

**MASAN**  
GROUP



**MASAN GROUP**

8<sup>th</sup> Floor, Central Plaza, 17 Le Duan Street,  
District 1, Ho Chi Minh City, Viet Nam.

Phone : (+84 8) 6256 3862

Facsimile : (+84 8) 3827 4115

Web: [www.masangroup.com](http://www.masangroup.com)

**Ma San Group Corporation and its subsidiaries**

Interim Financial Statements  
for the six-month period ended 30 June 2011

**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

**Ma San Group Corporation and its subsidiaries**  
**Balance sheets at 30 June 2011**

	Code	Note	Group		Company	
			30/6/2011	31/12/2010	30/6/2011	31/12/2010
			VND million	VND million	VND million	VND million
<b>ASSETS</b>						
<b>Current assets</b>	<b>100</b>		<b>9,052,011</b>	<b>4,626,838</b>	<b>2,692,148</b>	<b>1,636,159</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>3</b>	<b>7,277,576</b>	<b>3,394,575</b>	<b>1,233,428</b>	<b>1,037,261</b>
Cash	111		667,057	1,155,118	31,512	1,037,261
Cash equivalents	112		6,610,519	2,239,457	1,201,916	-
<b>Short-term investments</b>	<b>120</b>	<b>10</b>	<b>700,000</b>	<b>490,000</b>	<b>700,000</b>	<b>-</b>
<b>Accounts receivable</b>	<b>130</b>		<b>566,502</b>	<b>314,209</b>	<b>745,167</b>	<b>592,463</b>
Accounts receivable - trade	131		80,966	64,125	-	-
Prepayments to suppliers	132		199,148	83,966	1,432	4,692
Other receivables	135		287,372	166,823	743,735	587,771
Allowance for doubtful debts	139		(984)	(705)	-	-
<b>Inventories</b>	<b>140</b>	<b>5</b>	<b>433,863</b>	<b>290,200</b>	<b>-</b>	<b>-</b>
Inventories	141		476,878	296,547	-	-
Allowance for inventories	149		(43,015)	(6,347)	-	-
<b>Other current assets</b>	<b>150</b>		<b>74,070</b>	<b>137,854</b>	<b>13,553</b>	<b>6,435</b>
Short-term prepayments	151		14,877	10,131	1,845	262
Deductible value added tax	152		50,096	118,872	11,328	5,877
Taxes and other receivables from State Treasury	154		-	2	-	-
Other current assets	158		9,097	8,849	380	296
<b>Long-term assets</b>	<b>200</b>		<b>17,777,979</b>	<b>16,502,700</b>	<b>19,514,083</b>	<b>18,672,990</b>
<b>Fixed assets</b>	<b>220</b>		<b>8,641,770</b>	<b>8,261,999</b>	<b>1,139</b>	<b>2,039</b>
Tangible fixed assets	221	6	567,515	561,229	947	251
Cost	222		833,671	777,268	1,087	269
Accumulated depreciation	223		(266,156)	(216,039)	(140)	(18)
Finance lease tangible fixed assets	224	7	-	11,686	-	-
Cost	225		-	16,871	-	-
Accumulated depreciation	226		-	(5,185)	-	-
Intangible fixed assets	227	8	73,458	72,564	192	219
Cost	228		88,915	85,882	234	234
Accumulated amortisation	229		(15,457)	(13,318)	(42)	(15)
Construction in progress	230	9	8,000,797	7,616,520	-	1,569
<b>Long-term investments</b>	<b>250</b>	<b>10</b>	<b>8,971,580</b>	<b>8,099,909</b>	<b>19,490,421</b>	<b>18,661,978</b>
Investments in subsidiaries	251		-	-	10,557,997	10,557,997
Investments in an associate	252		8,971,580	8,099,909	8,932,424	8,103,981
<b>Other long-term assets</b>	<b>260</b>		<b>164,629</b>	<b>140,792</b>	<b>22,523</b>	<b>8,973</b>
Long-term prepayments	261		91,471	70,771	20,056	8,730
Deferred tax assets	262		46,709	49,154	-	-
Other long-term assets	268		23,175	17,295	2,467	243
Goodwill	269	11	3,274	3,572	-	-
<b>TOTAL ASSETS</b>	<b>270</b>		<b>26,829,990</b>	<b>21,129,538</b>	<b>22,206,231</b>	<b>20,309,149</b>

