

**Ma San Group Corporation and its
subsidiaries**

Financial Statements for the year ended
31 December 2010

**Ma San Group Corporation
Corporate Information**

Business Registration Certificate No 0303576603

20 October 2010

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 20 October 2010. The Certificate and its amendments were issued by the Ministry of Planning and Investment. The initial Business Registration Certificate No. 4103002877 dated 18 November 2004.

Board of Management

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

Registered Office

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

Auditors

KPMG Limited
Vietnam

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

The Board of Management is responsible for preparing the financial statements of Ma San Group Corporation ("the Company") and its subsidiaries (collectively "the Group") as at and for the year ended 31 December 2010 in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements. In preparing those financial statements, the Board of Management is required to:

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

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

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

APPROVAL OF THE FINANCIAL STATEMENTS

I, Nguyen Dang Quang, being the Chairman of the Board of Management and on behalf of the Board of Management, do hereby approve the accompanying financial statements of the Company and the Group as of and for the year ended 31 December 2010 prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.

On behalf of the Board of Management



Nguyen Dang Quang
Chairman

Ho Chi Minh City, Vietnam
31 March 2011



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

Telephone +84 (8) 3821 9266
Fax +84 (8) 3821 9267
Internet www.kpmg.com.vn

INDEPENDENT AUDITORS' REPORT

To the Shareholders Ma San Group Corporation

Scope

We have audited the accompanying financial statements of Ma San Group Corporation ("the Company") and its subsidiaries (collectively "the Group") which comprise the separate and consolidated balance sheets as of 31 December 2010 and the related separate and consolidated statements of income, changes in equity and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's management on 31 March 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Audit opinion

In our opinion, the separate and consolidated financial statements give a true and fair view of the financial positions of the Company and the Group, respectively, as of 31 December 2010 and the results of their operations and their cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.


KPMG Limited

Vietnam

Investment Certificate No: 011043000345

Audit Report No: 10-01-542




Nguyễn Thanh Nghị
CPA No. 0304/KTV
Deputy General Director

Hà Vũ Đình
CPA No. 0414/KTV

Ho Chi Minh City, 31 March 2011

Ma San Group Corporation and its subsidiaries
Balance sheets at 31 December 2010

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2010	31/12/2009	31/12/2010	31/12/2009
			VND million	VND million	VND million	VND million
ASSETS						
Current assets	100		4,626,838	2,441,831	1,636,159	671,630
Cash and cash equivalents	110	5	3,394,575	1,123,616	1,037,261	364,265
Cash	111		1,155,118	523,616	1,037,261	364,265
Cash equivalents	112		2,239,457	600,000	-	-
Short-term investments	120	12	490,000	776,000	-	296,000
Accounts receivable	130	6	314,209	282,936	592,463	9,105
Accounts receivable - trade	131		64,125	56,830	-	-
Prepayments to suppliers	132		83,966	68,714	4,692	-
Other receivables	135		166,823	159,284	587,771	9,105
Allowance for doubtful debts	139		(705)	(1,892)	-	-
Inventories	140	7	290,200	199,466	-	-
Inventories	141		296,547	237,288	-	-
Allowance for inventories	149		(6,347)	(37,822)	-	-
Other current assets	150		137,854	59,813	6,435	2,260
Short-term prepayments	151		10,131	3,950	262	-
Deductible value added tax	152		118,872	47,678	5,877	2,257
Taxes and other receivables from State Treasury	154		2	6,550	-	-
Other current assets	158		8,849	1,635	296	3

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Balance sheets at 31 December 2010 (continued)

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2010	31/12/2009	31/12/2010	31/12/2009
			VND million	VND million	VND million	VND million
Long-term assets	200		16,502,700	4,575,263	18,672,990	6,430,811
Fixed assets	220		8,261,999	605,360	2,039	-
Tangible fixed assets	221	8	561,229	465,483	251	-
<i>Cost</i>	222		777,268	597,478	269	-
<i>Accumulated depreciation</i>	223		(216,039)	(131,995)	(18)	-
Finance lease tangible fixed assets	224	9	11,686	14,096	-	-
<i>Cost</i>	225		16,871	16,871	-	-
<i>Accumulated depreciation</i>	226		(5,185)	(2,775)	-	-
Intangible fixed assets	227	10	72,564	72,865	219	-
<i>Cost</i>	228		85,882	82,688	234	-
<i>Accumulated amortisation</i>	229		(13,318)	(9,823)	(15)	-
Construction in progress	230	11	7,616,520	52,916	1,569	-
Long-term investments	250	12	8,099,909	3,919,827	18,661,978	6,430,811
Investments in subsidiaries	251		-	-	10,557,997	2,346,315
Investments in an associate	252		8,099,909	3,919,827	8,103,981	4,084,496
Other long-term assets	260		140,792	50,076	8,973	-
Long-term prepayments	261	13	70,771	11,885	8,730	-
Deferred tax assets	262	14	49,154	25,420	-	-
Other long-term assets	268		17,295	8,603	243	-
Goodwill	269	15	3,572	4,168	-	-
TOTAL ASSETS	270		21,129,538	7,017,094	20,309,149	7,102,441

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Balance sheets at 31 December 2010 (continued)

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2010	31/12/2009	31/12/2010	31/12/2009
			VND million	VND million	VND million	VND million
RESOURCES						
LIABILITIES	300		8,981,050	1,947,555	3,138,393	650,579
Current liabilities	310		3,224,917	1,210,937	1,180,433	20,579
Short-term borrowings and liabilities	311	16	1,124,674	687,260	-	-
Accounts payable – trade	312		443,583	267,168	20,728	4,525
Advances from customers	313		7,997	11,267	-	-
Taxes payable to State Treasury	314	17	152,842	77,417	1,360	85
Payables to employees	315		5,395	148	27	-
Accrued expenses	316	18	502,838	163,590	175,667	15,969
Other payables	319	19	987,588	4,087	982,651	-
Long-term borrowings and liabilities	330		5,756,133	736,618	1,957,960	630,000
Long-term borrowings and liabilities	334	20	5,000,560	734,723	1,957,960	630,000
Deferred tax liabilities	335	14	751,021	-	-	-
Provision for severance allowance	336	21	4,552	1,895	-	-
EQUITY	400		10,623,685	4,762,088	17,170,756	6,451,862
Owners' equity	410		10,623,685	4,762,088	17,170,756	6,451,862
Share capital	411	22	5,152,723	4,853,998	5,152,723	4,853,998
Capital surplus	412	22	2,166,136	1,421,817	2,166,136	1,421,817
Other capital	413	23	9,651,713	-	9,651,713	-
Foreign exchange differences	416		3,189	-	-	-
Other reserves	419	4	(9,062,082)	(1,947,256)	-	-
Bonus and welfare funds	431		-	(1,178)	-	-
Retained profits	420		2,712,006	434,707	200,184	176,047
MINORITY INTERESTS	439		1,524,803	307,451	-	-
TOTAL RESOURCES	440		21,129,538	7,017,094	20,309,149	7,102,441

Prepared by:

Lahal

Ta Thi Thuy Trang
 Chief Accountant

Approved by:

Nguyen Dang Quang

QUAN 1 TP. HO CHI MINH

S.D.K.K.D. 0303576603-C.C.C

CÔNG TY CỔ PHẦN TẬP ĐOÀN MA SAN

Nguyen Dang Quang
 Chairman

31 March 2011

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 2010

	Code	Note	<u>Group</u>		<u>Company</u>	
			2010 VND million	2009 VND million	2010 VND million	2009 VND million
Total revenue	01	24	5,689,498	4,078,147	-	-
Less sales deductions	02	24	(103,211)	(120,333)	-	-
Net sales	10	24	5,586,287	3,957,814	-	-
Cost of sales	11	25	(3,194,617)	(2,583,876)	-	-
Gross profit	20		2,391,670	1,373,938	-	-
Financial income	21	26	1,620,919	160,292	255,443	226,961
Financial expenses	22	27	(270,277)	(103,130)	(169,015)	(43,740)
Selling expenses	24		(951,265)	(636,751)	-	-
General and administration expenses	25		(213,732)	(105,287)	(62,291)	(12,121)
Net operating profit			2,577,315	689,062	24,137	171,100
Results of other activities	40					
Other income	31	28	19,370	18,632	-	4,447
Other expenses	32	29	(11,162)	(22,778)	-	-
Share of profit in an associate	41	30	160,598	48,010	-	-
Profit before tax	50		2,746,121	732,926	24,137	175,547
Income tax expense – current	51	31	(140,638)	(73,130)	-	-
Income tax benefit – deferred	52	31	23,734	19,722	-	-
Net profit (carried forward to next page)	60		2,629,217	679,518	24,137	175,547

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 2010 (continued)

	Code	Note	<u>Group</u>		<u>Company</u>	
			2010	2009	2010	2009
			VND million	VND million	VND million	VND million
Net profit (brought forward from previous page)			2,629,217	679,518	24,137	175,547
Attributable to:						
Minority interests	61		346,178	262,944	-	-
Equity holders of the Company	62		2,283,039	416,574	-	-
<hr/>						
Earnings per share						
Basic earnings per share in VND	70	32	4,635	2,677	-	-
Diluted earnings per share in VND	70	32	4,243	2,675	-	-
<hr/>						

Prepared by:

Lahal

Ta Thi Thuy Trang
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman

31 March 2011

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Consolidated Statement of changes in equity for the year ended 31 December 2010

Group

	Share capital	Capital surplus	Other capital	Foreign exchange differences	Other reserves	Bonus and welfare funds	Retained profits	Equity attributable to equity holders of Company	Minority interests	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Balance at 1 January 2009	32,000	-	-	-	227,892	(1,391)	213,319	471,820	400,974	872,794
Increase in deemed equity	-	-	-	-	6,670	-	-	6,670	6,071	12,741
Dividends declared by subsidiary (Ma San Food Corporation) in the form of exchangeable bonds issued by parent company and cash	-	-	-	-	-	-	(200,252)	(200,252)	(182,310)	(382,562)
Deemed acquisition from minority interests	-	-	-	-	10,979	(168)	8,338	19,149	(19,149)	-
Increase in minority interests in subsidiaries	-	-	-	-	-	-	-	-	1,000	1,000
Acquisition from minority interest after group restructuring (Note 4)	-	-	-	-	(933,496)	-	-	(933,496)	(154,046)	(1,087,542)
Acquisition of minority interests by subsidiary	-	-	-	-	(528)	-	-	(528)	(5,472)	(6,000)
Share capital issued	4,821,998	1,421,817	-	-	-	-	-	6,243,815	-	6,243,815
Effect of shares issued on acquisition of under common control subsidiaries (Note 4)	-	-	-	-	(1,258,773)	-	-	(1,258,773)	-	(1,258,773)
Net profit for the year	-	-	-	-	-	-	416,574	416,574	262,944	679,518
Appropriation to bonus and welfare funds	-	-	-	-	-	3,272	(3,272)	-	-	-
Utilisation of bonus and welfare funds	-	-	-	-	-	(2,891)	-	(2,891)	(2,561)	(5,452)
Balance at 31 December 2009	4,853,998	1,421,817	-	-	(1,947,256)	(1,178)	434,707	4,762,088	307,451	5,069,539

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries

Consolidated statement of changes in equity for the year ended 31 December 2010 (continued)

	Share capital VND million	Capital surplus VND million	Other capital VND million	Foreign exchange differences VND million	Other reserves VND million	Bonus and welfare funds 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 2010	4,853,998	1,421,817	-	-	(1,947,256)	(1,178)	434,707	4,762,088	307,451	5,069,539
Increase in minority interests in Nui Phao Mining Co., Ltd. at acquisition date	-	-	-	-	-	-	-	-	1,927,839	1,927,839
Acquisition of minority interests in subsidiaries (Note 4)	-	-	-	-	(7,101,647)	-	-	(7,101,647)	(1,109,679)	(8,211,326)
Issuance of equity instruments (Note 23)	-	-	9,651,713	-	-	-	-	9,651,713	-	9,651,713
Increase in minority interests from share capital issued by a subsidiary (Note 4)	-	-	-	-	(13,179)	-	-	(13,179)	53,179	40,000
Share capital issued (Note 22)	298,725	744,319	-	-	-	-	-	1,043,044	-	1,043,044
Net profit for the year	-	-	-	-	-	-	2,283,039	2,283,039	346,178	2,629,217
Appropriation to bonus and welfare funds	-	-	-	-	-	5,740	(5,740)	-	-	-
Utilisation of bonus and welfare funds	-	-	-	-	-	(2,414)	-	(2,414)	13	(2,401)
Reclassification to current liabilities	-	-	-	-	-	(2,148)	-	(2,148)	(975)	(3,123)
Unrealised exchange differences in a subsidiary	-	-	-	3,189	-	-	-	3,189	797	3,986
Balance at 31 December 2010	5,152,723	2,166,136	9,651,713	3,189	(9,062,082)	-	2,712,006	10,623,685	1,524,803	12,148,488

The accompanying notes are an integral part of these financial statements

Ma San Group Corporation and its subsidiaries
Separate statement of changes in equity for year ended 31 December 2010

<u>Company</u>	Share capital VND million	Capital surplus VND million	Other capital VND million	Retained profits VND million	Total VND million
Balance at 1 January 2009	32,000	-	-	500	32,500
Share capital issued	4,821,998	1,421,817	-	-	6,243,815
Net profit for the year	-	-	-	175,547	175,547
Balance at 31 December 2009	4,853,998	1,421,817	-	176,047	6,451,862
Share capital issued	298,725	744,319	-	-	1,043,044
Net profit for the year	-	-	-	24,137	24,137
Issuance of equity instruments	-	-	9,651,713	-	9,651,713
Balance at 31 December 2010	5,152,723	2,166,136	9,651,713	200,184	17,170,756

Prepared by:

Lahal

Ta Thi Thuy Trang
Chief Accountant

Approved by:



Nguyễn Đăng Quang
Chairman

31 March 2011

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 2010

	Code	Note	<u>Group</u>		<u>Company</u>	
			2010	2009	2010	2009
VND million VND million VND million VND million						
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax	01		2,746,121	732,926	24,137	175,547
Adjustments for						
Depreciation and amortisation	02		104,599	71,346	1,038	-
Allowances and provisions	03		11,032	39,529	-	-
Unrealised foreign exchange differences	04		(1,203)	-	(1,203)	(30)
Loss on disposal of fixed assets and other long-term assets	05		547	523	-	-
Disposal of investment in shares	05		-	(53,454)	-	-
Interest and dividend income	05		(357,405)	(93,571)	(237,919)	(226,931)
Interest expense	06		233,629	88,976	147,634	43,740
Negative goodwill	07		(1,239,714)	-	-	-
Share of profit in an associate	07		(160,598)	(48,010)	-	-
Operating profit/ (loss) before changes in working capital	08		1,337,008	738,265	(66,313)	(7,674)
Change in receivables and other assets	09		(44,579)	32,870	(480,918)	29,710
Change in inventories	10		(98,509)	(54,221)	-	-
Change in payables and other liabilities	11		343,745	237,547	34,709	6,924
			1,537,665	954,461	(512,522)	28,960
Interest paid	13		(105,384)	(74,777)	(19,715)	(30,089)
Corporate income tax paid	14		(92,865)	(70,260)	-	-
Other payments for operating activities	16		(2,414)	(5,452)	-	-
Net cash generated from/(used in) operating activities	20		1,337,002	803,972	(532,237)	(1,129)

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 2010 (continued)

	Code	Note	<u>Group</u>		<u>Company</u>	
			2010	2009	2010	2009
			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		(851,009)	(411,673)	(2,072)	-
Proceeds from disposals of fixed assets and other long-term assets	22		3,394	229	-	-
Collections on loans to Viet Capital Securities Joint Stock Company	23		50,000	250,000	-	-
Collections on loans to subsidiary's BOM member	23		-	5,000	-	-
Loans provided to related parties	23		(806,200)	(58,543)	-	-
Collections on loans to related parties	23		806,200	56,714	-	-
Loans provided to an individual	23		(130,250)	(105,915)	-	-
Collections on loans to an individual	23		130,250	105,915	-	-
Placements of term deposit to banks	24		(6,211,858)	(726,000)	-	(296,000)
Withdrawal of term deposit received	24		6,447,858	-	296,000	-
Payment for investments in associate	25		(596,449)	-	(596,449)	-
Net cash from acquisition of subsidiary	25	4	4,515	-	-	-
Payments for investments in subsidiaries and other entities	25		(1,000,000)	(331,000)	(1,000,356)	(225,000)
Proceeds from sales of other long-term investment	26		128,539	14,282	-	-
Receipts of interest and dividends	27		251,981	68,403	131,061	5,177
Net cash used in investing activities	30		(1,773,029)	(1,132,588)	(1,171,816)	(515,823)

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 2010 (continued)

	Code	Note	<u>Group</u>		<u>Company</u>	
			2010	2009	2010	2009
VND million VND million VND million VND million						
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from shares issued	31		1,057,621	1,163,425	1,057,621	1,150,683
Proceeds from minority interest capital contribution to subsidiaries	31		40,000	1,000	-	-
Proceeds from short-term and long-term borrowings	33		3,322,805	2,493,524	1,344,850	630,000
Payments to settle debts	34		(1,688,018)	(2,303,186)	-	(900,000)
Payments of dividends	36		-	(10)	-	-
Payments of borrowing fees	36		(9,735)	-	(9,735)	-
Net cash generated from financing activities	40		2,722,673	1,354,753	2,392,736	880,683
Net cash flows during the year	50		2,286,646	1,026,137	688,683	363,731
Cash and cash equivalents at the beginning of the year	60		1,123,616	97,479	364,265	504
Effect of exchange rate fluctuation on cash and cash equivalents	61		(15,687)	-	(15,687)	30
Cash and cash equivalents at the end of the year	70	5	3,394,575	1,123,616	1,037,261	364,265

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 2010 (continued)

NON-CASH INVESTING AND FINANCING ACTIVITIES

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	VND million	VND million	VND million	VND million
Cost of investment acquired by issuing debts	2,855,764	900,000	-	900,000
Cost of investments acquired by issuing equity instruments	9,651,713	-	9,651,713	-
Dividends paid by subsidiary in the form of exchangeable bonds issued by parent company	-	382,551	-	-
Disposal of fixed assets by setting off against trade payables	2,799	-	-	-
Cost of long-term investments acquired by the Company as capital contributions from shareholders	-	5,093,132	-	5,093,132
Capital contribution to subsidiaries through long-term investments	-	732,464	-	732,464
Acquisition of exchangeable bonds issued by parent company by setting off against receivable from parent company	-	400,000	-	-
Proceeds from disposal of other long-term investments not received	-	128,539	-	-

Prepared by:



Ta Thi Thuy Trang
Chief Accountant

Approved by:



Nguyen Dang Quang
Chairman

31 March 2011

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 2010

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

1. Reporting entity

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

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

The principal activities of the subsidiaries are described as follows:

Name	Principal activity	Percentage of economic interests at	
		31/12/2010	31/12/2009
Hoa Bang Lang Consultant Company Limited	Investment holding	100%	100%
Orchid Consultant Company Limited	Investment holding	100%	100%
Gerbera Consultant Company Limited	Investment holding	100%	(*) -
Dahlia Company Limited	Investment holding	100%	(*) -
Thai Nguyen Trading and Investment Company Limited	Investment holding	100%	-
Ma San Food Corporation	Trading and distribution	86.6%	72.8%
Masan Industrial Corporation	Food sauce and instant noodle manufacturing	86.6%	72.8%
Hoa Sen Food Technology Joint Stock Company	Food manufacturing	-	(**) 72.8%
Viet Tien Food Technology Joint Stock Company	Food sauce manufacturing	86.6%	72.8%
Ma San HD Joint Stock Company	Food sauce and instant noodle manufacturing	86.6%	72.8%
Ma San PQ Corporation	Food sauce manufacturing	81.8%	68.8%
Minh Viet Packaging Joint Stock Company	Packaging	86.6%	72.8%
Ma San Horizon Corporation	Investment holding	100%	-
Masan Resources Corporation	Investment holding	80%	-
Ma San Thai Nguyen Resources Company Limited	Investment holding	80%	-
Nui Phao Mining Company Limited	Exploring and processing mineral	80%	-

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

(*) Gerbera Consultant Company Limited and Dahlia Company Limited are not owned by the Company but the Company has been assigned 100% of the voting rights and all economic benefits relating to the ownership in these companies. As such, the Company has control of these companies.

(**) In May 2010, Hoa Sen Food Technology Joint Stock Company has been merged into Masan Industrial Corporation and has ceased to exist.

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 2010, the Company had 25 employees (31/12/2009: 4 employees) and the Group had 5,284 employees (31/12/2009: 5,079 employees).

2. Summary of significant accounting policies

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

(a) Basis of financial statement preparation

(i) *General basis of accounting*

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

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

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

(ii) Basis of consolidation

Common-control business combination

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

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

Non-common control business combination

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

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

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

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

(iii) *Subsidiaries*

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

(iv) *Associates (equity accounted investees)*

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

(v) *Minority interests*

On the acquisition of minority interest after obtaining control or disposal to a minority interest in a subsidiary without loss of control, the difference between the cost of acquisition or proceeds on disposal and the book 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) *Fiscal year*

The fiscal year of the Company is from 1 January to 31 December.

(c) *Foreign currency transactions*

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

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

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

(d) Cash and cash equivalents

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

(e) Investments

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

(f) Accounts receivable

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

(g) Inventories

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

The Group apply the perpetual method of accounting for inventory.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

(h) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

▪ buildings and structures	5-25 years
▪ leasehold improvements	3-5 years
▪ office equipment	3-6 years
▪ machinery and equipment	3-12 years
▪ motor vehicles	3-6 years

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

(j) Intangible fixed assets

(i) Land use rights

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

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

(ii) Software

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

(iii) Brand name

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

(k) Construction in progress

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

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

(l) Long-term prepayments

(i) Pre-operating expenses

Pre-operating expenses are recorded in the statement of income, except for establishment costs and expenditures on training, advertising and promotional activities incurred from the incorporation date to the commercial operation date. These expenses are recognised as long-term prepayments, initially stated at cost, and are amortised on a straight line basis over three years starting from the date of commercial operation.

(ii) Prepaid land costs

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

(iii) Tools and supplies and printing axles

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

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

(iv) Borrowing fees

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

(m) Goodwill

Goodwill arises on acquisition of subsidiaries, associates and joint ventures in non-common control acquisition.

Goodwill is measured at cost less accumulated amortisation. 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.

(n) Trade and other payables

Trade and other payables are stated at their cost.

(o) 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.

(p) Taxation

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

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

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

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

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

(q) Equity

(i) *Share capital and capital surplus*

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

(ii) *Other capital*

During the year, the Company entered into agreements to issue a fixed number of shares at a fixed date in the future to acquire certain assets. Under the agreements, there were no other settlement alternatives and these instruments do not result in outflow of economic resources of the Group and the Company. The Group and Company considered existing accounting regulations to determine the treatment of these instruments. The Group and the Company have considered related accounting regulations in other jurisdictions and Circular 210/2009/TT-BTC dated 6 November 2009 which becomes effective for financial periods commencing 1 January 2011. Under the above guidance and circular, these transactions would have been recorded in equity. The Group and the Company have not early adopted Circular 210. However, based on these guidance, the Group and the Company have adopted the accounting policy to record such instruments in Other Capital in equity so that the accounting treatment provides comparability and consistency with future financial statements as required by Vietnamese Accounting Standard 01 *Framework*.

(iii) *Other reserves*

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

(r) Revenue

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

(s) Financial income and financial expenses

(i) *Financial income*

Financial income comprises interest income from deposits and loans, dividend income, gain on the disposal of long-term investments and foreign exchange gains. Interest income is recognised as it accrues in the statement of income. Dividend income is recognised when the right to receive payment is established.

Share dividends were previously recognised as dividend income at the par value of the shares received. On 31 December 2009, the Ministry of Finance issued Circular No. 244/2009/TT-BTC, which requires that share dividends are not recognised as dividend income. The change in accounting policy resulting from the change in accounting regulation did not have a material impact on these financial statements.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

(ii) Financial expenses

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

(t) Operating lease payments

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

(u) Earnings per share

The Group present 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 and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(v) Segment reporting

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise cash and cash equivalents maintained by the Company and related income, investments entered into by the Company and related income, loans and borrowings drawdown by the Company and related expenses, the Company headquarter's corporate assets, general and administrative expenses, income tax assets and liabilities and expenses.

(w) Related parties

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

(x) Share – based payments

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

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

(y) Off balance sheet items

Amounts which are defined as off balance sheet items under the Vietnamese Accounting System are disclosed in the relevant notes to these financial statements.

3. Segment reporting by business

Business segments

	Food and sauce		Mining	Financial services		Total	
	2010	2009		2010	2009	2010	2009
	VND	VND	VND	VND	VND	VND	VND
	million	Million	million	million	Million	million	million
Segment revenue	5,586,287	3,957,814	-	-	-	5,586,287	3,957,814
Segment gross margin	2,391,670	1,373,938	-	-	-	2,391,670	1,373,938
Segment results	1,359,160	730,645	(6,448)	160,598	48,010	1,513,310	778,655
Unallocated expenses						(89,382)	(12,124)
Financial income						1,476,077	14,281
Financial expenses						(162,092)	(43,740)
Net operating profit (include share of profit in associate)						2,737,913	737,072
Other income						19,370	18,632
Other expenses						(11,162)	(22,778)
Income tax expense						(116,904)	(53,408)
Net profit						2,629,217	679,518

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

	Food and sauce		Mining	Financial services		Total	
	31/12/2010	31/12/2009	31/12/2010	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	VND	VND	VND	VND	VND	VND	VND
	million	Million	million	million	Million	million	Million
Segment assets	4,323,096	2,400,230	7,505,579	8,099,909	3,919,827	19,928,584	6,320,057
Unallocated assets						1,200,954	697,037
Total assets						21,129,538	7,017,094
Segment liabilities	1,953,995	1,296,976	279,557	-	-	2,233,552	1,296,976
Unallocated liabilities						6,747,498	650,579
Total liabilities						8,981,050	1,947,555
	2010	2009	2010	2010	2009	2010	2009
	VND	VND	VND	VND	VND	VND	VND
	million	million	million	million	Million	million	Million
Capital expenditures	472,845	411,673	376,092	-	-	848,937	411,673
Depreciation	98,916	54,963	568	-	-	99,484	54,963
Amortisation of intangible fixed assets	3,262	2,244	219	-	-	3,481	2,244

Geographical segments

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

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

4. Business combination and transactions with minority interests

(a) Acquisition of Nui Phao Mining Co., Ltd.

On 23 September 2010, the Company acquired control of Nui Phao Mining Co., Ltd. (NPV), formerly a joint venture between local investors and a foreign investor. In exchange for its 70% ownership in NPV and its transfer of VND1,537 billion in loans provided to NPV, the foreign investor, together with its affiliates (collectively the “majority vendor”), received an option to purchase 29,770,465 ordinary shares of the Company (see Note 4(a)(iii) below for terms of the option) (approximately 5.5% of the enlarged total common shares outstanding as of the end of the year) and promissory notes which can be used to exercise the said option or to be settled in cash (see Note 4(a)(i) below for terms of the promissory notes). The majority vendor also retained an indirect ownership in NPV through a 20% interest in Masan Resources Corporation (MR), a new subsidiary established in 2010 to hold the interest in NPV through its fully owned subsidiary, Ma San Thai Nguyen Resources Company Limited (MR-TN). The Group owns the other 80% of the equity interest in MR.

The majority vendor’s 20% ownership of MR can be adjusted to between 15% and 35% based on the price of ammonium paratungstate (tungsten intermediate) (see Note 4(a)(v) for the terms of the agreement). A higher price would gradually increase the majority vendor’s ownership in MR and vice versa. In addition, the Group received a call option to acquire all of the majority vendor’s ownership in MR (including any possible shares of MR as a result of aforementioned adjustment) within three years of the closing date for an amount of cash. At the end of year three, if the Group does not exercise the call option, the majority vendor will have a one month option to put its entire stake in MR to the Group in exchange for ordinary shares of the Company (see Note 4(a)(iv) for the terms of the call and put options).

To effect the transaction, together with MR, two other new investment holding companies were established in 2010: Ma San Horizon Corporation (MHC) and MR-TN. MHC is wholly owned by the Company and is the issuer of the promissory notes issued to the majority vendor. As of 23 September 2010, MHC owns the 80% interest in MR. MR owns 100% of MR-TN and MR-TN owns directly 85% of NPV, with 15% acquired prior to this date.

The key commercial terms of the transaction had the following effects in the audited financial statements:

- (i) **MHC issued promissory notes** – The promissory notes were issued by MHC and are unsecured obligations that do not have recourse to the Company. The promissory notes are payable to the majority vendor on 23 September 2016 and 23 September 2017 for VND237,980 million and VND2,617,784 million, respectively (see note 20j).
- (ii) **Cash** – the Company paid VND2,512 million as part of the transaction.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

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	7,027	-	7,027
Accounts receivable and other current assets	28,140	-	28,140
Fixed assets	5,327	-	5,327
Other current assets	8,174	-	8,174
Mineral reserve	2,009,395	5,006,805	7,016,200
Borrowings	(233,689)	-	(233,689)
Current liabilities	(53,703)	-	(53,703)
Deferred tax liability	-	(751,021)	(751,021)
Total net identifiable assets acquired	1,770,671	4,255,784	6,026,455
Share of net assets acquired			4,097,990
Consideration given			(2,858,276)
Negative goodwill on acquisition			1,239,714
Cost of acquisition comprised:			
Promissory notes issued (Note 20(j))			2,855,764
Cash paid			2,512
Consideration given			2,858,276
The excess of net identifiable assets acquired over the cost of acquisition amounting to VND1,239,714 million was included under financial income in the statement of income.			
Cash flow implications comprised:			
Cash acquired			7,027
Cash payment			(2,512)
Net cash inflow			4,515

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

Below are the financial details and key commercial terms of the instruments issued to the majority vendor as part of the cost of acquisition. In accordance with Vietnamese Accounting Standards, these instruments have not been recognised in the financial statements.

- (iii) **Company primary share option** - the Company granted the majority vendor an option to purchase VND1,962 billion worth of the Company's shares at a price of VND65,915 per share, equaling 29,770,465 shares of the Company. The purchase can be exercised in cash or by extinguishing the promissory notes issued by MHC to the majority vendor (see Notes 4(a)(i) and 20j). The majority vendor shall have the right to exercise the option for the period commencing on the third anniversary following 23 September 2010 until the fifth anniversary. The Company is able to require conversion when the Company's share price reaches VND65,915 for 15 consecutive days, upon which the Company can either pay the promissory notes issued to the majority vendor or require the majority vendor to exercise the option.
- (iv) **MR call and put option** – the majority vendor retained 20% of the ownership in MR after the transaction and has granted the Group a call option to purchase 100% of its shares in MR in cash within three years of the option date. The exercise prices are defined on a quarterly basis over the three year period and ranged from VND1,164 billion to VND1,710 billion. In return, the Company has granted the majority vendor a put option to put 100% of its shares in MR for the primary shares of the Company based on a valuation of VND1,710 billion during the period of one month after the lapse of the above three year period at VND65,915 per share.
- (v) **MR ownership adjustment** - the Group has entered into an agreement with the majority vendor in which the Group will give the majority vendor up to 15% of its 80% shares in MR if the prices of tungsten-related products or commodities increase above the agreed set of ranges. In return, the majority vendor will give the Group up to 5% of its 20% shares in MR if the prices of tungsten-related products or commodities decrease below the agreed set of ranges. The option can be exercised at no cost during the 15 days following the availability of NPV's audited financial statements for the year after the year that NPV produces more than 300,000 metric ton units of contained tungsten trioxide. Any potential adjustment in the shareholding of MR will be included in the call option and put options as described in note 4(a)(iv), without any adjustments to the cost of the exercise prices of such options.

(b) Acquisition of minority interests in NPV

On 15 October 2010, the Company acquired 100% ownership interest in Thai Nguyen Trading and Investment Company Limited, which has the remaining 15% ownership interest in NPV, and transferred the acquired company through its subsidiaries to MR-TN. In exchange, the Company has issued an instrument to issue 22,629,310 ordinary shares within two years after the closing date (approximately 4.0% of the enlarged total common shares outstanding as of that date, including shares to be issued to the majority vendor as per the call option described in note 4(a)(iii)). Based on the closing share price of the Company of VND53,000 per share on the closing date, the cost of the acquisition was recorded at VND1,199,353 million. Such acquisition resulted in the Group having effective 80% ownership in NPV as at 31 December 2010.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

The acquisition has the following effects:

	VND million
Cost of acquisition	1,199,353
Net assets acquired	(722,931)
	<hr/>
Differences recorded in other reserve	476,422
	<hr/> <hr/>
	VND million
Cost of acquisition comprised:	
Equity instruments issued	1,199,353
	<hr/>

Considering the events described in Notes 4(a) and 4(b), assuming the call option described in note 4(a)(iii) was exercised by extinguishing the promissory notes, the Company issued instruments equaling 9.2% of the enlarged ownership of the Company, based on the total common shares outstanding as of 31 December 2010. In exchange for these instruments of the Company and VND2,512 million in cash, the Company acquired an 80% economic interest in NPV, including the call and put options described in Note 4(a)(iv) and subject to the adjustments in Note 4(a)(v).

(c) Subsequent events for MR and NPV

On 17 December 2010, an investor entered into an agreement with MR to invest the VND equivalent of US\$100 million for new ordinary shares of MR representing a 20% ownership. As a subsequent event to the financial year end of 31 December 2010, the transaction closed on 16 March 2011. As part of the transaction, MHC invested VND487,500 million in MR for new ordinary shares at the same valuation as the investor. As a result, the Group's ownership in MR was diluted from 80% to 65%. The Company also granted the investor an option to put its 20% ownership in MR to the Company for the Company's shares in the event MR is not listed on an internationally recognized exchange within 4.5 years after the closing of the transaction. The amount of shares to be issued in the event the put option is exercised will be based on the then trading price of the Company's shares and an amount of shares that would allow the investor to generate a 15% annual internal rate of return.

Subsequent to the financial year end of 31 December 2010 and in relation to the debt financing of the mining project, on 22 January 2011, NPV signed an agreement with Vietnam Development Bank (VDB) for an 8 year senior secured facility of up to VND2,377 billion. On 28 March 2011, NPV also signed a US\$90 million senior secured facility with a syndicate of local Vietnamese banks. Both facilities are for the development of the Nui Phao mining project.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

(d) Acquisition of minority interests in Ma San Food Corporation

The Company's 72.8% direct ownership interest as at 31 December 2009 in Ma San Food Corporation (MFC) was diluted to 70.6% as a result of shares issued during the year for the purpose of fulfilling share-based payments to employees.

On 24 December 2010, the Company acquired 100% of the voting rights and all economic interests in Gerbera Consultant Company Limited and Dahlia Company Limited, which are newly established investment holding companies, each holding 8% of the shares of MFC. In exchange, the Company has issued an instrument to issue 88,411,350 new ordinary shares of the Company (approximately 14.7% of the enlarged total common shares outstanding as of that date) before 24 June 2014 valued at VND6,012 billion and paid VND400 billion in cash consideration. The Group's economic interest in MFC increased from 70.6% to 86.6%. The Company also paid VND600 billion, which is included in the cost of acquisition, to enter into a swap agreement to hedge its economic exposure in this transaction. The swap agreement allows the Company to receive up to VND2,609 billion in cash in 3.5 years based on the performance of MFC from year 2011 to 2013. The amount receivable on the swap varies according to MFC's profit. The amounts receivable in the swap agreement were computed based on 13 times 2011 projected earnings of MFC, kept within a range of VND1,538 billion to VND2,000 billion and increased to 15 times in the event MFC's earnings grow by 30% or more annually in 2011 and 2012. The amount receivable under the swap is a contingent asset and no value has been recorded as it is not virtually certain of receipt.

The acquisition has the following effects:

	VND million
Cost of acquisition	7,011,972
Net assets acquired	(386,747)
	<hr/>
Differences recorded in other reserve	6,625,225
	<hr/> <hr/>
	VND million
Cost of acquisition comprised:	
Equity instruments issued	6,011,972
Cash paid	1,000,000
	<hr/>
	7,011,972
	<hr/> <hr/>

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

During the year, the effects of new shares issued by MFC not subscribed by the Group were as follows:

	VND million
Shares issued at par not subscribed by the Group	(29,134)
Net assets diluted	42,313
	<hr/>
Difference recorded in the reserves	13,179
	<hr/>

Other reserve movements were as follows

	VND million
Balance at 1 January 2010	(1,947,256)
Acquisition of minority interests in NPV	(476,422)
Acquisition of minority interests in Ma San Food Corporation	(6,625,225)
Increase in minority interests in Ma San Food Corporation	(13,179)
	<hr/>
Balance at 31 December 2010	(9,062,082)
	<hr/> <hr/>

(e) Transactions in 2009

On 31 August 2009, the Company entered into a reorganisation and became a holding company for 54.8% of Ma San Food Corporation, a then fellow subsidiary. Ma San Food Corporation directly owns the controlling interests in Viet Tien Food Technology Joint Stock Company, Ma San PQ Corporation, Ma San HD Joint Stock Company, Minh Viet Packaging Joint Stock and Masan Industrial Corporation. Masan Industrial Corporation directly owns the controlling interest in Hoa Sen Food Technology Joint Stock Company. To effect the above transaction, the parent company, Ma San Corporation, transferred 54.8% equity interest of Ma San Food Corporation to the Company as consideration for the Company's issuance of 125,877,284 new shares to the parent company, resulting in the recording of share capital of VND1,258,773 million and a debit to other reserves of VND1,258,773 million.

Subsequently, the Company acquired further equity interests in Ma San Food Corporation by issuing 56,002,964 shares amounting to VND1,087,542 million. The net assets acquired was VND154,046 million. At 31 December 2009, the Company held 72.8% of the equity interests in Ma San Food Corporation.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

5. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	VND million	VND million	VND million	VND million
Cash on hand	1,448	1,203	59	189
Cash in bank	1,153,670	522,236	1,037,202	364,076
Cash in transit	-	177	-	-
Cash equivalents	2,239,457	600,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,394,575	1,123,616	1,037,261	364,265
	<hr/>	<hr/>	<hr/>	<hr/>

Cash and cash equivalent at 31 December 2010 of the Group and the Company included amounts denominated in currencies other than VND amounting to VND532,095 million (31/12/2009: VND7,666 million) and VND527,493 million (31/12/2009: VND7,198 million), respectively.

6. Accounts receivable

As at 31 December 2010, trade receivables of the Group amounting to VND10,000 million (31/12/2009: VND1,102 million) were pledged to secure borrowings granted to Minh Viet Packaging Joint Stock Company, Viet Tien Food Technology Joint Stock Company and Masan Industrial Corporation, the Company's subsidiaries.

Other receivables comprised:

	<u>Group</u>		<u>Company</u>	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	VND million	VND million	VND million	VND million
Accrued interest receivable from deposits	38,159	29,067	521	9,075
Receivable from Viet Capital Securities	-	128,539	-	-
Non-trade receivables from related companies	109,623	517	586,710	30
Others	19,041	1,161	540	-
	<hr/>	<hr/>	<hr/>	<hr/>
	166,823	159,284	587,771	9,105
	<hr/>	<hr/>	<hr/>	<hr/>

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

Other receivable include the following amounts due from related parties:

	<u>Group</u>		<u>Company</u>	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	VND million	VND million	VND million	VND million
Amounts due from Ma San Corporation - parent company				
Non-trade	109,561	517	109,561	30
Amounts due from other related companies				
Non-trade	62	-	477,149	-

The non-trade amounts due from Ma San Corporation was unsecured, interest free and are receivable at call.

The non-trade amount due from other related companies of the Company was an unsecured loan, bore interest at 15% per annum and are receivable on demand.

Movements of allowance for doubtful debts were as follows:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	VND million	VND million	VND million	VND million
Opening balance	1,892	515	-	-
Increase in allowance during the year	3,257	1,377	-	-
Allowance utilised during the year	(4,444)	-	-	-
Closing balance	705	1,892	-	-

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

7. Inventories

	<u>Group</u>		<u>Company</u>	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	VND million	VND million	VND million	VND million
Goods in transit	40,210	15,681	-	-
Raw materials	143,566	145,202	-	-
Tools and supplies	392	496	-	-
Work in progress	54,965	48,365	-	-
Finished goods	57,414	27,544	-	-
	<hr/>	<hr/>		
	296,547	237,288	-	-
Allowance for inventories	(6,347)	(37,822)	-	-
	<hr/>	<hr/>		
	290,200	199,466	-	-
	<hr/>	<hr/>		

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

	<u>Group</u>	<u>Company</u>
	2010	2010
	VND million	VND million
Opening balance	37,822	-
Increase in allowance during the year	7,775	-
Allowance utilised during the year	(39,250)	-
	<hr/>	<hr/>
Closing balance	6,347	-
	<hr/>	<hr/>

As at 31 December 2010 inventories of the Group with a carrying value of VND20,000 million (31/12/2009: VND31,049 million) and USD2,500,000 equivalent were pledged with banks as security for loans granted to Minh Viet Packaging Joint Stock Company and Masan Industrial Corporation. The Group's inventories and trade receivables of combined value of USD10,000,000 were also pledged to secure loans granted to Masan Industrial Corporation.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

8. Tangible fixed assets

Group

	Buildings and structures VND million	Leasehold improvements VND million	Office equipment VND million	Machinery and equipment VND million	Motor vehicles VND million	Total VND million
Cost						
Opening balance	124,455	1,175	16,317	439,340	16,191	597,478
Acquisition on business combination	-	-	1,040	1,057	2,509	4,606
Additions	4,714	-	5,745	57,531	10	68,000
Transfers from construction in progress	54,506	6,399	599	51,757	-	113,261
Disposals	(601)	(926)	(234)	(4,198)	(118)	(6,077)
Reclassifications	(477)	-	(441)	1,616	(698)	-
Closing balance	182,597	6,648	23,026	547,103	17,894	777,268
Accumulated depreciation						
Opening balance	14,824	675	4,632	103,460	8,404	131,995
Charge for the year	9,616	2,239	4,611	67,440	2,290	86,196
Disposals	(477)	(746)	(70)	(764)	(95)	(2,152)
Reclassifications	(396)	-	(112)	448	60	-
Closing balance	23,567	2,168	9,061	170,584	10,659	216,039
Net book value						
Opening balance	109,631	500	11,685	335,880	7,787	465,483
Closing balance	159,030	4,480	13,965	376,519	7,235	561,229

Included in the cost of tangible fixed assets were assets costing VND17,205 million which were fully depreciated as of 31 December 2010 (31/12/2009: VND7,946 million), but which are still in active use.

At 31 December 2010 tangible fixed assets with a carrying value of VND227,540 million (31/12/2009: VND93,843 million) were pledged with banks as security for loans granted to the Group. Referring to notes 16(c), 16(d), 16(i), 20(a), 20(b), 20(c), 20 (d), 20(e), 20(f) and 20(h), certain additional items of fixed assets will be pledged to secure those borrowings when the borrowings have been drawn down and the lists of pledged assets drawn up with the lenders.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

The carrying amount of tangible fixed assets retired from active use and held for disposal amounted to VND11,365 million as of 31 December 2010 (31/12/2009: VND9,269 million).

The carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND28,107 million as of 31 December 2010 (31/12/2009: VND429 million).

Company

In 2010, the Company acquired office equipment costing VND269 million. Depreciation during the year amounted to VND18 million. The net book value of the Company's tangible fixed assets at 31 December 2010 was VND251 million.

9. Finance lease tangible fixed assets

Group

	Machinery and equipment VND million
Cost	
Opening balance/closing balance	16,871
Accumulated depreciation	
Opening balance	2,775
Charge for the year	2,410
Closing balance	5,185
Net book value	
Opening balance	14,096
Closing balance	11,686

The production equipment was leased by a subsidiary, Masan Industrial Corporation, under various finance lease agreements with Vietcombank Financial Leasing Company, Ho Chi Minh City Branch. At the end of each of the leases, Masan Industrial Corporation has the option to purchase the leased equipment at a beneficial price. The leased equipment secures the lease obligations.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

10. Intangible fixed assets

Group

	Land use rights	Software	Brand name	Total
	VND million	VND million	VND million	VND million
Cost				
Opening balance	77,611	4,531	546	82,688
Acquisition on business combination	-	720	-	720
Additions	-	2,274	-	2,274
Transfers from construction in progress	-	-	200	200
	<hr/>			
Closing balance	77,611	7,525	746	85,882
	<hr/>			
Accumulated amortisation				
Opening balance	8,349	1,338	136	9,823
Amortisation for the year	1,717	1,596	182	3,495
	<hr/>			
Closing balance	10,066	2,934	318	13,318
	<hr/>			
Net book value				
Opening balance	69,262	3,193	410	72,865
Closing balance	67,545	4,591	428	72,564
	<hr/> <hr/>			

At 31 December 2010, land use rights with a carrying value of VND39,859 million (31/12/2009: VND40,902 million) were pledged with banks as security for loans granted to the Group.

Company

In 2010, the Company acquired software costing VND234 million. Amortisation during the year amounted to VND15 million. The net book value of the Company's intangible fixed assets at 31 December 2010 was VND219 million.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

11. Construction in progress

	<u>Group</u> 2010	<u>Company</u> 2010
	VND million	VND million
Opening balance	52,916	-
Acquisition on business combination	7,016,200	-
Additions during the year	660,865	1,569
Transfer to tangible fixed assets	(113,261)	-
Transfer to intangible fixed assets	(200)	-
	<hr/>	<hr/>
Closing balance	7,616,520	1,569
	<hr/>	<hr/>

As described in Note 4, on 23 September 2010, the Group acquired Nui Phao Mining Co., Ltd. which owns a mineral mine. Based on a valuation of the mineral reserve, prepared by an independent valuer as of 23 September 2010, the Group has estimated the value of the mineral reserve at VND7,016,200 million. Management believes that this amount represents a reasonable estimate of the fair value of the mineral reserve on acquisition date.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

12. Investments

	<u>Group</u>		<u>Company</u>	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	VND million	VND million	VND million	VND million
Long-term investments				
Investments in subsidiaries	-	-	10,557,997	2,346,315
Investment in an associate	8,099,909	3,919,827	8,103,981	4,084,496
	<hr/>	<hr/>	<hr/>	<hr/>
	8,099,909	3,919,827	18,661,978	6,430,811
<hr/>				
Short-term investments				
Term deposits at banks	490,000	726,000	-	296,000
Short-term loan to Viet Capital Securities Joint Stock Company, a shareholder of Ma San Food Corporation	-	50,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	490,000	776,000	-	296,000
<hr/>				

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

Name	31/12/2010	31/12/2009
	VND million	VND million
Ma San Food Corporation	8,400,824	1,388,851
Hoa Bang Lang Consultant Company Limited	516,600	516,464
Orchid Consultant Company Limited	441,200	441,000
Masan Horizon Corporation	1,199,373	-
	<hr/>	<hr/>
	10,557,997	2,346,315
<hr/>		

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

The following are the details of the consolidated subsidiaries as at 31 December 2010:

Name	Address
Hoa Bang Lang Consultant Company Limited	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Orchid Consultant Company Limited	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Gerbera Consultant Company Limited	6 th Floor , Me Linh Point Tower, 2 Ngo Duc Ke Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Dahlia Company Limited	6 th Floor , Me Linh Point Tower, 2 Ngo Duc Ke Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Thai Nguyen Trading and Investment Company Limited	8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Ma San Food Corporation	12 th Floor, Kumho Asiana Plaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Masan Industrial Corporation	Lot 6, Tan Dong Hiep A Industrial Park, Di An District, Binh Duong Province, Vietnam
Viet Tien Food Technology Joint Stock Company	Lot III-10-Industrial Group III, Tan Binh Industrial Park, Tan Phu District, Ho Chi Minh City, Vietnam
Ma San HD Joint Stock Company	Lot 22, Dai An Industrial Zone, Hai Duong City, Hai Duong Province, Vietnam
Ma San PQ Corporation	261 Nguyen Trung Truc, Ward 5, Duong Dong Town, Phu Quoc District, Kien Giang Province, Vietnam
Minh Viet Packaging Joint Stock Company	Lot III-12-Industrial Group III, Tan Binh Industrial Park, Tan Phu District, Ho Chi Minh City, Vietnam
Ma San Horizon Corporation	Suite 802, 8 th Floor, Central Tower, 17 Le Duan Street, District 1, Ho Chi Minh City, Vietnam
Masan Resources Corporation	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, 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, Ho Chi Minh City, Vietnam
Nui Phao Mining Company Limited	Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

(a) Investment in Techcombank's convertible subordinated bonds

Through the end of November 2010, investment in an associate represented the Company's 19.88% direct ownership interest in Vietnam Technological and Commercial Joint Stock Bank (Techcombank), which had been diluted during the year from 19.99% on 31 December 2009 as a result of share based payments to employees. In the second half of 2010, Techcombank began preparation to issue convertible bonds.

In December 2010, the Company acquired and subscribed to 19,464,491 convertible bonds issued by Techcombank, of which 13,500,000 bonds were acquired from other bondholders and 5,964,491 bonds were subscribed directly by the Company. In exchange, the Company has issued an instrument to issue 32,538,500 ordinary shares of the Company by 30 June 2012, valued at VND2,440,387 million. The Company also paid VND596 billion on 24 December 2010 and VND900 billion on 24 March 2011. The Company has agreed with Techcombank to mandatorily and irrevocably convert the bonds into Techcombank shares during the year after December 2015. As a result of these agreements, the Group will not receive cash repayments of the principal and interest of the bonds but the Group is effectively entitled to a share of net assets of Techcombank as represented by these instruments. As a result, the Group has increased its effective economic interest in Techcombank to 28.94%: 19.88% was maintained by the 5,964,491 bonds subscribed directly by the Company and related conversion agreements and the increase of 9% by the 13,500,000 bonds acquired from other bondholders and related conversion agreements.

The Company entered into a swap agreement to hedge its economic exposure in this transaction. The swap agreement allows the Company to receive up to VND1,116 billion in cash in 18 months from 31 December 2010 depending on the performance of Techcombank in year 2011.

As a subsequent event, on 10 January 2011, the Company entered into an agreement to acquire an additional 2,834,402 bonds from other bondholders and has agreed to irrevocably and mandatorily convert those bonds into shares. The purchase consideration included cash of VND17,352 million, payable within six months, and an agreement to issue 10,814,545 new ordinary shares of the Company within the period of 18 months commencing on 10 January 2011. As a result, the Company's total economic interest in Techcombank as of the date of issuance of these financial statements has increased to 30.84%.

As a subsequent event, on 10 January 2011, the Company entered into another swap agreement to receive cash, in 18 months from the agreement date, of up to VND234,357 million depending on the performance of Techcombank in year 2011. Together, the Company paid VND100 billion on 24 March 2011 for the above swap agreements. The amounts receivable on the swaps vary according to Techcombank's profit. The amounts in the swap agreements were computed based on approximately 11 times projected earnings of Techcombank, kept within a range of VND1,818 billion to VND2,727 billion. The amounts receivable under these swaps are contingent assets and no value has been recorded as they are not virtually certain of receipt.

Inclusive of the subsequent events, the total consideration that the Company paid to increase its effective economic interest in Techcombank to 30.84% included VND1,496 billion in amounts paid for the bonds, VND100 billion to enter into the swap agreements and agreements to issue 43,353,045 primary shares of the Company (approximately 7.8% of the enlarged total common shares outstanding as of 31 December 2010) valued at VND3,251 billion. Through the swap agreements, the Company may be able to receive, in total, up to VND1,351 billion in cash 18 months after the closing of the secondary purchases of the bonds issued by Techcombank.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

(b) Term Deposits

Term deposits at bank represent deposits with original terms to maturity of more than three months from their transaction dates. The term deposits are denominated in Vietnam Dong and earned interest at 11% per annum during the year (2009: from 8.5% to 9.8%).

13. Long-term prepayments

Group

	Pre- operating expenses VND million	Prepaid land costs VND million	Printing axles VND million	Tools and supplies VND million	Borrowing fees VND million	Total VND million
Opening balance	-	2,446	341	9,098	-	11,885
Additions	56,796	-	2,549	1,723	9,735	70,803
Disposals	-	-	-	(16)	-	(16)
Amortisation for the year	-	(45)	(2,687)	(8,164)	(1,005)	(11,901)
Closing balance	56,796	2,401	203	2,641	8,730	70,771

Company

	Borrowing fees VND million
Opening balance	-
Additions	9,735
Amortisation for the year	(1,005)
Closing balance	8,730

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

14. Deferred tax assets and liabilities

(i) Recognised deferred tax assets and liabilities

	<u>Group</u>		<u>Company</u>	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	VND million	VND million	VND million	VND million
Deferred tax assets:				
Allowance for inventories	-	55	-	-
Accrued sales discount	12,841	7,858	-	-
Accrued advertising and promotion expenses	20,037	8,651	-	-
Accrued transportation costs	6,328	4,229	-	-
Other accruals	2,094	710	-	-
Tax loss carry-forwards	4,737	3,917	-	-
Unrealised profit	3,117	-	-	-
	<hr/>			
Total deferred tax assets	49,154	25,420	-	-
	<hr/>			
Deferred tax liabilities:				
Construction in progress	(751,021)	-	-	-
	<hr/>			

The tax losses expire in the following years

Year of expiry	Status of tax review	Tax losses available VND million
2014	Outstanding	15,662
2015	Outstanding	3,284
		<hr/>
		18,946
		<hr/>

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

(ii) Unrecognised deferred tax assets

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

	<u>Group</u>		<u>Company</u>	
	31/12/2010 VND million	31/12/2009 VND million	31/12/2010 VND million	31/12/2009 VND million
Other accruals	205	-	-	-
Tax losses	7,150	7,834	893	7,019
	<hr/>	<hr/>	<hr/>	<hr/>
	7,355	7,834	893	7,019
	<hr/>	<hr/>	<hr/>	<hr/>

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

15. Goodwill

	VND million
Cost	
Opening balance/closing balance	5,954
	<hr/>
Accumulated amortisation	
Opening balance	1,786
Amortisation for the year	596
	<hr/>
Closing balance	2,382
	<hr/>
Net book value	
Opening balance	4,168
Closing balance	3,572
	<hr/>

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

16. Short-term borrowings and liabilities

	Note	<u>Group</u>		<u>Company</u>	
		31/12/2010	31/12/2009	31/12/2010	31/12/2009
		VND million	VND million	VND million	VND million
Short-term borrowings					
Loans from Vietcombank					
Loan 1	(a)	320,893	69,050	-	-
Loan 2	(b)	69,546	19,599	-	-
Loan 3	(c)	167,357	269,806	-	-
Loan 4	(d)	45,693	33,086	-	-
Loan 5	(e)	-	68,749	-	-
Loan 6	(f)	9,122	-	-	-
Loan from HSBC					
Loan 1	(g)	1,731	12,468	-	-
Loan 2	(h)	32,111	-	-	-
Loan from Vietinbank					
Loan 1	(i)	18,576	24,507	-	-
Loan 2	(j)	143,340	166,450	-	-
Loan from ANZ					
Loan from ANZ	(k)	31,603	-	-	-
Loan from Sacombank					
Loan from Sacombank	(l)	9,672	-	-	-
Loan from an individual					
Loan from an individual	(m)	-	466	-	-
Loan from the majority vendor					
Loan from the majority vendor	(n)	28,980	-	-	-
Loan from parent company					
Loan from parent company	(o)	205,679	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		1,084,303	664,181	-	-
Current portion of long-term borrowings (Note 20)					
		40,371	23,079	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		1,124,674	687,260	-	-
		<hr/>	<hr/>	<hr/>	<hr/>

- a) This loan is granted to Ma San Food Corporation and is secured by its investments in its subsidiaries, Viet Tien Food Technology Joint Stock Company, Minh Viet Packaging Joint Stock Company, Masan Industrial Corporation, Ma San PQ Corporation and Ma San HD Joint Stock Company.

The USD facility under this loan bore interest at rates ranging from 5.75% to 7.00% (2009: 6.44% to 8.81%) per annum during the year.

The VND facility under this loan bore interest at rates ranging from 12.00% to 13.00% (2009: 6.00% to 11.28%) per annum during the year.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

- b) This loan is granted to Viet Tien Food Technology Joint Stock Company and is guaranteed by Ma San Food Corporation.

The USD facility under this loan bore interest at rates ranging from 5.30% to 7.00% (2009: 4.73% to 7.00%) per annum during the year.

The VND facility under this loan bore interest at rates ranging from 11.00% to 15.00% (2009: 7.62% to 12.56%) per annum during the year.

- c) This loan is granted to Masan Industrial Corporation with a maximum facility of VND400 billion and is secured by land use right with carrying value as at 31 December 2010 of VND32,742 million (31/12/2009: VND33,591 million) and tangible fixed assets with a carrying value as at 31 December 2010 of VND13,380 million (31/12/2009: VND14,725 million).

The USD facility under this loan bore interest at rates ranging from 3.30% to 6.50% (2009: 3.30% to 8.00%) per annum during the year. This loan has been fully paid during the year.

The VND facility under this loan bore interest at rates ranging from 12.00% to 15.80% (2009: 6.00% to 12.00%) per annum during the year.

- d) This loan is granted to Minh Viet Packaging Joint Stock Company and has the maximum facility of VND50 billion. The loan was secured by machinery with carrying value as at 31 December 2010 of VND25,971 million (31/12/2009: VND34,027 million).

The USD facility under this loan bore interest at rates ranging from 5.00% to 6.50% (2009: 3.00% to 7.00%) per annum during the year.

The VND facility under this loan bore interest at rates ranging from 12% to 12.5% per annum during the year.

- e) This loan is granted to Ma San HD Joint Stock Company and has the maximum facility of VND80 billion. The loan was guaranteed by Ma San Food Corporation. The loan bore interest at rates ranging from 10.50% to 12.00% per annum during the year 2009. This loan has been fully repaid during the year.

- f) This loan is granted to Ma San PQ Corporation with the maximum facility of VND10 billion and is unsecured. The bore interest at rates ranging from 12.00% to 13.80% (2009: nil) per annum during the year.

- g) This loan is granted to Minh Viet Packaging Joint Stock Company with the maximum facility of USD1,500,000. The loan is secured by inventory and trade receivables of Minh Viet Packaging Joint Stock Company as at 31 December 2010 amounting to VND20,000 million and VND10,000 million, respectively (31/12/2009: VND31,049 million and VND1,102 million, respectively). The loan is also guaranteed by the Ma San Food Corporation. The loan bore interest at rates ranging from 4.25% to 5.25% (2009: 4.27% to 8.24%) per annum during the year.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

- h) This loan is granted to Masan Industrial Corporation with a maximum facility of USD6,000,000 and is secured by inventories and trade receivables of Masan Industrial Corporation as at 31 December 2010 amounting to USD5,000,000.

The USD facility under this loan bore interest at rates ranging from 5.06% to 5.25% per annum during the year.

The VND facility under this loan bore interest at rates ranging from 12.25% to 12.50% per annum during the year.

- i) This loan is granted to Viet Tien Food Technology Joint Stock Company with a maximum facility of VND108,000 million. The loan is secured by tangible fixed assets with a carrying value as at 31 December 2010 of VND13,672 million (31/12/2009: VND15,346 million), land use right with net book value as at 31 December 2010 of VND4,397 million (31/12/2009: VND4,516 million) and trade receivables of Viet Tien Food Technology Joint Stock Company as at 31 December 2010 amounting to VND nil (31/12/2009: VND152,329). The loan is denominated in VND and bore interest at rates ranging from 10.50% to 14.26% (2009: 6.15% to 12.92%) per annum during the year.
- j) This loan is granted to Masan Industrial Corporation with a maximum facility of VND200,000 million and is secured by trade receivables of Masan Industrial Corporation due from Ma San Food Corporation as at 31 December 2010 amounting to VND498,100 million (31/12/2009: VND441,927 million). The loan is denominated in VND and bore interest at rates ranging from 12.00% to 14.50% (2009: 6.00% to 6.05%) per annum during the year.
- k) This loan is granted to Masan Industrial Corporation with a maximum facility of USD10 million or VND equivalent and is guaranteed by Ma San Food Corporation. The loan is also secured by inventories of Masan Industrial Corporation and trade receivables of the Company as at 31 December 2010 amounting to USD10,000,000. The loan is denominated in VND and bore interest at 14.50% (2009: nil) per annum during the year.
- l) This loan is granted to Masan Industrial Corporation with a maximum facility of VND200 billion or USD equivalent and is unsecured. The loan is denominated in USD and bore interest at rate 6.00% (2009: nil) per annum during the year.
- m) These are unsecured and interest free loans from the General Directors of Minh Viet Packaging Joint Stock Company and Masan Industrial Corporation. These loans have been fully repaid during the year.
- n) These borrowings were unsecured and bore interest from 0% to 15% per annum.
- o) On 1 December 2010, NPV entered into an agreement with the Group's parent, Ma San Corporation, for a credit line of USD15 million to finance land clearance, compensation and relocation activities. This loan is unsecured and bore interest at 15% per annum.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

17. Taxes payable to State Treasury

	<u>Group</u>		<u>Company</u>	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	VND million	VND million	VND million	VND million
Corporate income tax	104,132	56,359	5	5
Value added tax	25,378	19,834	-	-
Import-export tax	1,292	739	-	-
Other taxes	22,040	485	1,355	80
	<hr/>	<hr/>	<hr/>	<hr/>
	152,842	77,417	1,360	85
	<hr/>	<hr/>	<hr/>	<hr/>

18. Accrued expenses

	<u>Group</u>		<u>Company</u>	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	VND million	VND million	VND million	VND million
Advertising and promotion expenses	192,374	78,463	-	-
Accrued interest payable	146,578	13,650	141,569	13,650
Sales discount	51,362	31,432	-	-
Transportation expenses	25,516	16,914	-	-
Bonus and 13 th month salary	18,163	4,196	712	-
Consultant fee	18,326	-	18,326	-
Withholding tax	15,367	1,437	14,805	1,437
Others	35,152	17,498	255	882
	<hr/>	<hr/>	<hr/>	<hr/>
	502,838	163,590	175,667	15,969
	<hr/>	<hr/>	<hr/>	<hr/>

19. Other payables

As of 31 December 2010, other payables in the Group's consolidated balance sheet and the Company's separate balance sheet consisted mainly of payables related to the acquisition of Techcombank bonds of VND982,648 million.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

20. Long-term borrowings and liabilities

	Note	<u>Group</u>		<u>Company</u>	
		31/12/2010	31/12/2009	31/12/2010	31/12/2009
		VND million	VND million	VND million	VND million
Long-term borrowings					
Loans from Vietcombank					
Loan 1	(a)	14,000	19,600	-	-
Loan 2	(b)	1,073	1,381	-	-
Loan 3	(c)	28,000	12,009	-	-
Loan 4	(d)	6,750	7,733	-	-
Loan 5	(e)	12,393	15,033	-	-
Loan 6	(f)	86,337	-	-	-
Loan 7	(g)	60,763	5,815	-	-
Loan from ACB Bank					
Loan 1	(h)	5,616	7,751	-	-
Loan 2	(h)	7,301	8,638	-	-
Loan from Ocean Bank					
Promissory Notes (Note 4)	(i)	-	43,398	-	-
Convertible bonds issued to TPG					
	(k)	630,000	630,000	630,000	630,000
Convertible loan issued to International Finance Corporation					
	(l)	760,000	-	760,000	-
Convertible loan issued to Jade Dragon (Mauritius) Limited					
	(m)	567,960	-	567,960	-
		<hr/>	<hr/>	<hr/>	<hr/>
		5,035,957	751,358	1,957,960	630,000
Finance lease liabilities					
	(n)	4,974	6,444	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		5,040,931	757,802	1,957,960	630,000

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

	Note	<u>Group</u>		<u>Company</u>	
		31/12/2010	31/12/2009	31/12/2010	31/12/2009
		VND million	VND million	VND million	VND million
Repayable within twelve months					
Loans from Vietcombank					
Loan 1	(a)	(5,600)	(5,600)	-	-
Loan 2	(b)	(429)	(395)	-	-
Loan 3	(c)	(7,000)	-	-	-
Loan 4	(d)	(1,800)	-	-	-
Loan 5	(e)	(3,520)	(2,640)	-	-
Loan 7	(g)	(15,191)	-	-	-
Loan from ACB Bank	(h)	(4,895)	(4,504)	-	-
Loan from Ocean Bank	(i)	-	(8,137)	-	-
Finance lease liabilities	(n)	(1,936)	(1,803)	-	-
		(40,371)	(23,079)	-	-
		5,000,560	734,723	1,957,960	630,000

