million
Share of profit in associates	610,246	504,755
Adjustment arising from purchase price allocation and goodwill amortisation	(663,307)	(697,536)
	<u>(53,061)</u>	<u>(192,781)</u>

34. Income tax

(a) Recognised in the statement of income

	2014	2013	2014	2013
	VND million	VND million	VND million	VND million
Current tax expense				
Current year	970,348	599,382	-	-
Over provision in prior years	(11,671)	(19,571)	-	-
	<u>958,677</u>	<u>579,811</u>	<u>-</u>	<u>-</u>
Deferred tax expense/(benefit)				
Origination and reversal of temporary differences	(242,480)	121,713	-	-
Effect of change in tax rate	(13,508)	4,696	-	-
	<u>(255,988)</u>	<u>126,409</u>	<u>-</u>	<u>-</u>
Income tax expense	<u>702,689</u>	<u>706,220</u>	<u>-</u>	<u>-</u>

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(b) Reconciliation of effective tax rate

Group

	%	2014 VND million	%	2013 VND million
Profit before tax	100%	2,739,731	100%	2,013,444
Tax at the Company's income tax rate	22.00%	602,741	25.00%	503,361
Effect of different tax rates in subsidiaries	(5.71%)	(156,466)	(11.85%)	(238,601)
Effect of intra-group transactions	5.46%	149,703	3.96%	79,714
Non-deductible expenses	0.20%	5,233	4.44%	89,160
Effect of share of associates net of tax	0.43%	11,673	2.39%	48,195
Deferred tax assets not recognised	5.42%	148,612	11.88%	239,266
Over provision in prior years	(0.43%)	(11,671)	(0.97%)	(19,571)
Effect of change in tax rate	(0.49%)	(13,508)	0.23%	4,696
Tax loss utilised	(1.23%)	(33,628)	-	-
	25.65%	702,689	35.08%	706,220

Company

	%	2014 VND million	%	2013 VND million
Profit/(loss) before tax	100%	3,237,391	100%	(963,843)
Tax at CIT rate applicable	22.00%	712,226	(25.00%)	(240,961)
Tax exempt income	(21.54%)	(697,191)	-	-
Non-deductible expenses	0.01%	19	2.47%	23,798
Write back of temporary differences	(0.63%)	(20,480)	-	-
Deferred tax assets not recognised	0.16%	5,426	22.53%	217,163
	-	-	-	-

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(c) Applicable tax rates

The Company has an obligation to pay the government corporate income tax (“CIT”) at the rate of 22% of taxable profits.

The usual income tax rate applicable to enterprises before any incentives is 22% for 2014 and 2015, and will be reduced to 20% from 2016.

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

(d) Tax contingencies

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

35. Significant transactions with related parties

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

Group

Related Party	Nature of transaction	2014 VND million	2013 VND million
Other related parties			
Vietnamese French Cattle Feed Joint Stock Company	Dividend receivable	80,000	-
Vietnam Technological and Commercial Joint Stock Bank	Foreign currency swap settlement fee	-	130,029
	Loans received	1,035,382	-
	Interest expense on loans received	20,042	-
Key management personnel	Remuneration to key management personnel (*)	41,417	46,704

(*) No board fees were paid to Board of Directors members for the years 2014 and 2013.

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Company

Related Party	Nature of transaction	2014 VND million	2013 VND million
Subsidiaries			
Ma San Consumer Corporation	Loans received from a subsidiary	735,000	4,410,000
	Loan repaid to a subsidiary through assignment of loan to another subsidiary	7,709,298	-
	Interest repaid to a subsidiary through assignment of loan to another subsidiary	2,831,626	-
	Dividend income	1,240,800	-
	Interest expense on long-term loans	222,980	1,176,049
	Acquisition of a subsidiary	1,246,496	-
Ma San Horizon Corporation	Loan provided to a subsidiary	941,588	3,015,089
	Interest income from loan provided	475,115	60,609
Ma San Resources Corporation	Interest income from loan provided	141,527	441,427
	Loan provided to a subsidiary	-	1,140,000
	Loan collected from a subsidiary	-	930,000
Nui Phao Mining Company Limited	Interest income from loan provided	123,664	649,933
	Loan provided to a subsidiary	210,000	-
Masan Brewery Company Limited	Loan provided to a subsidiary	475,657	424,788
	Loan collected from a subsidiary	452,577	-
	Interest income from loan provided	32,436	25,394
	Loan collected through net off with capital contribution	368,300	-
MasanConsumerHoldings Company Limited	Transferring a subsidiary's shares to another subsidiary	4,409,682	6,949,241
	Dividend income	1,928,252	-
	Loan provided to a subsidiary	194,465	-
	Loan collected from a subsidiary	194,465	-
	Interest income from loan provided	2,353	-
Other related parties			
Vietnam Technological and Commercial Joint Stock Bank	Foreign currency swap settlement fee	-	130,029
Key management personnel			
	Remuneration to key management personnel (*)	3,518	7,796

(*) No board fees were paid to Board of Directors members for the years 2014 and 2013.