The accompanying notes are an integral part of these financial statements

**Ma San Group Corporation and its subsidiaries**  
**Balance sheets at 30 June 2011 (continued)**

	Code	Note	Group		Company	
			30/6/2011	31/12/2010	30/6/2011	31/12/2010
			VND million	VND million	VND million	VND million
<b>RESOURCES</b>						
<b>LIABILITIES</b>	<b>300</b>		<b>7,656,333</b>	<b>8,981,050</b>	<b>4,326,344</b>	<b>3,138,393</b>
<b>Current liabilities</b>	<b>310</b>		<b>1,612,133</b>	<b>3,224,917</b>	<b>2,317,804</b>	<b>1,180,433</b>
Short-term borrowings and liabilities	311		601,538	1,124,674	2,000,000	-
Accounts payable – trade	312		299,459	443,583	97	20,728
Advances from customers	313		26,643	7,997	-	-
Taxes payable to State Treasury	314	12	154,396	152,842	2,929	1,360
Payables to employees	315		24,506	5,395	-	27
Accrued expenses	316	13	510,911	502,838	314,752	175,667
Other payables	319	14	2,654	985,440	26	982,651
Bonus and welfare fund	323		(7,974)	2,148	-	-
<b>Long-term borrowings and liabilities</b>	<b>330</b>		<b>6,044,200</b>	<b>5,756,133</b>	<b>2,008,540</b>	<b>1,957,960</b>
Long-term borrowings and liabilities	334		5,288,959	5,000,560	2,008,540	1,957,960
Deferred tax liabilities	335		751,021	751,021	-	-
Provision for severance allowance	336	15	4,220	4,552	-	-
<b>EQUITY</b>	<b>400</b>		<b>14,624,691</b>	<b>10,623,685</b>	<b>17,879,887</b>	<b>17,170,756</b>
<b>Owners' equity</b>	<b>410</b>		<b>14,624,691</b>	<b>10,623,685</b>	<b>17,879,887</b>	<b>17,170,756</b>
Share capital	411	16	5,152,723	5,152,723	5,152,723	5,152,723
Capital surplus	412	16	2,166,136	2,166,136	2,166,136	2,166,136
Other capital	413	17	10,462,804	9,651,713	10,462,804	9,651,713
Foreign exchange differences	416		(19,473)	3,189	-	-
Other reserves	419		(6,499,856)	(9,062,082)	-	-
Retained profits	420		3,362,357	2,712,006	98,224	200,184
<b>MINORITY INTERESTS</b>	<b>439</b>		<b>4,548,966</b>	<b>1,524,803</b>	<b>-</b>	<b>-</b>
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>26,829,990</b>	<b>21,129,538</b>	<b>22,206,231</b>	<b>20,309,149</b>

Prepared by:

*Lahal*

Ta Thi Thuy Trang  
*Chief Accountant*

Approved by: *Eric*



Nguyễn Đăng Quang  
*Chairman*

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

**Ma San Group Corporation and its subsidiaries**  
**Statements of income for the period ended 30 June 2011**

**Group**

	Code	Note	From 1/4/2011 to 30/6/2011 VND million	From 1/4/2010 to 30/6/2010 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2010 to 30/6/2010 VND million
Total revenue	01	18	1,539,315	1,225,513	2,878,255	2,122,054
Sales deductions	02		(26,611)	(8,673)	(39,629)	(42,837)
Net sales	10		1,512,704	1,216,840	2,838,626	2,079,217
Cost of sales	11		(899,776)	(686,730)	(1,658,592)	(1,226,483)
Gross profit	20		612,928	530,110	1,180,034	852,734
Financial income	21	19	283,013	71,023	469,904	136,382
Financial expenses	22	20	(55,466)	(47,058)	(194,765)	(96,674)
Selling expenses	24		(208,762)	(187,001)	(384,890)	(374,228)
General and administration expenses	25		(98,290)	(34,346)	(141,346)	(58,028)
Net operating profit	30		533,423	332,728	928,937	460,186
Results of other activities	40					
Other income	31	21	-	2,752	7,187	5,785
Other expenses	32	22	(1,527)	(5,584)	(8,113)	(8,469)
Share of profit in associate	41	23	5,446	8,822	43,228	21,937
Profit before tax	50		537,342	338,718	971,239	479,439
Income tax expense – current	51	24	(104,363)	(24,233)	(149,402)	(39,240)
Income tax expense – deferred	52		2,087	6,275	2,087	5,076
Net profit	60		435,066	320,760	823,924	445,275
Attributable to:						
Minority interests	61		122,533	80,971	173,573	108,806
Equity holders of the Company	62		312,533	239,789	650,351	336,469
Earnings per share						
Basic earnings per share in VND	70	25	606	494	1,262	693

Prepared by:

*Lahal*

Ta Thi Thuy Trang  
Chief Accountant

Approved by:



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**Ma San Group Corporation and its subsidiaries**  
**Statements of income for the period ended 30 June 2011 (continued)**

**Group**

	Code	Note	Proforma 1/4/2011 to 30/6/2011 VND million	Proforma 1/4/2010 to 30/6/2010 VND million	Proforma 1/1/2011 to 30/6/2011 VND million	Proforma 1/1/2010 to 30/6/2010 VND million
<b>Total revenue</b>	<b>01</b>		<b>1,539,315</b>	<b>1,225,513</b>	<b>2,878,255</b>	<b>2,122,054</b>
<b>Sales deductions</b>	<b>02</b>		<b>(26,611)</b>	<b>(8,673)</b>	<b>(39,629)</b>	<b>(42,837)</b>
<b>Net sales</b>	<b>10</b>		<b>1,512,704</b>	<b>1,216,840</b>	<b>2,838,626</b>	<b>2,079,217</b>
<b>Cost of sales</b>	<b>11</b>		<b>(899,776)</b>	<b>(686,730)</b>	<b>(1,658,592)</b>	<b>(1,226,483)</b>
<b>Gross profit</b>	<b>20</b>		<b>612,928</b>	<b>530,110</b>	<b>1,180,034</b>	<b>852,734</b>
Financial income	21		283,013	71,023	469,904	136,382
Financial expenses	22		(55,466)	(47,058)	(194,765)	(96,674)
Selling expenses	24		(208,762)	(187,001)	(384,890)	(374,228)
General and administration expenses	25		(98,290)	(34,346)	(141,346)	(58,028)
<b>Net operating profit</b>	<b>30</b>		<b>533,423</b>	<b>332,728</b>	<b>928,937</b>	<b>460,186</b>
<b>Results of other activities</b>	<b>40</b>					
Other income	31		-	2,752	7,187	5,785
Other expenses	32		(1,527)	(5,584)	(8,113)	(8,469)
<b>Share of profit in associate</b>	<b>41</b>		<b>149,542</b>	<b>111,502</b>	<b>331,373</b>	<b>229,624</b>
<b>Profit before tax</b>	<b>50</b>		<b>681,438</b>	<b>441,398</b>	<b>1,259,384</b>	<b>687,126</b>
<b>Income tax expense – current</b>	<b>51</b>		<b>(104,363)</b>	<b>(24,233)</b>	<b>(149,402)</b>	<b>(39,240)</b>
<b>Income tax expense – deferred</b>	<b>52</b>		<b>2,087</b>	<b>6,275</b>	<b>2,087</b>	<b>5,076</b>
<b>Net profit</b>	<b>60</b>		<b>579,162</b>	<b>423,440</b>	<b>1,112,069</b>	<b>652,962</b>
<b>Attributable to:</b>						
Minority interests	61		122,533	80,971	173,573	108,806
Equity holders of the Company	62		456,629	342,469	938,496	544,156
<b>Earnings per share</b>						
Basic earnings per share in VND	70		886	706	1,821	1,121

The above proforma numbers present normalized earnings after adjusting the group's income statement by applying the Group's current economic interest percentage and adding back the amortization of goodwill from the restructuring of our ownership in Vietnam Technological and Commercial Joint Stock Bank ("Techcombank").

**Ma San Group Corporation and its subsidiaries**  
**Statements of income for the period ended 30 June 2011 (continued)**

**Company**

	Code	Note	From 1/4/2011 to 30/6/2011 VND million	From 1/4/2010 to 30/6/2010 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2010 to 30/6/2010 VND million
Total revenue	01		-	-	-	-
Sales deductions	02		-	-	-	-
Net sales	10		-	-	-	-
Cost of sales	11		-	-	-	-
Gross profit	20		-	-	-	-
Financial income	21	19	71,291	39,915	158,286	76,093
Financial expenses	22	20	(90,742)	(23,050)	(195,270)	(46,675)
Selling expenses	24		-	-	-	-
General and administration expenses	25		(57,230)	(2,897)	(64,945)	(6,230)
Net operating (loss)/profit	30		(76,681)	13,968	(101,929)	23,188
Results of other activities	40					
Other income	31	21	-	-	-	-
Other expenses	32	22	(31)	-	(31)	-
Share of profit in associate	41	23	-	-	-	-
(Loss)/profit before tax	50		(76,712)	13,968	(101,960)	23,188
Income tax expense – current	51		-	-	-	-
Income tax expense – deferred	52		-	-	-	-
Net (loss)/profit	60		(76,712)	13,968	(101,960)	23,188

Prepared by:

*Lahal*

Ta Thi Thuy Trang  
Chief Accountant

Approved by:



Nguyen Dang Quang  
Chairman

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

**Ma San Group Corporation and its subsidiaries**  
**Statements of changes in equity for the period ended 30 June 2011**

**Group**

	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
<b>Balance at 1 January 2010</b>	4,853,998	1,421,817	-	-	(1,947,256)	(1,178)	434,707	4,762,088	307,451	5,069,539
Net profit for the period	-	-	-	-	-	-	336,469	336,469	108,806	445,275
Appropriation to bonus and welfare funds	-	-	-	-	-	3,669	(3,669)	-	-	-
Utilisation of bonus and welfare funds	-	-	-	-	-	(2,491)	-	(2,491)	(933)	(3,424)
<b>Balance at 30 June 2010</b>	4,853,998	1,421,817	-	-	(1,947,256)	-	767,507	5,096,066	415,324	5,511,390
<b>Balance at 1 January 2011</b>	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
Net profit for the period	-	-	-	-	-	-	650,351	650,351	173,573	823,924
Increase in minority interests from share capital issued by a subsidiary	-	-	-	-	2,562,226	-	-	2,562,226	2,850,590	5,412,816
Issuance of equity instruments	-	-	811,091	-	-	-	-	811,091	-	811,091
Unrealised exchange differences in a subsidiary	-	-	-	(22,662)	-	-	-	(22,662)	-	(22,662)
<b>Balance at 30 June 2011</b>	5,152,723	2,166,136	10,462,804	(19,473)	(6,499,856)	3,362,357	3,362,357	14,624,691	4,548,966	19,173,657

Prepared by:

*Label*

Ta Thi Thuy Trang  
 Chief Accountant

Approved by:

*Eric*

Nguyen Dang Quang  
 Chairman



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



**Ma San Group Corporation and its subsidiaries**  
**Statements of changes in equity for the period ended 30 June 2011 (continued)**

Company

	Share capital VND million	Capital surplus VND million	Other capital VND million	Retained profits VND million	Total VND million
<b>Balance at 1 January 2010</b>	4,853,998	1,421,817	-	176,047	6,451,862
Net profit for the period	-	-	-	23,188	23,188
<b>Balance at 30 June 2010</b>	<b>4,853,998</b>	<b>1,421,817</b>	<b>-</b>	<b>199,235</b>	<b>6,475,050</b>
<b>Balance at 1 January 2011</b>	5,152,723	2,166,136	9,651,713	200,184	17,170,756
Net loss for the period	-	-	-	(101,960)	(101,960)
Issuance of equity instruments	-	-	811,091	-	811,091
<b>Balance at 30 June 2011</b>	<b>5,152,723</b>	<b>2,166,136</b>	<b>10,462,804</b>	<b>98,224</b>	<b>17,879,887</b>

Prepared by:

*Lahel*

Ta Thi Thuy Trang  
 Chief Accountant

Approved by: *Eric*



Nguyen Dang Quang  
 Chairman

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**Ma San Group Corporation and its subsidiaries**  
**Statement of cash flows for the period ended 30 June 2011**

	Code	Note	<u>Group</u>		<u>Company</u>	
			From 1/1/2011 to 30/6/2011	From 1/1/2010 to 30/6/2010	From 1/1/2011 to 30/6/2011	From 1/1/2010 to 30/6/2010
			VND million	VND million	VND million	VND million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Profit/(loss) before tax</b>	<b>01</b>		<b>971,239</b>	<b>479,439</b>	<b>(101,960)</b>	<b>23,188</b>
<b>Adjustments for</b>						
Depreciation and amortisation	02		58,762	50,671	4,805	-
Allowances and provisions	03		55,503	(12,729)	-	-
Unrealised foreign exchange differences	04		28,690	-	28,690	-
Loss on disposal of fixed assets	05		9	803	-	-
Interest income	05		(451,474)	(130,875)	(147,827)	(75,847)
Interest expense	06		159,688	86,654	162,663	46,675
Share of profit in an associate	07		(43,228)	(21,937)	-	-
<b>Operating profit/(loss) before changes in working capital</b>	<b>08</b>		<b>779,189</b>	<b>452,026</b>	<b>(53,629)</b>	<b>(5,984)</b>
Change in receivables and other assets	09		(369,046)	(76,758)	(23,418)	(25,664)
Change in inventories	10		(198,887)	(103,928)	-	-
Change in payables and other liabilities	11		(861,914)	(1,444)	(1,002,238)	3,412
			<b>(650,658)</b>	<b>269,896</b>	<b>(1,079,285)</b>	<b>(28,236)</b>
Interest paid	13		(116,073)	(39,812)	(23,053)	-
Corporate income tax paid	14		(118,155)	(66,290)	-	-
<b>Net cash (used in)/generated from operating activities</b>	<b>20</b>		<b>(884,886)</b>	<b>163,794</b>	<b>(1,102,338)</b>	<b>(28,236)</b>

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

**Ma San Group Corporation and its subsidiaries**  
**Statement of cash flows for the period ended 30 June 2011 (continued)**