- (a) This loan is granted to Masan Industrial Corporation and is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND16,112 million (31/12/2009: VND23,067 million). The loan has a maximum facility of VND25 billion and bore interest at rates ranging from 14.3% to 16.4% (2009: 10.50% to 12%) per annum during the year. The outstanding balance as at 31 December 2010 is repayable in 5 equal semi-annual instalments of VND2,800 million each.
- (b) This loan is granted to Masan Industrial Corporation. The loan is denominated in USD and the principal outstanding as at 31 December 2010 amounted to USD55,000 (31/12/2009: USD77,000). The loan is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND9,170 million (31/12/2009: VND1,594 million) and bore interest at a rate equal to 6-month Libor plus 2.50% (2010: 7.00% and 2009: 4.00% to 5.70% per annum during the year). The outstanding balance as at 31 December 2010 is repayable in 5 equal semi-annual instalments of USD11,000 each.
- (c) This loan is granted to Masan Industrial Corporation and is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND63,266 million. The loan has a maximum facility of VND190 billion and bore interest at a rate of 12.00% (2009: 6.50%) per annum during the year. The outstanding balance as at 31 December 2010 is repayable in 16 equal quarterly instalments of VND1,750 million each.
- (d) This loan is granted to Masan Industrial Corporation and is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND14,286 million. The loan has a maximum facility of VND45,350 billion and bore interest at rates ranging from 14.3% to 16.4% (2009: 6.50%) per annum during the year. The outstanding balance as at 31 December 2010 is repayable in 15 equal quarterly instalments of VND450 million each.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

- (e) This loan is granted to Masan Industrial Corporation and is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND19,899 million. The loan has a maximum facility of VND17.6 billion and bore interest at rates ranging from 14.3% to 16.4% (2009: 6.70%) per annum during the year. The loan is repayable in 13 equal quarterly instalments of VND880 million each and a final instalment comprising the remaining balance on 14 April 2014.
- (f) This loan is granted to Masan Industrial Corporation and is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND46,981 million. The loan has a maximum facility of VND310 billion and bore interest at rates ranging from 14.80% to 14.90% per annum during the year. As at 31 December 2010, the loan has not been fully withdrawn and there was no repayment schedule.
- (g) This loan is granted to Ma San HD Joint Stock Company and is guaranteed by Ma San Food Corporation. The loan has a maximum facility of VND163 billion.

The VND facility under this loan bore interest at a rate of 12% (2009: 10.5%) per annum during the year and the outstanding balance as at 31 December 2010 is repayable in 8 equal semi-annual instalments of VND5,727 million each.

The USD facility under this loan bore interest at a rate of 6.8% per annum during the year and the outstanding balance as at 31 December 2010 amounting to USD766,568 is repayable in 8 equal semi-annual instalments of USD95,821 each.

- (h) These loans are granted to Minh Viet Packaging Joint Stock Company and are secured by its buildings, plant and equipment with net book value as at 31 December 2010 of VND4,803 million (31/12/2009: VND5,084 million) and its land use right with carrying value as at 31 December 2010 of VND2,720 million (31/12/2009: VND2,795 million). The loans include:

Loan 1 is granted with a maximum facility of USD720,000. The loan bore interest at a rate equal to the 6-month SIBOR plus 1.90% (2010: 7.00% to 7.60% per annum; 2009: 6.00% per annum during the year). The remaining balance as at 31 December 2010 amounting to USD288,000 (2009: USD432,000) is repayable in 4 equal semi-annual instalments of USD72,000 each.

Loan 2 is granted with a maximum facility of USD600,000. The loan bore interest at 7.60% (2009: 7.60%) per annum during the year. The principal outstanding as at 31 December 2010 amounted to USD374,424 (2009: USD481,460) and is repayable in 6 equal semi-annual instalments of USD53,520 each and a final instalment comprising the remaining balance on 16 September 2013.

- (i) This loan is granted to Ma San HD Joint Stock Company and is guaranteed by Ma San Food Corporation. The loan bore interest at 10.50% per annum during the year 2009. The loan has been fully paid on 8 November 2010.
- (j) Ma San Horizon Corporation granted promissory notes to the majority vendor which are payable on 23 September 2016 and 23 September 2017 for VND237,980 million and VND2,617,784 million, respectively, in relation to the acquisition of NPV. These promissory notes were issued as consideration for acquisition of NPV (Note 4).

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

- (k) The long-term bonds issued to TPG consist of (i) three convertible bonds, with a principal of VND180 billion each, entered into with TPG Star Masan, Limited, TPG Star Masan II, Limited and TPG Star Masan III, Limited (collectively “TPG”); and (ii) a convertible bond with a principal of VND90 billion entered into with TPG Star Masan, Limited.

Among others the agreements provide the following:

- (i) Interest is charged at 15% per annum, compounded annually and payable on redemption of the bond. Interest is not payable if the conversion option is exercised. The bonds mature on 10 November 2012.
 - (ii) The bonds are secured by the Company’s 4,410,000 shares of Ma San Food Corporation.
 - (iii) The bonds may be converted into shares to be issued by the Company from 1 April 2011 to the bond’s maturity date at the option of the bondholders. However, at any time after the audited consolidated financial statements for the year ended 31 December 2010 have been provided to the bondholders, and the trading price of the Company’s listed shares exceeds 200% of the applicable conversion price for a continuous period of 90 trading days, the Company has the option to require the bonds to be converted into shares at that conversion price.
 - (iv) The conversion price was determined at VND20,374 per share and calculated based on a factor of the Group’s 2010 earnings as provided by the agreements.
 - (v) Where there are rights issue, the bondholder is entitled to the same rights, on the same terms, as if it were the person entitled to those rights. If this is not possible, the bondholder shall be paid an amount equivalent to the fair value of those rights.
- (l) This loan represents a convertible loan, with a principal of VND760 billion, entered into with International Finance Corporation (“IFC”), wherein VND190 billion is convertible to the Company’s shares.

Among others the agreement provides for the following:

- (i) Interest is charged at 8% per annum from disbursement date to 15 April 2012 and at 20.4% per annum from 15 April 2012 to the maturity date for the convertible portion. Interest is charged at 20.4% per annum for the non-convertible portion from 15 April 2013 to 15 April 2016. The loan matures on 15 April 2016.
- (ii) IFC can exercise the option to convert VND190 billion, at the maximum, of the principal amount and require the Company to list those converted shares. There are two available period for conversion: the first option period is the period commencing the date falling 12 months after 11 May 2010 and ending on the date falling 36 months after 31 May 2010, the second option period is the period commencing from the date falling thirty six months after 11 May 2010 and ending on 15 April 2016. Interest shall continue to accrue and payment premium remains payable on the convertible loan if IFC does not exercise its conversion option during the first option period.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

- (iii) The conversion price was determined on a multiple of the Group's 2010 earnings and adjusted for any dilution, as defined in the agreement and subject to an external calculating agent's confirmation.
 - (iv) Ma San Food Corporation guarantees this loan. The loan is secured by the Company's 2,800,000 shares in Ma San Food Corporation.
- (m) This loan represents a USD-denominated convertible loan, with a principal amount of VND567,960 million.

Among others, the agreement provides the following:

- (i) The interest rate of this loan has two portions: nominal interest rate and deferred interest rate. Deferred interest is not payable if the loan is converted. During the period from 15 December 2010 to 14 December 2012 the nominal interest rate and deferred interest rate are 2% per annum and 6% per annum respectively. During the period from 15 December 2012 to 14 December 2013 the nominal interest rate and deferred interest rate are 4% per annum and 4% per annum respectively. During the period from 15 December 2013 to 14 December 2015 the nominal interest rate and deferred interest rate are 6% per annum and 2% per annum respectively. The loan matures on 14 December 2015. The nominal interest rate is compounded daily and the deferred interest rate is compounded annually.
 - (ii) The loan may be converted into shares by the lender at any time after two years from 15 December 2010 to the loan's maturity date.
 - (iii) The conversion price was determined at VND65,000.
- (n) The future minimum lease payments under non-cancellable finance leases were:

	31/12/2010			31/12/2009		
	VND million			VND million		
	Payments	Interest	Principal	Payments	Interest	Principal
Within one year	2,085	149	1,936	2,120	317	1,803
Within two to five years	3,278	240	3,038	5,042	401	4,641
	5,363	389	4,974	7,162	718	6,444

At 31 December 2010, finance lease liabilities denominated in foreign currencies amounted to USD213,888 equivalent to VND4,170 million (31/12/2009: USD299,444 equivalent to VND5,372 million).

The finance lease liabilities are secured by the finance lease tangible fixed assets in Note 9.

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

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

21. Provision for severance allowance

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

	<u>Group</u> 2010	<u>Company</u> 2010
	VND million	VND million
Opening balance	1,895	-
Provision made during the year	4,228	-
Provision used during the year	(1,571)	-
	<hr/>	<hr/>
Closing balance	4,552	-
	<hr/> <hr/>	<hr/> <hr/>

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

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

For the year ended 31 December 2010, the Group contributed VND1,599 million (2009: VND1,472 million) and the Company contributed VND23 million (2009: nil) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the statements of income.

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

22. Share capital and capital surplus

The Company's authorised and issued share capital comprise:

	31/12/2010		31/12/2009	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	515,272,269	5,152,723	485,399,820	4,853,998
Issued share capital				
Ordinary shares	515,272,269	5,152,723	485,399,820	4,853,998
Capital surplus	-	2,166,136	-	1,421,817

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

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.

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

	2010		2009	
	Number of shares	VND million	Number of shares	VND million
Balance at beginning of the year	485,399,820	4,853,998	320,000	32,000
Effect of share split	-	-	2,880,000	-
Issuance of new shares for acquisition of shares in Techcombank	-	-	249,979,671	2,499,797
Issuance of new shares for acquisition of shares in Ma San Food Corporation	-	-	181,880,248	1,818,802
Issuance of new shares for cash	29,872,449	298,725	50,339,901	503,399
Balance at the end of the year	515,272,269	5,152,723	485,399,820	4,853,998

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

23. Other capital

Other capital represents the fair value of the Company's shares to be issued as consideration for the acquisition of net assets in the following subsidiaries and an associate. The fair value of these shares was measured at the date of the related acquisition.

	Date of issue	Number of shares
Acquisition of 16% economic interest in Ma San Food Corporation	24 June 2014	88,411,350
Acquisition of 15% economic interest in NPV	15 October 2012	22,629,310
Acquisition of 13,500,000 convertible bonds in Vietnam Technological and Commercial Joint Stock Bank	30 June 2012	32,538,500

24. Total revenue

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

Net sales comprised:

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	VND million VND million VND million VND million			
Total revenue				
▪ Sales of finished goods	5,689,209	4,070,481	-	-
▪ Services and other sales	289	7,666	-	-
Less sales deductions				
▪ Sales discounts	(103,211)	(119,391)	-	-
▪ Sales returns and allowances	-	(942)	-	-
	5,586,287	3,957,814	-	-

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

25. Cost of sales

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	VND million	VND million	VND million	VND million
Total cost of sales				
▪ Finished goods sold	3,186,842	2,545,057	-	-
▪ Printing axles disposed	-	668	-	-
▪ Allowance for inventories	7,775	38,151	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,194,617	2,583,876	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

26. Financial income

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	VND million	VND million	VND million	VND million
Interest income from:				
• Deposits	239,657	29,628	115,584	14,251
• Loans to individuals	7,055	8,063	-	-
• Loans to Viet Capital Securities Joint Stock Company	7,438	34,750	-	-
• Exchangeable bonds issued by parent company	-	1,474	-	-
• Loan to subsidiary	-	-	19,080	-
• Loan to parent company	103,255	19,656	103,255	-
Foreign exchange gains	19,029	2,846	17,524	30
Disposal of investment in shares	-	53,454	-	-
Negative goodwill (Note 4)	1,239,714	-	-	-
Others	4,771	10,421	-	212,680
	<hr/>	<hr/>	<hr/>	<hr/>
	1,620,919	160,292	255,443	226,961
	<hr/>	<hr/>	<hr/>	<hr/>

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

27. Financial expenses

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	VND million	VND million	VND million	VND million
Interest expenses payable to:				
• Banks	92,918	43,279	-	-
• Bondholders	140,711	13,651	140,711	13,651
• Subsidiary	-	-	6,923	-
• Parent company	-	1,957	-	-
• Individuals	-	30,089	-	30,089
Foreign exchange losses	29,781	14,154	15,687	-
Other financial expenses	6,867	-	5,694	-
	270,277	103,130	169,015	43,740

28. Other income

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	VND million	VND million	VND million	VND million
Proceeds on disposals of fixed assets	3,394	229	-	-
Income from scrap sales	9,639	11,838	-	-
Others	6,337	6,565	-	4,447
	19,370	18,632	-	4,447

29. Other expenses

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	VND million	VND million	VND million	VND million
Net book value of disposed fixed assets	3,925	84	-	-
Cost of scrap sales	3,649	9,876	-	-
Tax penalty	1,897	7,068	-	-
Others	1,691	5,750	-	-
	11,162	22,778	-	-

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

30. Share of profit in an associate

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	VND million	VND million	VND million	VND million
Share of profit in associate	414,551	132,661	-	-
Amortisation of goodwill	(253,953)	(84,651)	-	-
	160,598	48,010	-	-

31. Income tax

(a) Recognised in the statement of income

	<u>Group</u>		<u>Company</u>	
	2010	2009	2010	2009
	VND million	VND million	VND million	VND million
Current tax expense				
Current year	140,060	73,130	-	-
Under provision in prior years	578	-	-	-
	140,638	73,130	-	-
Deferred tax income				
Origination and reversal of temporary differences	(22,914)	(15,805)	-	-
Benefit of tax losses recognised	(820)	(3,917)	-	-
	(23,734)	(19,722)	-	-
Income tax expense	116,904	53,408	-	-

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

(b) Reconciliation of effective tax rate

Group

	2010		2009	
	%	VND million	%	VND million
Profit before tax		2,746,121		732,926
Tax at the Company's income tax rate	25.00%	686,531	25.00%	183,232
Tax incentives	-	-	(0.04%)	(279)
Effect of different tax rates in subsidiaries	(8.48%)	(232,757)	(17.56%)	(128,724)
Effect of higher tax rate on other activities in subsidiaries	-	-	(0.08%)	(608)
Non-deductible expenses	0.48%	13,109	0.54%	3,956
Tax exempt income	(12.75%)	(350,078)	(1.64%)	(12,003)
Deferred tax assets not recognised	0.21%	5,647	1.07%	7,834
Tax losses utilised previously not recognised	(0.22%)	(6,126)	-	-
Under provision in prior years	0.02%	578	-	-
	4.26%	116,904	7.29%	53,408

Tax exempt income represents the tax effects on negative goodwill and share of profit of associate.

Company

	2010		2009	
	%	VND million	%	VND million
Profit before tax		24,137		175,547
Tax at the Company's income tax rate	25.00%	6,034	25.00%	43,887
Non-deductible expenses	0.38%	92	1.29%	2,264
Tax exempt income	-	-	(30.29%)	(53,170)
Tax loss utilised previously not recognised	(25.38%)	(6,126)	-	-
Deferred tax asset not recognised	-	-	4.00%	7,019
	-	-	-	-

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

(c) Applicable tax rates

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

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

(d) Tax contingencies

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

32. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share at 31 December 2010 was based on the profit attributable to ordinary shareholders of VND2,283,039 million (2009: VND416,574 million) of the Group and a weighted average number of ordinary shares outstanding of 492,546,102 shares during the year (2009: 155,608,815 shares), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2010	2009
	VND million	VND million
Net profit attributable to ordinary shareholders	2,283,039	416,574

(ii) Weighted average number of ordinary shares

	2010	2009
		(Deemed)
Issued ordinary shares at the beginning of the year	485,399,820	3,200,000
Effect of shares issued during the year	7,146,282	152,408,815
Weighted average number of ordinary shares at the end of the year	492,546,102	155,608,815

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

Issued ordinary shares at the beginning of 2009 have been adjusted to reflect share split at a ratio of 1:10 on 11 July 2009.

For comparability purposes, the weighted average number of ordinary shares as at 31 December 2009 was computed based on the number of shares that have been deemed to be issued by the Company under the merger (carry-over) basis of accounting.

(b) Diluted earnings per share

The calculation of diluted earnings per share for year ended 31 December 2010 was based on profit attributable to shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effect of all diluted potential ordinary shares arising on convertible bonds and agreements to issue shares on future dates.

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

	2010	2009
	VND million	VND million
Net profit attributable to ordinary shareholders (basic)	2,283,039	416,574
Interest expense on convertible bonds, net of tax	-	11,316
	<hr/>	<hr/>
Net profit attributable to shareholders (diluted)	2,283,039	427,890
	<hr/> <hr/>	<hr/> <hr/>

The diluted net profit attributable to shareholders took into account interest and related expenses in respect of potential dilutive instruments and related interest income and foreign contractor tax from parent company.

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

	2010	2009
Weighted average number of ordinary shares (basic)	492,546,102	155,608,815
Effect of conversion of convertible bonds and issuance of shares from equity instruments	45,466,420	4,320,648
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted)	538,012,522	159,929,463
	<hr/> <hr/>	<hr/> <hr/>

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

33. Share based payment plan

Certain employees and key management personnel are granted the rights to subscribe for a subsidiary's shares at par, which cease if the employment is terminated. The shares vest on a monthly basis.

As at 31 December 2010, the numbers of the subsidiary's shares issued for services rendered are as follows:

	2010	2009
Employees and key management	932,779	1,067,998
Members of the subsidiary's Board of Directors (excluded from employees and key management personnel numbers)	99,066	60,625

34. Significant transactions with related parties

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

Group

Related Party	Nature of transaction	2010	2009
		VND million	VND million
Parent Company			
Ma San Corporation	Interest expenses and tax shared by parent company	106,472	-
	Interest and loan repayment by parent company	-	76,370
	Purchase service	540	-
	Sales of merchandise inventory	44	-
	Loan provided to parent company	806,200	58,543
	Interest income from loan and expenses shared by parent company	10,012	-
	Acquisition of exchangeable bonds issued by parent company by setting off against loan receivable from parent company	-	400,000
Other related parties			
Masan Information and Technology Company	Maintenance fee	4,115	915
	Purchase of computers	468	4,390
Masan Property Corporation	Service charge	3,754	16,198
	Construction	6,321	-
	Rental income	103	-

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

Related Party	Nature of transaction	2010 VND million	2009 VND million
Board of Management members	Remuneration to a member of Board of Management	1,339	161
	Loan received and interest expenses	-	930,089
	Capital contributed	20,000	1,030,134
<hr/>			
Company			
Related Party	Nature of transaction	2010 VND million	2009 VND million
Parent Company Ma San Corporation	Interest expenses and tax shared by parent company	106,472	-
	Interest and loan repayment by parent company	-	76,370
	Loan provided to parent company	806,200	58,543
	Interest income from loan and expenses shared by parent company	10,012	-
	Acquisition of exchangeable bonds issued by parent company by setting off against loan receivable from parent company	-	400,000
Other related parties			
Ma San Food Corporation	Loan received from subsidiary	806,200	-
	Interest expenses on loan	6,923	-
Masan Horizon Corporation	Loan provided to a subsidiary	447,381	-
Ma San Resources Corporation	Interest income from loan provided to a subsidiary	19,080	-
Board of Management members	Remuneration to a member of Board of Management	1,339	161
	Loan received and interest expenses	-	930,089
	Capital contributed	20,000	1,030,134
<hr/> <hr/>			

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

35. Commitments

(a) Capital expenditure

As at 31 December 2010, the following outstanding capital commitments have been approved but not provided for in the balance sheet:

	<u>Group</u>		<u>Company</u>	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	VND million	VND million	VND million	VND million
Approved and contracted	78,881	206,904	-	-
Approved but not contracted	639,581	428,947	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	718,462	635,851	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

(b) Leases

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

	<u>Group</u>		<u>Company</u>	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	VND million	VND million	VND million	VND million
Within one year	36,057	32,513	1,570	-
Within two to five years	49,274	71,838	870	-
More than five years	35,653	26,584	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	120,984	130,935	2,440	-
	<hr/>	<hr/>	<hr/>	<hr/>

Ma San Group Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2010 (continued)

36. Subsequent events

The Shareholders General Meeting of Ma San Food Corporation on 11 February 2011 resolved to change its name to Ma San Consumer Corporation. The Shareholders General Meeting also resolved the reorganisation of Ma San Food Corporation and its subsidiaries whereby a new 100% owned subsidiary of Ma San Food Corporation will be established and Ma San Food Corporation will transfer its investments in existing subsidiaries to this new subsidiary.

At 31 December 2010, the Company and the Group had monetary assets in foreign currencies amounting to equivalent USD27.86 million and USD28.36 million and monetary liabilities in foreign currencies amounting to equivalent USD30.75 million and USD36.80 million, resulting in a net exposed liability position of equivalent USD2.89 million and USD8.44 million, respectively. The Group also has significant purchases denominated directly or indirectly in USD or other foreign currencies. As of 31 March 2011, the exchange rate of Vietnam Dong against United States Dollar has been depreciated by 9.3% from VND18,932/USD1 as of 31 December 2010 to VND20,693/USD1. The significant depreciation in Vietnam Dong could affect the Group and the Company's results of operations. Management believes that it has established processes to effectively manage the resulting increase in costs.

Other subsequent events were disclosed in Notes 4 and 12.

Prepared by:



Ta Thi Thuy Trang
Chief Accountant

Approved by:



Stamp text: S.Đ.K.K.D: 0303576603, CÔNG TY CỔ PHẦN TẬP ĐOÀN MA SAN, QUẬN 1 TP. HCM

Nguyen Dang Quang
Chairman

31 March 2011