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36. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share at 31 December 2014 was based on the profit attributable to ordinary shareholders of VND1,080,169 million (2013: VND451,200 million) of the Group and a weighted average number of ordinary shares outstanding of 746,740,068 shares during the year (year ended 31 December 2013: 730,364,689 shares).

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

(i) Net profit attributable to ordinary shareholders

	2014 VND million	2013 VND million
Net profit attributable to ordinary shareholders	1,080,169	451,200

(ii) Weighted average number of ordinary shares

	2014	2013
Issued ordinary shares at the beginning of the year	734,911,338	687,280,123
Effect of shares issued for cash	-	10,520,716
Effect of shares issued to discharge convertible bonds, loans and Promissory Notes	378,377	5,138,464
Effect of equity instruments bought back	-	15,975,033
Effect of shares to be issued solely after the passage of time	11,450,353	11,450,353
Weighted average number of ordinary shares at the end of the year	746,740,068	730,364,689

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2014 was based on profit attributable to shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

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

	2014 VND million	2013 VND million
Net profit attributable to ordinary shareholders (basic)	1,080,169	451,200
Share of profit attributed to minority shareholders, net of tax	-	(98,681)
Net profit attributable to shareholders	1,080,169	352,519

Potential dilutive ordinary shares have no income effect on the net profit attributable to shareholders for the year ended 31 December 2014 (2013: VND98,681 million).

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

	2014	2013
Weighted average number of ordinary shares (basic)	746,740,068	730,364,689
Effect of potential dilutive share ordinary shares	15,048,569	90,973,076
Weighted average number of ordinary shares (diluted)	761,788,637	821,337,765

37. Commitments

(a) Capital expenditure

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

	<u>Group</u>		<u>Company</u>	
	31/12/2014 VND million	31/12/2013 VND million	31/12/2014 VND million	31/12/2013 VND million
Approved and contracted	358,541	1,781,158	-	-
Approved but not contracted	1,898,417	486,732	-	-
	2,256,958	2,267,890	-	-

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(b) Leases

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

	Group		Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND million	VND million	VND million	VND million
Within one year	39,061	103,267	6,766	15,795
Within two to five years	38,729	40,098	7,201	-
More than five years	3,676	-	-	-
	81,466	143,365	13,967	15,795

(c) Exploitation right fee

On 14 January 2015, Kronfa., JSC (“Kronfa”), a subsidiary indirectly owned by the Company, received a Notice from the local tax authority with regard to exploitation right fee. According to the Notice, Kronfa is required to pay an exploitation right fee of VND23,684 million for exploitation capacity granted up to 31 December 2032.

On 17 March 2015, Vinh Hao Mineral Water Corporation ("VHC"), a subsidiary indirectly owned by the Company, obtained a new exploitation licence for mineral water resources from the Ministry of Resources and Environment. According to the new exploitation licence, VHC is required to pay an exploitation right fee of VND49,433 million for exploitation capacity granted for 30 years since 17 March 2015. As of the date of issuance of these financial statements, VHC has yet received the Notice from the local tax authority.

38. Share-based payment plan

The Company has an employee share-based payment plan to award shares based on the assessment of the performance of employees. The future issuance of shares under the plan has to be approved by the shareholders at Annual General Meeting.

A subsidiary of the Company, MSC, has an employee share-based payment plan to award shares based on the assessment of the performance of employees. This plan has to be approved by the shareholders at the Annual General Meeting. In accordance with the Resolution of Shareholders Meeting on 9 May 2014, the Shareholders resolved to issue 3,990,412 shares for employees and this issuance was completed on 12 June 2014.

Another subsidiary of the Company, MR, has an employee share-based payment plan in place which periodically rewards high performing employees with shares. A total of 13,392,857 of the subsidiary's shares were issued to members of the Management in 2013. 20,866,429 of the subsidiary's shares were issued to members of the Management during the year.

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39. Financial risk management

The Board of Management has overall responsibility for establishing, developing and monitoring the Group's risk management policies.