	Code	Note	Group		Company	
			From 1/1/2011 to 30/6/2011 VND million	From 1/1/2010 to 30/6/2010 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2010 to 30/6/2010 VND million
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Payments for additions to fixed assets and other long-term prepayments	21		(469,798)	(179,917)	(15,231)	-
Increase in short-term investments	22		(700,000)	-	(700,000)	-
Payment for investments in an associate	23		(17,352)	-	(17,352)	-
Proceeds from disposals of fixed assets and other long-term assets	22		-	2,433	-	-
Loans provided to related parties	23		(715,000)	-	(136,840)	-
Collections on loans to related parties	23		715,000	-	97,651	-
Drawdown/(placements) of term deposit	24		490,000	(35,000)	-	-
Payments for investments in subsidiaries and other entities	26		-	-	-	(336)
Receipts of interest and dividends	27		333,873	81,290	48,388	14,586
<b>Net cash (used in)/generated from investing activities</b>	<b>30</b>		<b>(363,277)</b>	<b>(131,194)</b>	<b>(723,384)</b>	<b>14,250</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Proceeds from shares issued	31		5,412,814	-	-	-
Proceeds from short-term and long-term borrowings	33		190,176	609,932	2,000,000	-
Payments to settle debts	34		(493,724)	(786,041)	-	-
<b>Net cash generated from/(used in) financing activities</b>	<b>40</b>		<b>5,109,266</b>	<b>(176,109)</b>	<b>2,000,000</b>	<b>-</b>
<b>Net cash flows during the period</b>	<b>50</b>		<b>3,861,103</b>	<b>(143,509)</b>	<b>174,278</b>	<b>(13,986)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>		<b>3,394,575</b>	<b>1,123,616</b>	<b>1,037,261</b>	<b>364,265</b>
<b>Effect of exchange rate fluctuation on cash and cash equivalents</b>	<b>61</b>		<b>21,898</b>	<b>-</b>	<b>21,889</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>70</b>	<b>3</b>	<b>7,277,576</b>	<b>980,107</b>	<b>1,233,428</b>	<b>350,279</b>

Prepared by:

*Lahol*

Ta Thi Thuy Trang  
Chief Accountant

Approved by:



Nguyễn Đăng Quang  
Chairman

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

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011**

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

**1. Reporting entity**

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

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

The principal activities of the subsidiaries are described as follows:

Name	Principal activity	Percentage of economic interests at	
		30/6/2011	31/12/2010
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%	100%
Dahlia Company Limited	Investment holding	100%	100%
Thai Nguyen Trading and Investment Company Limited	Investment holding	100%	100%
Ma San Consumer Corporation	Trading and distribution	76.5%	86.6%
Masan Industrial Corporation	Food sauce and instant noodle manufacturing	76.5%	86.6%
Viet Tien Food Technology Joint Stock Company	Food sauce manufacturing	76.5%	86.6%
Ma San HD Joint Stock Company	Food sauce and instant noodle manufacturing	76.5%	86.6%
Ma San PQ Corporation	Food sauce manufacturing	72.3%	81.8%
Minh Viet Packaging Joint Stock Company	Packaging	76.5%	86.6%
Ma San Horizon Corporation	Investment holding	100%	100%
Masan Resources Corporation	Investment holding	65%	80%
Ma San Thai Nguyen Resources Company Limited	Investment holding	65%	80%
Nui Phao Mining Company Limited	Exploring and processing mineral	65%	80%

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011 (continued)**

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.

**2. Summary of significant accounting policies**

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

**(a) Basis of financial statement preparation**

**(i) General basis of accounting**

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

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

**(ii) Basis of consolidation**

***Common-control business combination***

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

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

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011 (continued)**

***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.

**(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.

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011 (continued)**

**(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 period have been translated into VND at rates approximating those ruling at the transaction dates.

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

**(d) *Cash and cash equivalents***

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

**(e) *Investments***

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

**(f) *Accounts receivable***

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

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011 (continued)**

**(g) Inventories**

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

The Group apply the perpetual method of accounting for inventory.

**(h) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period 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).



**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011 (continued)**

**(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.

**(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.

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011 (continued)**

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

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

**(iv) Borrowing fees**

Loan origination costs are incurred in conjunction with the arrangement of long-term borrowings and are amortised on a straight-line 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 period 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 period, 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 period ended 30 June 2011 (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***

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.

**(ii) *Financial expenses***

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

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011 (continued)**

**(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.

**(v) 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.

**3. Cash and cash equivalents**

	<u>Group</u>		<u>Company</u>	
	30/6/2011	31/12/2010	30/6/2011	31/12/2010
	VND million	VND million	VND million	VND million
Cash on hand	980	1,448	409	59
Cash in bank	666,077	1,153,670	31,103	1,037,202
Cash equivalent	6,610,519	2,239,457	1,201,916	-
	<u>7,277,576</u>	<u>3,394,575</u>	<u>1,233,428</u>	<u>1,037,261</u>

Cash and cash equivalent at 30 June 2011 of the Group and the Company included amounts denominated in currencies other than VND amounting to VND268,750 million (31/12/2010: VND532,095 million) and VND267,692 (31/12/2010: VND527,493 million), respectively.

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011 (continued)**

**4. Other receivables**

	<u>Group</u>		<u>Company</u>	
	30/6/2011 VND million	31/12/2010 VND million	30/6/2011 VND million	31/12/2010 VND million
<b>Amounts due from Ma San Corporation - parent company</b>				
Non-trade	187,005	109,561	166,995	109,561
<b>Amounts due from other related companies</b>				
Non-trade	-	62	529,134	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.

**5. Inventories**

	<u>Group</u>		<u>Company</u>	
	30/6/2011 VND million	31/12/2010 VND million	30/6/2011 VND million	31/12/2010 VND million
Goods in transit	25,765	40,210	-	-
Raw materials	198,357	143,566	-	-
Tools and supplies	836	392	-	-
Work in progress	26,267	54,965	-	-
Finished goods	225,653	57,414	-	-
	476,878	296,547	-	-
Allowance for inventories	(43,015)	(6,347)	-	-
	433,863	290,200	-	-

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011 (continued)**

**6. Tangible fixed assets**

**Group**

	<b>Buildings and structures</b> VND million	<b>Leasehold improvements</b> VND million	<b>Office equipment</b> VND million	<b>Machinery and equipment</b> VND million	<b>Motor vehicles</b> VND million	<b>Total</b> VND million
<b>Cost</b>						
Opening balance	182,597	6,648	23,026	547,103	17,894	777,268
Additions	408	-	2,746	2,275	681	6,110
Transfers from construction in progress	5,407	-	27	28,390	20	33,844
Write off			(55)	-	(294)	(349)
Transferred to long-term prepayment	-	-	-	(110)	-	(110)
Reclassifications from finance lease and intangible fixed assets	-	-	37	14,901	1,970	16,908
Closing balance	188,412	6,648	25,781	592,559	20,271	833,671
<b>Accumulated depreciation</b>						
Opening balance	23,567	2,168	9,061	170,584	10,659	216,039
Charge for the period	5,416	1,088	3,091	33,841	1,635	45,071
Write off	-	-	(46)	-	(294)	(340)
Reclassifications from finance lease and intangible fixed assets	-	-	-	4,860	526	5,386
Closing balance	28,983	3,256	12,106	209,285	12,526	266,156
<b>Net book value</b>						
Opening balance	159,030	4,480	13,965	376,519	7,235	561,229
Closing balance	159,429	3,392	13,675	383,274	7,745	567,515

**Company**

As of 30 June 2011, the Company acquired office equipment costing VND1,087 million (31/12/2010: VND269 million). Depreciation during the six-month period ended 30 June 2011 amounted to VND140 million (31/12/2010: VND18 million). The net book value of the Company's tangible fixed assets at 30 June 2011 was VND947 million (31/12/2010: VND251 million).

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011 (continued)**

**7. Finance lease tangible fixed assets**

<u>Group</u>	<b>Machinery and equipment VND million</b>
<b>Cost</b>	
Opening balance	16,871
Transfer to tangible fixed assets	(16,871)
	<hr/>
Closing balance	-
	<hr/>
<b>Accumulated depreciation</b>	
Opening balance	5,185
Charge for the period	201
Transfer to tangible fixed assets	(5,386)
	<hr/>
Closing balance	-
	<hr/>
<b>Net book value</b>	
Opening balance	11,686
Closing balance	-
	<hr/> <hr/>

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 period ended 30 June 2011 (continued)**

**8. Intangible fixed assets**

**Group**

	<b>Land use rights</b>	<b>Software</b>	<b>Brand name</b>	<b>Total</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
<b>Cost</b>				
Opening balance	77,611	7,525	746	85,882
Additions	-	2,205	-	2,205
Transfers from/(to) long-term prepayment	-	1,254	(201)	1,053
Transfer to tangible fixed assets	-	(37)	-	(37)
Other reduction	(188)	-	-	(188)
Closing balance	77,423	10,947	545	88,915
<b>Accumulated amortisation</b>				
Opening balance	10,066	2,934	318	13,318
Amortisation for the period	846	1,272	55	2,173
Transfers from/(to) long-term prepayment	-	37	(71)	(34)
Closing balance	10,912	4,243	302	15,457
<b>Net book value</b>				
Opening balance	67,545	4,591	428	72,564
Closing balance	66,511	6,704	243	73,458

As of 30 June 2011, land use rights with a carrying value of VND39,310 million (31/12/2010: VND39,856 million) were pledged with banks as security for loans granted to the Group.

**Company**

As of 30 June 2011, the Company acquired software costing VND234 million (31/12/2010: VND234 million). Amortisation during the six-month period ended 30 June 2011 amounted to VND42 million (31/12/2010: VND15 million). The net book value of the Company's intangible fixed assets at 30 June 2011 was VND192 million (31/12/2010: VND219 million).



**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011 (continued)**

**9. Construction in progress**

	<u>Group</u> 30/6/2011 VND million	<u>Company</u> 30/6/2011 VND million
Opening balance	7,616,520	1,569
Additions during the period	428,463	-
Transfer to tangible fixed assets	(33,844)	-
Transfer to long-term prepayments	(10,342)	(1,569)
	<hr/>	<hr/>
Closing balance	8,000,797	-
	<hr/>	<hr/>

**10. Investments**

	<u>Group</u>		<u>Company</u>	
	30/6/2011	31/12/2010	30/6/2011	31/12/2010
	VND million	VND million	VND million	VND million
<b>Long-term investments</b>				
Investments in subsidiaries	-	-	10,557,997	10,557,997
Investment in an associate	8,971,580	8,099,909	8,932,424	8,103,981
	<hr/>	<hr/>	<hr/>	<hr/>
	8,971,580	8,099,909	19,490,421	18,661,978
<b>Short-term investments</b>				
Term deposits to bank	-	490,000	-	-
Investment in debt instruments	700,000	-	700,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	700,000	490,000	700,000	-
	<hr/>	<hr/>	<hr/>	<hr/>

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

Name	30/6/2011 VND million	31/12/2010 VND million
Ma San Consumer Corporation	8,400,824	8,400,824
Hoa Bang Lang Consultant Company Limited	516,600	516,600
Orchid Consultant Company Limited	441,200	441,200
Masan Horizon Corporation	1,199,373	1,199,373
	<hr/>	<hr/>
	10,557,997	10,557,997
	<hr/>	<hr/>

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011 (continued)**

On 17 December 2010, an investor entered into an agreement with Ma San Resource Corporation (“MR”) to invest the VND equivalent of US\$100 million for new ordinary shares of MR representing a 20% ownership. The transaction closed on 16 March 2011. As part of the transaction, Ma San Horizon Corporation 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.

Beginning of January 2011, investment in an associate represented the company’s 28.74% direct ownership interest in Techcombank. 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%.

On 7 April 2011, an investor entered into an agreement with the Group to invest US\$159 million for a 10.0% equity stake in Ma San Consumer Corporation (“MSC”). Further, the subsidiary issued 2,614,380 shares for its employees. As a result, the Group’s ownership in the subsidiary was diluted from 86.6% to 76.5%.

As a subsequent event, on 9 July 2011 MSC issued 102,941,176 for dividends shares.

Term deposits to banks 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 rates from 8.5% to 13.6% per annum during the six-month period ended 30 June 2011 (2010: 11%).

Investment in debt instruments earned interest at 15% per annum with the maturity of one year from the transaction dates.

**11. Goodwill**

	<b>VND million</b>
<b>Cost</b>	
Opening balance/closing balance	5,954
<b>Accumulated amortisation</b>	
Opening balance	2,382
Amortisation for the period	298
Closing balance	2,680
<b>Net book value</b>	
Opening balance	3,572
Closing balance	3,274

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011 (continued)**

**12. Taxes payable to State Treasury**

	<u>Group</u>		<u>Company</u>	
	30/6/2011	31/12/2010	30/6/2011	31/12/2010
	VND million	VND million	VND million	VND million
Corporate income tax	133,292	104,132	5	5
Value added tax	11,870	25,378	-	-
Import-export tax	525	1,292	-	-
Personal income tax	5,294	-	1,612	-
Other taxes	3,415	22,040	1,312	1,355
	154,396	152,842	2,929	1,360

**13. Accrued expenses**

	<u>Group</u>		<u>Company</u>	
	30/6/2011	31/12/2010	30/6/2011	31/12/2010
	VND million	VND million	VND million	VND million
Advertising and promotion expenses	137,199	192,374	-	-
Accrued interest payable	204,968	146,578	280,725	141,569
Sales discount	25,494	51,362	-	-
Transportation expenses	31,949	25,516	-	-
Bonus and 13 <sup>th</sup> month salary	10,214	18,163	-	712
Consultant fee	2,080	18,326	-	18,326
Withholding tax	23,040	15,367	22,278	14,805
Others	75,967	35,152	11,749	255
	510,911	502,838	314,752	175,667

**14. Other payables**

	<u>Group</u>		<u>Company</u>	
	30/6/2011	31/12/2010	30/6/2011	31/12/2010
	VND million	VND million	VND million	VND million
Financial activities payables	-	982,648	-	982,648
Others	2,654	2,792	26	3
	2,654	985,440	26	982,651

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011 (continued)**

**15. Provision for severance allowance**

Movements of provision for severance allowance during the six-month period ended 30 June 2011 were as follows:

	<u>Group</u> 2011	<u>Company</u> 2011
	VND million	VND million
Opening balance	4,552	-
Provision used during the period	(332)	-
	<hr/>	<hr/>
Closing balance	4,220	-
	<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.

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011 (continued)**

**16. Share capital and capital surplus**

The Company's authorised and issued share capital comprise:

	30/6/2011		31/12/2010	
	Number of shares	VND million	Number of shares	VND million
<b>Authorised share capital</b>	515,272,269	5,152,723	515,272,269	5,152,723
<b>Issued share capital</b>				
Ordinary shares	515,272,269	5,152,723	515,272,269	5,152,723
<b>Capital surplus</b>	-	2,166,136	-	2,166,136

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 six-month period ended 30 June 2011 were as follows:

	2011		2010	
	Number of shares	VND million	Number of shares	VND million
Balance at beginning of the period	515,272,269	5,152,723	485,399,820	4,853,998
Issuance of new shares for cash	-	-	29,872,449	298,725
Balance at the end of the period	515,272,269	5,152,723	515,272,269	5,152,723

**17. 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 Consumer Corporation	24 June 2014	88,411,350
Acquisition of 15% economic interest in Nui Phao Mining Company Limited	15 October 2012	22,629,310
Acquisition of 16,334,402 convertible bonds in Techcombank	30 June 2012	43,353,045

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011 (continued)**

**18. Total revenue**

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

**19. Financial income**

	<u>Group</u>		<u>Company</u>	
	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2010 to 30/6/2010 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2010 to 30/6/2010 VND million
Interest income	451,474	130,875	147,827	75,847
Foreign exchange gains	18,430	1,543	10,459	246
Other	-	3,964	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	469,904	136,382	158,286	76,093
	<hr/>	<hr/>	<hr/>	<hr/>

**20. Financial expenses**

	<u>Group</u>		<u>Company</u>	
	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2010 to 30/6/2010 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2010 to 30/6/2010 VND million
Interest expense	159,688	86,654	162,663	46,675
Foreign exchange loss	31,160	9,979	28,690	-
Other	3,917	41	3,917	-
	<hr/>	<hr/>	<hr/>	<hr/>
	194,765	96,674	195,270	46,675
	<hr/>	<hr/>	<hr/>	<hr/>

**21. Other income**

	<u>Group</u>		<u>Company</u>	
	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2010 to 30/6/2010 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2010 to 30/6/2010 VND million
Income from scrap sales	7,187	3,060	-	-
Proceed from fixed assets disposals	-	2,433	-	-
Others	-	292	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	7,187	5,785	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

**Ma San Group Corporation and its subsidiaries**  
**Notes to the financial statements for the period ended 30 June 2011 (continued)**

**22. Other expenses**

	<u>Group</u>		<u>Company</u>	
	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2010 to 30/6/2010 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2010 to 30/6/2010 VND million
Net book value of disposed fixed assets	9	3,237	-	-
Cost of scrap sales	4,996	3,704	-	-
Others	3,108	1,528	31	-
	8,113	8,469	31	-

**23. Share of profit in an associate**

	<u>Group</u>		<u>Company</u>	
	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2010 to 30/6/2010 VND million	From 1/1/2011 to 30/6/2011 VND million	From 1/1/2010 to 30/6/2010 VND million
Share of profit in associate	331,373	148,913	-	-
Amortisation of goodwill	(288,145)	(126,976)	-	-
	43,228	21,937	-	-

**24. Current tax expense**

Current tax expenses for the six-month period ended 30 June 2011 for the Group is VND149,402 million (2010: VND39,240 million).

**25. Earnings per share**

The calculation of basic earnings per share at 30 June 2011 was based on the profit attributable to ordinary shareholders of VND650,351 million (30 June 2010: VND336,469 million) of the Group and a weighted average number of ordinary shares outstanding of 515,272,269 shares during the six-month period ended 30 June 2011 (30 June 2010: 485,399,820 shares).

Prepared by:

*Label*

Ta Thi Thuy Trang  
Chief Accountant



Approved by: *Eric*

Nguyễn Đăng Quang  
Chairman