(a) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group and Company, as and when they fall due, and arises principally from the Group's trade and other receivables, deposits in banks, and guarantees issued to banks for loans granted to entities within the Group.

(i) Exposure to credit risk

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

		<u>Group</u>		<u>Company</u>	
	Note	31/12/2014 VND million	31/12/2013 VND million	31/12/2014 VND million	31/12/2013 VND million
Cash and cash equivalents	(ii)	5,164,983	5,695,196	517,127	1,378,809
Short-term investments	(ii)	4,042,212	3,287,000	239,614	-
Trade and other receivables (*)	(iii)	4,840,388	1,065,085	11,272,052	13,628,961
Other long-term investments	(ii)	144,050	-	-	-
Guarantees issued	(iv)	65,884	-	3,738,876	4,848,400
		14,257,517	10,047,281	15,767,669	19,856,170

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

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

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

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(iii) Trade and other receivables

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

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

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

Movements of allowance for doubtful debts were as follows:

	<u>Group</u>	
	2014	2013
	VND million	VND million
Opening balance	1,784	378
Increase in allowance during the year	501	1,493
Allowance utilised during the year	(151)	(57)
Written back	(70)	(30)
	<hr/>	
Closing balance	2,064	1,784
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The Group and the Company believe that, apart from the amount provided for above, no further allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables as of 31 December 2014. The ageing analysis of the trade and other receivables is as follows:

	<u>Group</u>				<u>Company</u>			
	31/12/2014		31/12/2013		31/12/2014		31/12/2013	
	Gross	Impairment	Gross	Impairment	Gross	Impairment	Gross	Impairment
	VND million	losses	VND million	losses	VND million	losses	VND million	losses
		VND million		VND million		VND million		VND million
Not past due	4,675,644	-	1,046,732	-	11,272,052	-	13,628,961	-
Past due 0 – 30 days	126,643	-	16,472	-	-	-	-	-
Past due 31 – 180 days	38,557	(456)	2,715	(834)	-	-	-	-
Past due 181– 365 days	537	(537)	950	(950)	-	-	-	-
Past due over 365 days	1,071	(1,071)	-	-	-	-	-	-
	4,842,452	(2,064)	1,066,869	(1,784)	11,272,052	-	13,628,961	-

(iv) Guarantees

The Company is also exposed to credit risk in connection with the guarantees it has issued to banks for loans granted to its subsidiary, MSC (see Notes 22(a)(ii)) and a third party, MVP, previously held by the Group.

The risk represents the loss that would be recognised on default by the lenders. To mitigate this risk, management continually monitors the performance of the subsidiary and third party.

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(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group and the Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group and the Company's reputation.

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

As at 31 December 2014 and 31 December 2013, the financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

Group:

	Carrying amount	Contractual cash flows	Within 1 year	1 – 2 years	2 – 5 years	More than 5 years
	VND million	VND million	VND million	VND million	VND million	VND million
31 December 2014						
Short-term borrowings	5,329,971	(5,394,075)	(5,394,075)	-	-	-
Accounts payable – trade	999,340	(999,340)	(999,340)	-	-	-
Payables to employees	258	(258)	(258)	-	-	-
Accrued expenses	1,862,531	(1,862,531)	(1,862,531)	-	-	-
Other short-term payables, excluded bonus and welfare funds	1,866,738	(1,866,738)	(1,866,738)	-	-	-
Long-term borrowings and liabilities	4,183,657	(4,742,250)	(354,276)	(4,244,400)	(143,574)	-
Long-term bonds/loans issued	14,167,960	(19,971,583)	(1,334,805)	(5,265,040)	(10,431,255)	(2,940,483)
	28,410,455	(34,836,775)	(11,812,023)	(9,509,440)	(10,574,829)	(2,940,483)

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

Company:

	Carrying amount VND million	Contractual cash flows VND million	Within 1 year VND million	1 – 2 years VND million	2 – 5 years VND million
31 December 2014					
Accounts payable – trade	1,451	(1,451)	(1,451)	-	-
Accrued expenses	215,239	(215,239)	(215,239)	-	-
Other payables	1,555,324	(1,555,324)	(1,555,324)	-	-
Long-term borrowings and liabilities, excluded derivative liabilities	14,580	(14,580)	-	(14,580)	-
Long-term bonds/loans issued	5,267,960	(6,263,385)	(1,166,805)	(5,096,580)	-
	7,054,554	(8,049,979)	(2,938,819)	(5,111,160)	-

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

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

(c) Market risk

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

Currency risk

The Group and the Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions are primarily denominated are the United States dollar (USD), Euro (EUR), Australian dollar (AUD), Singapore dollar (SGD), Thai Baht (THB), and Chinese Yuan Renminbi (CNY).

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

At 31 December 2014 and 31 December 2013, the Group and the Company had the following net exposed asset/(liability) positions:

	Group						Company
	USD	EUR	AUD	SGD	THB	CNY	USD
31 December 2014							
Cash and cash equivalents	9,141,772	179,401	-	-	-	-	7,064
Trade and other receivables (*)	18,276,662	-	-	-	-	-	-
Trade and other payables (**)	(3,805,647)	(3,003,750)	(1,200,202)	(138,555)	(3,380,904)	(1,955,251)	(302,466)
Accrual expenses	(2,631,637)	-	-	-	-	-	-
Short-term borrowings	(52,283,698)	-	-	-	-	-	-
Long-term borrowings	(175,000,000)	-	-	-	-	-	-
Other long-term liabilities	-	-	-	-	-	-	(700,000)
	(206,302,548)	(2,824,349)	(1,200,202)	(138,555)	(3,380,904)	(1,955,251)	(995,402)

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

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

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

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

	Group		Company	
	Exchange rate as at 31/12/2014 VND	Exchange rate as at 31/12/2013 VND	Exchange rate as at 31/12/2014 VND	Exchange rate as at 31/12/2013 VND
USD1	21,365	21,080	21,365	21,080
AUD1	17,291	18,697	-	-
EUR1	25,702	28,890	-	-
SGD1	15,974	16,342	-	16,342
THB1	634	631	-	-
CNY1	3,395	3,463	-	-

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

	<u>Group</u> Increase/(decrease) in profit before tax as at 31/12/2014 VND million	<u>Company</u> Increase/(decrease) in profit/(loss) before tax as at 31/12/2014 VND million
USD (1% strengthening)	(44,077)	(288)
AUD (8% weakening)	1,660	-
EUR (11% weakening)	7,985	-
SGD (2% weakening)	44	-
THB (1% strengthening)	(21)	-
CNY (2% weakening)	133	-
<hr/>		
	<u>Group</u> Increase/(decrease) in profit before tax as at 31/12/2013 VND million	<u>Company</u> Decrease in loss before tax as at 31/12/2013 VND million
USD (1% strengthening)	(63,193)	(17,061)
AUD (13% weakening)	5,355	-
EUR (5% strengthening)	(43)	-
SGD (3% weakening)	(1)	(1)
THB (5% weakening)	433	-

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

Interest rate risk

The Group and the Company's exposure to changes in interest rates relates primarily to floating rate interest-bearing financial assets and financial liabilities. Interest rate risk is managed by the Group and the Company on an on-going basis with the primary objective of limiting the extent to which interest expense could be affected by an adverse movement in interest rates.

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

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

	<u>Group</u>		<u>Company</u>	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND million	VND million	VND million	VND million
Fixed rate instruments				
Cash equivalents (Note 7)	4,863,445	5,494,986	507,350	1,367,448
Short-term investments (Note 14)	4,042,212	3,287,000	239,614	-
Other long-term investments (Note 14)	144,050	-	-	-
Short-term loan receivable from subsidiaries (Note 8)	-	-	2,172,319	2,172,319
Long-term loan receivable from a third party (Note 8)	-	424,788	-	-
Long-term loan receivable from subsidiaries (Note 8)	-	-	2,283,927	1,477,557
Loan from a subsidiary- long-term (Note 22)	-	-	-	(6,286,800)
Short-term borrowings (Note 18)	(3,568,345)	(1,956,485)	-	(2,123,200)
Long-term borrowings (Note 22)	(2,667,960)	(5,208,722)	(567,960)	(4,276,522)
	<hr/> 2,813,402	<hr/> 2,041,567	<hr/> 4,635,250	<hr/> (7,669,198)
Variable rate instruments				
Cash in banks (Note 7)	301,538	200,210	9,777	11,361
Short-term borrowings (Note 18)	(1,761,626)	(1,389,907)	-	-
Long-term borrowings (Note 22)	(15,566,317)	(9,248,717)	(4,700,000)	(1,600,000)
	<hr/> (17,026,405)	<hr/> (10,438,414)	<hr/> (4,690,223)	<hr/> (1,588,639)

Sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates would have decreased the profit/(loss) before tax of the Group and the Company by VND170,026 million (31/12/2013: VND104,384 million) and VND46,902 million (31/12/2013: VND15,886 million), respectively.

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Notes to the financial statements for the year ended 31 December 2014 (continued)

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(d) Estimating the fair value

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

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

Other long-term investments, short-term borrowings, long-term borrowings, guarantees issued, call and put options

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

(e) Carrying amount of financial assets and liabilities

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

Group:

	Note	Available for sale VND million	Fair value through profit or loss VND million	Loans and receivables VND million	Financial liabilities carried at amortised cost VND million	Total carrying amount VND million
31 December 2014						
Short-term investment	14	-	-	4,042,212	-	4,042,212
Other long-term investments	14	3,600	-	144,050	-	147,650
Trade and other receivables (*)	8	-	-	4,835,676	-	4,835,676
Other long-term receivables	8	-	-	4,712	-	4,712
Cash and cash equivalents	7	-	-	5,166,415	-	5,166,415
		3,600	-	14,193,065	-	14,196,665
Short-term borrowings	18	-	-	-	(5,329,971)	(5,329,971)
Long-term borrowings and liabilities (***)	21,22	-	(60,561)	-	(4,183,657)	(4,244,218)
Secured bonds/loans	22	-	-	-	(14,167,960)	(14,167,960)
Trade and other payables (**)		-	-	-	(4,728,867)	(4,728,867)
		-	(60,561)	-	(28,410,455)	(28,471,016)

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	Note	Available for sale VND million	Fair value through profit or loss VND million	Loans and receivables VND million	Financial liabilities carried at amortised cost VND million	Total carrying amount VND million
31 December 2013						
Short-term investments	14	-	-	3,287,000	-	3,287,000
Other long-term investments	14	3,600	-	-	-	3,600
Trade and other receivables (*)	8	-	-	614,902	-	614,902
Other long-term receivables	8	-	-	450,183	-	450,183
Cash and cash equivalents	7	-	-	5,698,563	-	5,698,563
		3,600	-	10,050,648	-	10,054,248
Short-term borrowings	18	-	-	-	(4,245,567)	(4,245,567)
Long-term borrowings and liabilities (***)	21, 22	-	(60,561)	-	(8,755,044)	(8,815,605)
Secured bonds/loans	22	-	-	-	(5,876,522)	(5,876,522)
Trade and other payables (**)		-	-	-	(2,624,441)	(2,624,441)
		-	(60,561)	-	(21,501,574)	(21,562,135)

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Notes to the financial statements for the year ended 31 December 2014 (continued)

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Company:

	Note	Fair value through profit or loss VND million	Loans and receivables VND million	Financial liabilities carried at amortised cost VND million	Total carrying amount VND million
31 December 2014					
Trade and other receivables (*)	8	-	6,255,803	-	6,255,803
Other receivables - long-term	8	-	5,016,249	-	5,016,249
Short-term investments	14	-	239,614	-	239,614
Cash and cash equivalents	7	-	517,251	-	517,251
		-	12,028,917	-	12,028,917
Long-term liabilities (***)	21	(60,561)	-	(14,580)	(75,141)
Secured bonds/loans	22	-	-	(5,267,960)	(5,267,960)
Short-term borrowings	18	-	-	-	-
Trade and other payables (**)		-	-	(1,772,014)	(1,772,014)
		(60,561)	-	(7,054,554)	(7,115,115)

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	Note	Fair value through profit or loss VND million	Loans and receivables VND million	Financial liabilities carried at amortised cost VND million	Total carrying amount VND million
31 December 2013					
Trade and other receivables (*)	8	-	10,753,946	-	10,753,946
Other receivables - long-term	8	-	2,875,015	-	2,875,015
Cash and cash equivalents	7	-	1,379,279	-	1,379,279
		-	15,008,240	-	15,008,240
Long-term borrowings and liabilities (***)	21, 22	(60,561)	-	(8,039,236)	(8,099,797)
Secured bonds/loans	22	-	-	(5,876,522)	(5,876,522)
Short-term borrowings		-	-	(2,123,200)	(2,123,200)
Trade and other payables (**)		-	-	(1,372,636)	(1,372,636)
		(60,561)	-	(17,411,594)	(17,472,155)

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

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

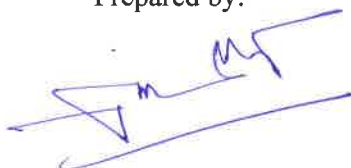
(***) Long-term borrowings and liabilities comprise of long-term borrowings and other long-term liabilities.

40. Post balance sheet event

On 14 January 2015, the Group completed the acquisition of 99.9% equity interests in Saigon Nutri Food Joint Stock Company through its subsidiary - Masan Food Company Limited for a cash consideration of VND200,000 million excluding transaction costs.

31 March 2015

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman