



KPMG'S COPY

Ma San Consumer Corporation and its subsidiaries

Consolidated Financial Statements for the year
ended 31 December 2012



**Ma San Consumer Corporation
Corporate Information**

Business Registration Certificate No 4103000082

31 May 2000

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 6 February 2013. The Business Registration Certificate and its amendments were issued by the Ministry of Planning and Investment and is valid for 46 years from the date of the initial Business Registration Certificate No. 4103000082 dated 31 May 2000.

Board of Management

| | |
|-----------------------|----------|
| Dr Nguyen Dang Quang | Chairman |
| Mr Ho Hung Anh | Member |
| Mr Truong Cong Thang | Member |
| Mr Madhur Mani | Member |
| Ms Nguyen Hoang Yen | Member |
| Mr Nguyen Thieu Quang | Member |
| Mr Lu Ming | Member |

Board of Directors

| | |
|----------------------|-------------------------|
| Mr Truong Cong Thang | General Director |
| Ms Nguyen Hoang Yen | Deputy General Director |
| Mr Pham Hong Son | Deputy General Director |
| Mr Pham Dinh Toai | Deputy General Director |

Registered Office

12th Floor, Kumho Asiana Plaza Saigon
39 Le Duan, 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 separate financial statements of Ma San Consumer Corporation ("the Company") and the consolidated financial statements of the Company and its subsidiaries (collectively "the Group") for the year ended 31 December 2012 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 separate financial position of the Company and the consolidated financial position of the Group and 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 which give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Company as of 31 December 2012 and of 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.

On behalf of the Board of Management



Nguyen Dang Quang
Chairman

Ho Chi Minh City, 29 March 2013



KPMG Limited Branch
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 Consumer Corporation

Scope

We have audited the accompanying financial statements of Ma San Consumer Corporation (“the Company”) and its subsidiaries (collectively “the Group”) which comprise the separate and consolidated balance sheets as of 31 December 2012 and the related separate and consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company’s management on 29 March 2013, as set out on pages 4 to 70. 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 financial statements of the Company and the consolidated financial statements of the Group give a true and fair view of the separate and consolidated financial positions of the Company and the Group, respectively, as of 31 December 2012 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.

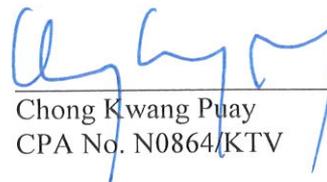
KPMG Limited
Vietnam

Investment Certificate No: 011043000345

Audit Report No: 12-01-385




Nguyen Thanh Nghi
CPA No. 0304/KTV
Deputy General Director



Chong Kwang Puay
CPA No. N0864/KTV

Ho Chi Minh City, 29 March 2013

Ma San Consumer Corporation and its subsidiaries
Balance sheets as at 31 December 2012

Form B 01 – DN

| | Code | Note | <u>Group</u> | | <u>Company</u> | |
|---|------------|-----------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| ASSETS | | | | | | |
| Current assets (100 = 110 + 120 + 130 + 140 + 150) | 100 | | 6,125,830,321 | 8,948,743,518 | 6,576,859,263 | 5,349,869,072 |
| Cash and cash equivalents | 110 | 6 | 3,383,585,011 | 4,730,726,781 | 871,211,108 | 1,548,283,789 |
| Cash | 111 | | 68,852,030 | 54,302,350 | 17,711,108 | 19,083,789 |
| Cash equivalents | 112 | | 3,314,732,981 | 4,676,424,431 | 853,500,000 | 1,529,200,000 |
| Short-term investments | 120 | 12 | 1,772,500,000 | 802,000,000 | 1,413,000,000 | 326,200,000 |
| Short-term investments | 121 | | 1,772,500,000 | 802,000,000 | 1,413,000,000 | 326,200,000 |
| Accounts receivable – short-term | 130 | 7 | 375,303,069 | 2,631,739,221 | 4,240,892,060 | 3,417,811,930 |
| Accounts receivable - trade | 131 | | 121,299,838 | 193,615,217 | 84,796,634 | 81,401,597 |
| Prepayments to suppliers | 132 | | 100,853,227 | 150,475,986 | 854,725 | 1,500,495 |
| Other receivables | 135 | | 153,527,772 | 2,288,731,834 | 4,155,240,701 | 3,335,734,675 |
| Allowance for doubtful debts | 139 | | (377,768) | (1,083,816) | - | (824,837) |
| Inventories | 140 | 8 | 563,855,229 | 612,846,021 | 37,042,904 | 53,063,518 |
| Inventories | 141 | | 575,846,111 | 625,746,995 | 37,438,367 | 53,816,808 |
| Allowance for inventories | 149 | | (11,990,882) | (12,900,974) | (395,463) | (753,290) |
| Other current assets | 150 | | 30,587,012 | 171,431,495 | 14,713,191 | 4,509,835 |
| Short-term prepayments | 151 | | 12,754,718 | 121,495,495 | 3,019,439 | 2,697,854 |
| Deductible value added tax | 152 | | 12,108,407 | 7,185,243 | 8,577,312 | 879,173 |
| Taxes and other receivables from State Treasury | 154 | | - | 103,456 | - | - |
| Other current assets | 158 | | 5,723,887 | 42,647,301 | 3,116,440 | 932,808 |

The accompanying notes are an integral part of these financial statements

Ma San Consumer Corporation and its subsidiaries
Balance sheets as at 31 December 2012 (continued)

Form B 01 – DN

| | Code | Note | <u>Group</u> | | <u>Company</u> | |
|---|------------|-----------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Long-term assets (200 = 210 + 220 + 250 + 260) | 200 | | 11,141,536,434 | 4,981,001,774 | 7,830,164,548 | 4,054,265,668 |
| Accounts receivable – long-term | 210 | 7 | 5,470,161,109 | 2,260,161,506 | 5,461,835,331 | 2,260,161,506 |
| Other long-term receivables | 218 | | 5,470,161,109 | 2,260,161,506 | 5,461,835,331 | 2,260,161,506 |
| Fixed assets | 220 | | 3,027,005,061 | 2,400,169,199 | 16,284,075 | 20,155,881 |
| Tangible fixed assets | 221 | 9 | 1,497,779,704 | 843,328,398 | 12,822,415 | 14,826,225 |
| <i>Cost</i> | 222 | | 1,970,801,774 | 1,154,903,244 | 41,242,174 | 36,056,123 |
| <i>Accumulated depreciation</i> | 223 | | (473,022,070) | (311,574,846) | (28,419,759) | (21,229,898) |
| Intangible fixed assets | 227 | 10 | 857,364,745 | 979,651,844 | 2,736,857 | 4,370,190 |
| <i>Cost</i> | 228 | | 1,018,998,953 | 1,016,690,758 | 10,106,371 | 9,530,677 |
| <i>Accumulated amortisation</i> | 229 | | (161,634,208) | (37,038,914) | (7,369,514) | (5,160,487) |
| Construction in progress | 230 | 11 | 671,860,612 | 577,188,957 | 724,803 | 959,466 |
| Long-term investments | 250 | 12 | 2,332,887,118 | - | 2,322,673,387 | 1,766,118,935 |
| Investments in subsidiaries | 251 | | - | - | 2,088,173,387 | 1,766,118,935 |
| Investments in associates | 252 | | 1,967,387,118 | - | - | - |
| Other long-term investments | 258 | | 365,500,000 | - | 234,500,000 | - |
| Other long-term assets | 260 | | 311,483,146 | 320,671,069 | 29,371,755 | 7,829,346 |
| Long-term prepayments | 261 | 14 | 18,914,285 | 6,374,473 | 341,919 | 142,493 |
| Deferred tax assets | 262 | 15 | 36,034,944 | 24,797,831 | 21,169,094 | - |
| Other long-term assets | 268 | | 7,901,742 | 12,393,773 | 7,860,742 | 7,686,853 |
| Goodwill | 269 | 16 | 248,632,175 | 277,104,992 | - | - |
| TOTAL ASSETS (270 = 100 + 200) | 270 | | 17,267,366,755 | 13,929,745,292 | 14,407,023,811 | 9,404,134,740 |

The accompanying notes are an integral part of these financial statements

Ma San Consumer Corporation and its subsidiaries
Balance sheets as at 31 December 2012 (continued)

Form B 01 – DN

| | Code | Note | <u>Group</u> | | <u>Company</u> | |
|--|------------|-----------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| RESOURCES | | | | | | |
| LIABILITIES (300 = 310 + 330) | 300 | | 5,858,041,705 | 5,190,408,823 | 3,482,835,683 | 1,264,064,866 |
| Current liabilities | 310 | | 3,212,419,012 | 2,380,764,431 | 3,468,252,717 | 1,155,587,205 |
| Short-term borrowings and liabilities | 311 | 17 | 1,683,446,854 | 1,402,397,570 | 758,686,221 | 689,769,290 |
| Accounts payable – trade | 312 | 18 | 505,190,383 | 360,346,998 | 2,317,038,316 | 308,277,667 |
| Advances from customers | 313 | | 14,490,437 | 7,993,844 | 9,559,959 | 5,211,677 |
| Taxes payable to State Treasury | 314 | 19 | 560,603,580 | 218,696,878 | 276,248,369 | 27,591,202 |
| Payables to employees | 315 | | 11,965,824 | 5,810,189 | 10,825 | 38,423 |
| Accrued expenses | 316 | 20 | 394,648,118 | 356,982,285 | 106,541,318 | 124,245,773 |
| Other short-term payables | 319 | 21 | 31,349,049 | 24,598,656 | 167,709 | 453,173 |
| Bonus and welfare funds | 323 | | 10,724,767 | 3,938,011 | - | - |
| Long-term borrowing and liabilities | 330 | | 2,645,622,693 | 2,809,644,392 | 14,582,966 | 108,477,661 |
| Other long-term liabilities | 333 | 22 | 14,582,966 | 3,965,976 | 14,582,966 | 3,965,976 |
| Long-term borrowings and liabilities | 334 | 23 | 2,521,943,420 | 2,576,057,093 | - | - |
| Deferred tax liabilities | 335 | 15 | 109,096,307 | 222,437,992 | - | 102,844,604 |
| Provision for severance allowance | 337 | 24 | - | 7,183,331 | - | 1,667,081 |
| EQUITY (400 = 410) | 400 | | 10,604,651,131 | 7,937,093,334 | 10,924,188,128 | 8,140,069,874 |
| Owners' equity | 410 | 25 | 10,604,651,131 | 7,937,093,334 | 10,924,188,128 | 8,140,069,874 |
| Share capital | 411 | 26 | 5,025,000,000 | 2,500,000,000 | 5,025,000,000 | 2,500,000,000 |
| Capital surplus | 412 | 26 | 3,111,514,809 | 3,111,514,809 | 3,111,514,809 | 3,111,514,809 |
| Other reserves | 413 | | (283,274,277) | (191,690,689) | - | - |
| Investment development funds | 414 | | 18,324,741 | - | - | - |
| Financial reserve funds | 415 | | 4,407,232 | - | - | - |
| Retained profits | 420 | | 2,728,678,626 | 2,517,269,214 | 2,787,673,319 | 2,528,555,065 |
| MINORITY INTERESTS | 439 | 25 | 804,673,919 | 802,243,135 | - | - |
| TOTAL RESOURCES (440 = 300 + 400 + 439) | 440 | | 17,267,366,755 | 13,929,745,292 | 14,407,023,811 | 9,404,134,740 |

The accompanying notes are an integral part of these financial statements

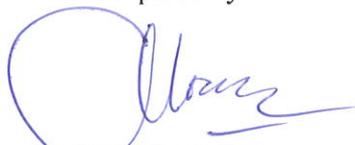
Ma San Consumer Corporation and its subsidiaries
Balance sheets as at 31 December 2012 (continued)

Form B 01 – DN

OFF BALANCE SHEET ITEMS

| | <u>Group</u> | | <u>Company</u> | |
|---------------------|--------------|-------------|----------------|------------|
| | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 |
| Foreign currencies: | | | | |
| ▪ USD | 101,103,070 | 100,776,208 | 298,054 | 196,738 |
| ▪ EUR | 4,947 | 1,284,391 | - | - |

Prepared by:


 Pham Dinh Toai
 Chief Financial Officer

Approved by:




 Trương Công Thang
 Chief Executive Officer

29 March 2013

The accompanying notes are an integral part of these financial statements

Ma San Consumer Corporation and its subsidiaries
Statements of income for the year ended 31 December 2012

Form B 02 – DN

| | Code | Note | <u>Group</u> | | <u>Company</u> | |
|---|-----------|-----------|-----------------------|----------------------|----------------------|----------------------|
| | | | 2012 VND'000 | 2011 VND'000 | 2012 VND'000 | 2011 VND'000 |
| Total revenue | 01 | 27 | 10,575,249,545 | 7,239,003,024 | 8,774,604,739 | 7,168,373,902 |
| Less revenue deductions | 02 | 27 | 185,834,895 | 182,154,352 | 157,750,176 | 182,127,314 |
| Net revenue (10 = 01 - 02) | 10 | 27 | 10,389,414,650 | 7,056,848,672 | 8,616,854,563 | 6,986,246,588 |
| Cost of sales | 11 | 28 | 6,178,925,703 | 3,997,833,772 | 8,162,283,768 | 6,630,519,305 |
| Gross profit (20 = 10 - 11) | 20 | | 4,210,488,947 | 3,059,014,900 | 454,570,795 | 355,727,283 |
| Financial income | 21 | 29 | 1,332,727,670 | 1,006,185,078 | 3,600,210,740 | 2,753,898,225 |
| Financial expenses | 22 | 30 | 531,991,410 | 281,036,864 | 468,239,280 | 187,803,322 |
| <i>In which: Interest expense</i> | 23 | | <i>487,983,049</i> | <i>250,018,940</i> | <i>467,139,917</i> | <i>187,452,611</i> |
| Selling expenses | 24 | | 1,325,121,188 | 1,010,148,574 | 544,215,114 | 445,048,195 |
| General and administration expenses | 25 | | 394,642,867 | 186,273,375 | 121,170,357 | 96,116,932 |
| Net operating profit {30 = 20 + (21 - 22) - (24 + 25)} | 30 | | 3,291,461,152 | 2,587,741,165 | 2,921,156,784 | 2,380,657,059 |
| Other income | 31 | 31 | 52,209,252 | 19,511,120 | 2,725,898 | 213,629 |
| Other expenses | 32 | 32 | 26,637,369 | 23,308,565 | 64,654 | 2,746,701 |
| Results of other activities (40 = 31 - 32) | 40 | | 25,571,883 | (3,797,445) | 2,661,244 | (2,533,072) |
| Share of profit in associate | 41 | | 2,555,287 | - | - | - |
| Profit before tax (50 = 30 + 40 + 41) | 50 | | 3,319,588,322 | 2,583,943,720 | 2,923,818,028 | 2,378,123,987 |
| Income tax expense – current | 51 | 33 | 593,858,061 | 204,280,677 | 273,388,070 | 20,353,260 |
| Income tax (benefit)/expense – deferred | 52 | 33 | (124,578,798) | 125,450,924 | (124,013,698) | 125,939,831 |
| Net profit after tax(carried forward to next page) (60 = 50 - 51 - 52) | 60 | | 2,850,309,059 | 2,254,212,119 | 2,774,443,656 | 2,231,830,896 |

The accompanying notes are an integral part of these financial statements

Ma San Consumer Corporation and its subsidiaries
Statements of income for the year ended 31 December 2012 (continued)

Form B 02 – DN

| | Code | Note | <u>Group</u> | | <u>Company</u> | |
|--|------|------|-----------------|-----------------|-----------------|-----------------|
| | | | 2012 VND'000 | 2011 VND'000 | 2012 VND'000 | 2011 VND'000 |
| Net profit after tax (brought forward from previous page) | 60 | | 2,850,309,059 | 2,254,212,119 | 2,774,443,656 | 2,231,830,896 |
| Attributable to: | | | | | | |
| Minority interests | 61 | | 86,162,000 | 792,206 | - | - |
| Equity shareholders of the Company | 62 | | 2,764,147,059 | 2,253,419,913 | 2,774,443,656 | 2,231,830,896 |
| Earnings per share | | | | | | |
| Basic earnings per share (as restated) | 70 | 36 | 5,509 | 4,674 | 5,530 | 4,629 |

Prepared by:

Pham Dinh Toai
Chief Financial Officer

Approved by:



Truong Cong Thang
Chief Executive Officer

29 March 2013

The accompanying notes are an integral part of these financial statements

Ma San Consumer Corporation and its subsidiaries
Statements of cash flows for the year ended 31 December 2012 (Indirect method)

Form B 03 – DN

| | Code Note | <u>Group</u> | | <u>Company</u> | |
|--|-----------|----------------------|----------------------|----------------------|----------------------|
| | | 2012 VND'000 | 2011 VND'000 | 2012 VND'000 | 2011 VND'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit before tax | 01 | 3,319,588,322 | 2,583,943,720 | 2,923,818,028 | 2,378,123,987 |
| Adjustments for | | | | | |
| Depreciation and amortisation | 02 | 329,062,086 | 136,750,607 | 10,018,313 | 9,856,134 |
| Allowances and provisions | 03 | 40,921,593 | 86,341,534 | 1,319,671 | 1,437,637 |
| Unrealised foreign exchange gains | 04 | (204,365) | 1,642,433 | - | - |
| Loss/(gain) on disposals of fixed assets | 05 | 4,908,672 | 4,968,036 | (76,550) | (41,864) |
| Interest income and dividend income | 05 | (1,315,179,423) | (994,367,523) | (3,598,736,434) | (2,752,683,990) |
| Interest expense | 06 | 487,983,049 | 250,018,940 | 467,139,917 | 187,452,611 |
| Share of profit in an associate | 07 | (2,555,287) | - | - | - |
| Operating profit/(loss) before changes in working capital | 08 | 2,864,524,647 | 2,069,297,747 | (196,517,055) | (175,855,485) |
| Change in receivables and other assets | 09 | 112,185,501 | 120,370,049 | (14,087,779) | 128,336,983 |
| Change in inventories | 10 | 8,195,519 | (173,350,509) | 14,700,943 | 9,479,211 |
| Change in payables and other liabilities | 11 | 65,503,708 | (64,408,161) | 2,063,045,566 | 254,459,261 |
| Change in prepayments | 12 | 9,649,163 | - | (462,986) | - |
| | | 3,060,058,538 | 1,951,909,126 | 1,866,678,689 | 216,419,970 |
| Interest paid | 13 | (349,394,940) | (177,919,702) | (107,382,192) | (55,929,068) |
| Corporate income tax paid | 14 | (212,074,304) | (148,611,055) | (13,973,366) | (33,065,588) |
| Other payments for operating activities | 16 | (19,282,821) | (11,478,786) | (2,026,709) | - |
| Net cash flows from operating activities | 20 | 2,479,306,473 | 1,613,899,583 | 1,743,296,422 | 127,425,314 |

The accompanying notes are an integral part of these financial statements

Ma San Consumer Corporation and its subsidiaries
Statements of cash flows for the year ended 31 December 2012
(Indirect method - continued)

Form B 03 – DN

| | Code Note | <u>Group</u> | | <u>Company</u> | |
|---|-----------|------------------------|------------------------|------------------------|------------------------|
| | | 2012 VND'000 | 2011 VND'000 | 2012 VND'000 | 2011 VND'000 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Payments for additions to fixed assets and other long-term assets | 21 | (861,222,393) | (558,264,950) | (6,215,877) | (7,838,787) |
| Proceeds from disposal of fixed assets | 22 | 2,023,051 | 2,406,498 | 87,895 | 53,303 |
| Loans provided to related companies | 23 | - | (4,715,000,000) | - | (4,715,000,000) |
| Collections on loans to related companies | 24 | - | 715,000,000 | - | 715,000,000 |
| Placement of term deposits to banks | 24 | (32,652,669,566) | (46,457,051,914) | (10,130,300,000) | (32,613,223,672) |
| Withdrawal of term deposits | 24 | 31,316,669,566 | 46,145,051,914 | 8,809,000,000 | 32,777,023,672 |
| Payments for investments in subsidiaries | 25 | - | - | (322,054,452) | (1,087,096,075) |
| Acquisition of non-controlling interest in a subsidiary | 25 5 | (122,044,452) | - | - | - |
| Receipts of interest and dividends | 27 | 293,351,760 | 486,079,545 | 1,175,696,400 | 436,637,302 |
| Acquisition of a subsidiary, net of cash acquired | | 63,998 | (808,827,785) | - | - |
| Net cash flows from investing activities | 30 | (2,023,828,036) | (5,190,606,692) | (473,786,034) | (4,494,444,257) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from equity issued | 31 | 12,500,000 | 3,273,195,109 | 12,500,000 | 3,273,195,109 |
| Proceeds from short-term and long-term borrowings | 33 | 3,251,205,012 | 4,565,862,172 | 1,248,308,995 | 900,196,056 |
| Payments to settle loan principals | 34 | (5,037,517,428) | (1,851,882,274) | (3,207,392,064) | (531,319,266) |
| Payments of dividends | 36 | (25,988,156) | - | - | - |
| Net cash flows from financing activities | 40 | (1,799,800,572) | 5,987,175,007 | (1,946,583,069) | 3,642,071,899 |

The accompanying notes are an integral part of these financial statements

Ma San Consumer Corporation and its subsidiaries
Statements of cash flows for the year ended 31 December 2012
(Indirect method - continued)

Form B 03 – DN

| | Code Note | <u>Group</u> | | <u>Company</u> | |
|---|-----------|-----------------|-----------------|-----------------|-----------------|
| | | 2012 VND'000 | 2011 VND'000 | 2012 VND'000 | 2011 VND'000 |
| Net cash flows during the year | 50 | (1,344,322,135) | 2,410,467,898 | (677,072,681) | (724,947,044) |
| Cash and cash equivalents at the beginning of the year | 60 | 4,730,726,781 | 2,299,221,316 | 1,548,283,789 | 2,273,230,833 |
| Effect of exchange rate fluctuations on cash and cash equivalents | 61 | (2,819,635) | 21,037,567 | - | - |
| Cash and cash equivalents at the end of the year | 70 5 | 3,383,585,011 | 4,730,726,781 | 871,211,108 | 1,548,283,789 |

NON-CASH INVESTING AND FINANCING ACTIVITIES

| | <u>Group</u> | | <u>Company</u> | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2012 VND'000 | 2011 VND'000 | 2012 VND'000 | 2011 VND'000 |
| Dividends paid/declared by subsidiaries and settled by extinguishing payables to subsidiaries | - | - | 419,701,208 | 785,175,176 |
| Facility fee paid by setting off against deposit interest income receivables from a subsidiary | - | - | 10,616,990 | - |
| Loan transaction cost deducted against loan proceeds | - | 164,944,000 | - | - |
| Dividends paid in the form of shares issued | 2,512,500,000 | 1,029,411,760 | 2,512,500,000 | 1,029,411,760 |

Prepared by:



Pham Dinh Toai
Chief Financial Officer

Approved by:



Truong Cong Thang
Chief Executive Officer

29 March 2013

The accompanying notes are an integral part of these financial statements

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012

Form B 09 – DN

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

1. Reporting entity

Ma San Consumer Corporation (“the Company”) is a joint stock company incorporated in Vietnam. The principal activities of the Company are to trade in machines; motor vehicles, spare parts, materials, household appliances, computers; office equipment, food products, and agricultural, forest and seafood products; manufacturing and trade in non alcoholic drinks under Business Registration Certificate No 4103000082 issued by the Ministry of Planning and Investment (“MPI”) on 31 May 2000 and its amendments (together referred to as “the Certificate”). The Certificate is valid for 46 years from the initial Business Registration Certificate date.

The consolidated financial statements for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as “the Group”).

The principal activities of the subsidiaries and associate are described as follows:

| Name | Principal activity | Percentage of equity owned and voting rights | |
|--|--|--|------------|
| | | 31/12/2012 | 31/12/2011 |
| Subsidiaries | | | |
| Masan Food Company Limited | Food Trading | 100% | 100% |
| Ma San Industrial One Member Company Limited (formerly known as Masan Industrial Corporation) (*) | Food sauce and instant noodle manufacturing | 100% | 100% |
| Viet Tien Food Technology One Member Company Limited (formerly known as Viet Tien Food Technology Joint Stock Company) (*) | Food sauce manufacturing | 100% | 100% |
| Minh Viet Packaging One Member Company Limited (formerly known as Minh Viet Packaging Joint Stock Company) (*) | Packaging | 100% | 100% |
| Ma San PQ Corporation (*) | Food sauce manufacturing | 94.5% | 94.5% |
| Ma San HD One Member Company Limited (formerly known as Ma San HD Joint Stock Company) (*) | Instant noodle manufacturing | 100% | 100% |
| Vinacafe Bien Hoa Joint Stock Company (**) | Beverage manufacturing | 53.20% | 50.25% |
| Hoa Muoi Gio Company Limited (***) | Investment holdings | 100% | - |
| Associate | | | |
| Vietnamese – French Cattle Feed Joint Stock Company (***) | Animal feed, poultry and seafood manufacturing | 40% | - |

(*) These subsidiaries are indirectly wholly owned by the Company through Masan Food Company Limited.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

(**) From October to December 2012, the Company acquired further 2.95% equity interest in Vinacafe Bien Hoa Joint Stock Company (“Vinacafe”) for a consideration of VND122,044,452,490 increasing the Company’s equity interest in Vinacafe from 50.25% to 53.20%.

(***) Hoa Muoi Gio Company Limited (“Hoa Muoi Gio”) was established on 14 December 2010. Its total legal and contributed capital was VND10,000,000.

On 1 October 2012, Hoa Muoi Gio acquired 40% equity interest in Vietnamese – French Cattle Feed Joint Stock Company (“Proconco”) for a consideration of VND2,010,506,170,000 excluding transactions costs. The interest in Proconco was earlier held by two funds named Prudential Vietnam Assurance Private Limited and PCA International Funds SPC. The acquisition of Proconco was funded by a loan amounting to VND2,028,000 million provided by the parent company, Ma San Group Corporation, to Hoa Muoi Gio.

On 11 October 2012, the Company acquired 100% equity interest in Hoa Muoi Gio from Ma San Group Corporation for a consideration of VND10 million. At the same time, the Company entered into an agreement with the parent company whereby the loan mentioned above of VND2,028,000 million was transferred to the Company, resulting in Hoa Muoi Gio, now a wholly owned subsidiary of the Company, owing the loan to the Company.

At the reporting date, the above loan has been repaid by the Company to Ma San Group Corporation.

All the subsidiaries and associate are incorporated in Vietnam.

As at 31 December 2012, the Company had 1,028 employees (31/12/2011: 819 employees) and the Group had 5,249 employees (31/12/2011: 5,289 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting currency

The financial statements are prepared and presented in Vietnam Dong rounded to the nearest thousand (“VND’000”).

3. Summary of significant accounting policies

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

(a) Basis of financial statement preparation

(i) *Accounting policy for business combinations under common control*

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).

(ii) *Accounting policy for business combinations for non-common control entities*

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 the statement of income.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

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.

(b) Basis of consolidation

(i) 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.

(ii) Associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of the 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.

(iii) Minority interests

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

(iv) 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.

(c) Foreign currency transactions

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

All foreign exchange differences are recorded in the statement of income in accordance with Vietnamese Accounting Standard No. 10 (“VAS 10”) – *The Effects of Changes in Foreign Exchange Rates*.

(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

(i) Investments in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost less allowance for diminution in value in the Company’s separate financial statements. Allowance is made for reductions in investment values if market value of the investment falls below cost or if the investee has suffered a loss. 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.

(ii) Short-term investments

Short-term investments represent time deposits with original terms to maturity of more than three months from their transactions date and are stated at cost.

(iii) Other long-term investments

Other long-term investments represent time deposits with original terms to maturity of more than twelve months from their transactions date and are stated at cost.

(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 Company and 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 repair and maintenance and overhaul cost, is charged to the statement of 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 | 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) 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 Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

(ii) Software

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

The fair value of brand name acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the brand name being owned. The fair value of brand name acquired in a business combination is recognised as an intangible asset and is amortised on a straight-line basis over ten years.

(iv) Customer relationship

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

(j) Construction in progress

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

(k) Long-term prepayments

(i) 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.

(ii) Tools and supplies and printing axles

Tools and supplies and printing axles are stated at cost and amortised over 2 years.

(l) Goodwill

Goodwill arises on acquisition of a subsidiary from third parties in non-common control business combinations and acquisition of an associate. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in the statement of income. Goodwill is amortised on a straight-line basis over ten years. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

(m) Trade and other payables

Trade and other payables are stated at their cost.

(n) Provisions

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

(o) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Company's or the Group's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Company or the Group classifies its financial instruments as follows:

(i) *Financial assets*

Financial assets at fair value through profit or loss

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

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

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

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

Held-to-maturity investments

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

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

Loans and receivables

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

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

Available-for-sale financial assets

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

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

Cash equivalents, short-term investments and long-term investments are under the category of held to maturity investments. All other financial assets are under the category of loans and receivables.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities carried at amortised cost

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

Guarantees issued are under the category of financial liabilities at fair value through profit or loss but they are not recognised in the financial statements. All other financial liabilities on the balance sheet are under the category of financial liabilities carried at amortised cost.

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

(p) Taxation

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

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

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

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.

(q) Equity

(i) *Share capital and capital surplus*

Ordinary shares are 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 reserves*

Equity movements resulting from common-control business combination and acquisition of/disposal to minority interests 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, interest income from loans and associated income, dividend income, and foreign exchange gains.

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

Dividend income is recognised when the Company or Group's right to receive dividend is established.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

(ii) Financial expenses

Financial expenses comprise interest expenses on borrowings and associated costs 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 and the Company present basic earnings per share (EPS) 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. The Group and the Company do not have 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 and related income, investments and related income, loans and borrowings and related expenses, the Company's headquarters' corporate assets, general and administrative expenses, income tax assets and liabilities and expenses, and items that are attributable to more than one segment and cannot reasonably be allocated to a segment.

(w) Related companies

Related companies include the shareholders and their ultimate parent companies and their subsidiaries and associates.

(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 Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

4. Segment reporting

(a) Business segments

The Group classified the Group's business segments into five main business segments which are food sauces, instant noodles, packaging, beverage, feed mill and others. Others business segment mainly represents cooking oil which was a new product launched by the Group in 2010 and was temporarily stopped at the end of 2011.

| | Food sauces | | Instant Noodles | | Packaging | | Beverage | | Feed Mill | | Others | | Consolidated | | |
|---|---------------|---------------|-----------------|---------------|-------------|-------------|---------------|-------------|------------|------------|-------------|----------------|---------------|------------|------------|
| | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 | 31/12/2012 |
| | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 |
| External revenue - net | 4,864,792,989 | 4,709,261,247 | 3,464,936,170 | 2,002,377,261 | 4,791 | - | 2,059,680,700 | 332,622,577 | - | - | 12,587,587 | 10,389,414,650 | 7,056,848,672 | | |
| Inter-segment revenue - net | (139,684,173) | (200,888,687) | (268,600,520) | (182,977,219) | 408,284,693 | 383,865,906 | - | - | - | - | - | - | - | | |
| Total segment revenue - net | 4,725,108,816 | 4,508,372,560 | 3,196,335,650 | 1,819,400,042 | 408,289,484 | 383,865,906 | 2,059,680,700 | 332,622,577 | - | - | 12,587,587 | 10,389,414,650 | 7,056,848,672 | | |
| Segment gross margin | 2,415,311,650 | 2,285,247,506 | 1,151,242,347 | 636,488,342 | 59,801,668 | 60,975,752 | 584,133,282 | 76,029,620 | - | - | 273,680 | 4,210,488,947 | 3,059,014,900 | | |
| Segment results | 1,849,179,724 | 1,665,888,494 | 659,344,929 | 309,986,109 | 55,744,115 | 56,100,630 | 120,085,194 | (4,106,912) | 2,555,287 | - | (2,868,090) | 2,686,909,249 | 2,025,000,231 | | |
| Unallocated selling expenses | | | | | | | | | | | | 27,686,468 | 31,308,689 | | |
| Unallocated general and administration expenses | | | | | | | | | | | | 165,942,602 | 131,098,591 | | |
| Financial income | | | | | | | | | | | | 1,332,727,670 | 1,006,185,078 | | |
| Financial expenses | | | | | | | | | | | | 531,991,410 | 281,036,864 | | |
| Net operating profits | | | | | | | | | | | | 3,294,016,439 | 2,587,741,165 | | |
| Other income | | | | | | | | | | | | 52,209,252 | 19,511,120 | | |
| Other expenses | | | | | | | | | | | | 26,637,360 | 23,308,565 | | |
| Income tax expense | | | | | | | | | | | | 469,279,263 | 329,731,601 | | |
| Net profit | | | | | | | | | | | | 2,850,309,059 | 2,254,212,119 | | |

Segment results represent segment revenue less segment cost of revenue, directly attributable selling expenses and general and administration expenses and indirectly attributable selling expenses and general and administration expenses which can be allocated on a reasonable basis.

Ma San Consumer Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

Unallocated expenses represent selling expenses and general and administration expenses which management assess cannot be allocated to each segment on a reasonable basis. These expenses are incurred at the corporate level.

| | Food sauces | | Instant Noodles | | Packaging | | Beverage | | Feed Mill | | Others | | Consolidated | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--|
| | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 | |
| Segment assets | 987,479,869 | 983,214,758 | 552,967,243 | 438,316,806 | 195,468,758 | 138,683,512 | 1,962,025,844 | 1,797,763,957 | 1,967,387,118 | - | 963,355 | 5,665,328,832 | 3,358,942,388 | |
| Unallocated assets | | | | | | | | | | | | 11,602,037,923 | 10,570,802,904 | |
| Total assets | | | | | | | | | | | | 17,267,366,755 | 13,929,745,292 | |
| Segment liabilities | 73,437,599 | 63,943,353 | 88,997,556 | 76,664,709 | 11,640,616 | 10,250,036 | 162,275,248 | 65,687,976 | - | - | - | 336,351,019 | 216,546,074 | |
| Unallocated liabilities | | | | | | | | | | | | 5,521,690,686 | 4,973,862,749 | |
| Total liabilities | | | | | | | | | | | | 5,858,041,705 | 5,190,408,823 | |
| Capital expenditures | 100,732,863 | 442,429,264 | 171,445,535 | 26,236,119 | 10,338,422 | 16,208,392 | 479,507,810 | 3,962,593 | - | - | - | 762,024,630 | 488,836,368 | |
| Depreciation | 59,860,413 | 25,317,653 | 44,552,650 | 41,132,964 | 22,373,675 | 21,066,860 | 31,169,865 | 3,580,511 | - | - | - | 157,956,603 | 91,097,988 | |
| Amortisation of intangible fixed assets and goodwill | 560,742 | 592,336 | 1,685,612 | 1,641,785 | 76,262 | 76,262 | 120,659,039 | 24,688,947 | - | - | - | 122,981,655 | 26,999,330 | |
| Unallocated capital expenditure | - | - | - | - | - | - | - | - | - | - | - | 106,753,921 | 69,428,582 | |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

Details of unallocated assets and unallocated liabilities are as follows:

| | 31/12/2012 | 31/12/2011 |
|---------------------------------------|-------------------|-------------------|
| | VND'000 | VND'000 |
| Cash and cash equivalents | 3,383,585,011 | 4,730,726,781 |
| Short-term investments | 1,772,500,000 | 802,000,000 |
| Accounts receivable – short-term | 93,650,207 | 2,422,048,643 |
| Inventories | 60,382,666 | 53,192,537 |
| Other assets | 169,314,562 | 120,436,509 |
| Fixed assets | 242,561,645 | 138,670,851 |
| Long-term assets | 5,880,043,832 | 2,303,727,583 |
| | <hr/> | <hr/> |
| Unallocated assets | 11,602,037,923 | 10,570,802,904 |
| | <hr/> | <hr/> |
| Short-term borrowings and liabilities | 1,683,446,854 | 1,402,397,570 |
| Accounts payable – trade | 309,145,587 | 243,995,255 |
| Advances from customers | 9,578,084 | 5,381,811 |
| Tax payable to State Treasury | 537,941,456 | 218,696,878 |
| Payables to employees | 38,061 | 38,423 |
| Accrued expenses | 307,148,429 | 297,199,624 |
| Other short-term payables | 28,769,522 | 1,119,283 |
| | <hr/> | <hr/> |
| Current liabilities | 2,876,067,993 | 2,168,828,844 |
| | <hr/> | <hr/> |
| Long-term borrowings and liabilities | 2,521,943,420 | 2,576,057,093 |
| Other long-term liabilities | 14,582,966 | 3,965,976 |
| Deferred tax liabilities | 109,096,307 | 222,437,992 |
| Provision for severance allowance | - | 2,572,844 |
| | <hr/> | <hr/> |
| Long-term borrowings and liabilities | 2,645,622,693 | 2,805,033,905 |
| | <hr/> | <hr/> |
| Unallocated liabilities | 5,521,690,686 | 4,973,862,749 |
| | <hr/> | <hr/> |

(b) Geographical segments

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

5. Acquisition of equity interests

(a) Acquisition of Hoa Muoi Gio Company Limited – common control transaction

On 11 October 2012, the Company acquired 100% equity interest of Hoa Muoi Gio Company Limited (“Hoa Muoi Gio”) from Ma San Group Corporation, for a total consideration of VND10,000,000 excluding transactions costs.

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

| | Pre-acquisition carrying amounts VND’000 |
|---|---|
| Cash and cash equivalents | 73,998 |
| Other current assets | 529,242 |
| Investment in associate | 2,015,747,859 |
| Current liabilities | (2,034,260,699) |
| | <hr/> |
| Total net identifiable liabilities acquired | (17,909,600) |
| | |
| Consideration paid | 10,000 |
| | <hr/> |
| Differences recorded in other reserves | 17,919,600 |
| | <hr/> <hr/> |

Hoa Muoi Gio is an investment holding company. Through the acquisition, the Group has acquired an effective 40% equity interest in Vietnamese-French Cattle Feed Joint Stock Company.

The net profit after tax of Hoa Muoi Gio after the acquisition was VND5,477 million.

The net loss of Hoa Muoi Gio before the acquisition was VND17,918 million.

(b) Acquisition of minority interests in Vinacafe Bien Hoa Joint Stock Company

The Company’s 50.25% direct ownership interest as at 31 December 2011 in Vinacafe Bien Hoa Joint Stock Company (“Vinacafe”) was increased to 53.2% as a result of the acquisition of further 2.95% equity interest of Vinacafe as follows:

- From 3 October 2012 to 12 October 2012, the Company acquired further 574,490 shares of Vinacafe, for a total consideration of VND89,492 million.
- From 25 October 2012 to 31 October 2012, the Company acquired further 55,880 shares of Vinacafe, for a total consideration of VND8,448 million.
- On 5 December 2012, the Company acquired further 155,280 shares of Vinacafe, for a total consideration of VND24,104 million.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

The acquisition has the following effects:

| | VND'000 |
|--|----------------|
| Cost of acquisition | 122,044,452 |
| Net assets acquired | (48,380,464) |
| | <hr/> |
| Differences recorded in other reserves | 73,663,988 |
| | <hr/> |
| | VND'000 |
| Cost of acquisition comprised: | |
| Cash paid | 122,044,452 |
| | <hr/> |

6. Cash and cash equivalents

| | <u>Group</u> | | <u>Company</u> | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Cash on hand | 1,826,091 | 2,317,064 | 1,058,950 | 495,902 |
| Cash in banks | 67,025,939 | 51,985,286 | 16,652,158 | 18,587,887 |
| Cash equivalents | 3,314,732,981 | 4,676,424,431 | 853,500,000 | 1,529,200,000 |
| | <hr/> | | | |
| Cash and cash equivalents in the statement of cash flows | 3,383,585,011 | 4,730,726,781 | 871,211,108 | 1,548,283,789 |
| | <hr/> | | | |

Cash equivalents represent term deposits to banks with original terms to maturity of three months or less from their transactions dates. The term deposits are denominated in VND and USD, and earned interest at rates ranging from 8% to 9% per annum for VND and 0.5% per annum for USD during the year (2011: 14% per annum for VND and 0.5% per annum for USD), respectively.

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

Accounts receivable short-term includes the following amounts due from related companies:

| | <u>Group</u> | | <u>Company</u> | |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Amounts due from subsidiaries | | | | |
| Trade | - | - | 9,472,110 | 1,043 |
| | <hr/> | | | |

The trade related amounts due from subsidiaries are unsecured, interest free and are receivable within 30 – 60 days from invoice date.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

Other short-term receivables comprised:

| | <u>Group</u> | | <u>Company</u> | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Non-trade amounts due from Ma San Group Corporation, the parent company | | | | |
| ▪ Loans receivable | - | 2,000,000,000 | - | 2,000,000,000 |
| ▪ Accrued interest receivable | - | 261,698,630 | - | 261,698,630 |
| Non-trade amounts due from subsidiaries | | | | |
| ▪ Dividends receivable | - | - | 1,962,010,262 | 1,029,560,503 |
| ▪ Loans receivable | - | - | 2,055,330,695 | 27,330,695 |
| ▪ Accrued interest receivable | - | - | 79,073,011 | - |
| ▪ Deposit interest income receivable | - | - | - | 3,965,976 |
| Non-trade amounts due from other related companies | - | 99,963 | - | - |
| Dividend receivable from Vietnamese-French Cattle Feed Joint Stock Company | 64,000,000 | - | - | - |
| Accrued interest receivable from deposits at banks | 79,694,131 | 24,065,308 | 58,312,208 | 13,122,361 |
| Others | 9,833,641 | 2,867,933 | 514,525 | 56,510 |
| | <u>153,527,772</u> | <u>2,288,731,834</u> | <u>4,155,240,701</u> | <u>3,335,734,675</u> |

The short-term loans receivable from Ma San Group Corporation were denominated in VND, unsecured and bore interest at 13% per annum during the year (31/12/2011: ranging from 15% to 18% per annum). On 1 January 2012, the Company and Ma San Group Corporation made an amendment agreement whereby the term of this loan has been extended to 4 years from the disbursement date which occurred on 24 March 2011. The interest rate has also been agreed to be at 13% per annum for the year ended 31 December 2012.

The short-term loans receivable from subsidiaries include 2 loans. The loan 1 amounting to VND2,028,000 million was unsecured and bore interest at 12% per annum during the year. The loan 2 amounting to VND27,331 million was unsecured and interest free.

The remaining non-trade amounts due from the subsidiaries and other related companies were unsecured, interest free and receivable on demand.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

Other long-term receivables comprised:

| | <u>Group</u> | | <u>Company</u> | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Non-trade amounts due from Ma San Group Corporation, the parent company | | | | |
| ▪ Loans receivable | 4,000,000,000 | 2,000,000,000 | 4,000,000,000 | 2,000,000,000 |
| ▪ Accrued interest receivable | 964,420,124 | 134,440,274 | 964,420,124 | 134,440,274 |
| ▪ Facility fee receivable | 482,583,082 | 125,721,232 | 482,583,082 | 125,721,232 |
| Accrued interest receivable from deposits at banks | 23,157,903 | - | 14,832,125 | - |
| | 5,470,161,109 | 2,260,161,506 | 5,461,835,331 | 2,260,161,506 |

The long-term loans receivable from Ma San Group Corporation as at 31 December 2012 include two long-term loans with original amount of VND2,000 billion each. The loans were unsecured and bore interest at 13% per annum (2011: 15% and 18% per annum). The loans mature in 4 and 5 years from the drawdown date of each loan, which occurred on 24 March 2011 and 17 August 2011, respectively. The interest is receivable on the maturity date of the loan agreement.

The facility fee receivable was charged at 15% per annum on an unsecured loan facility made available to Ma San Group Corporation of USD108 million, which has not been drawdown by Ma San Group Corporation as at 31 December 2012 (31/12/2011: 15% per annum.).

Movements in the allowance for doubtful debts during the year were as follows:

| | <u>Group</u> | | <u>Company</u> | |
|---------------------------------------|-----------------|------------------|-----------------|-----------------|
| | 2012 VND'000 | 2011 VND'000 | 2012 VND'000 | 2011 VND'000 |
| Opening balance | 1,083,816 | 704,511 | 824,837 | 549,777 |
| Increase in allowance during the year | 143,814 | 379,305 | - | 275,060 |
| Allowance utilised during the year | (832,368) | - | (824,837) | - |
| Written back | (17,494) | - | - | - |
| Closing balance | 377,768 | 1,083,816 | - | 824,837 |

As at 31 December 2012, certain trade receivables of the Group were pledged with banks as security for loans granted to Ma San Consumer Corporation and Ma San Industrial One Member Company Limited (formerly known as Masan Industrial Corporation) (See Notes 17 and 23).

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

8. Inventories

| | <u>Group</u> | | <u>Company</u> | |
|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Goods in transit | 15,348,733 | 31,028,273 | - | 10,781,170 |
| Raw materials | 396,320,672 | 403,163,681 | 15,406,738 | 9,088,959 |
| Tools and supplies | 26,793,824 | 7,736,864 | - | - |
| Work in progress | 88,448,423 | 64,939,175 | - | - |
| Finished goods | 48,912,429 | 118,879,002 | - | 1,924,224 |
| Merchandise inventories | 22,030 | - | 22,031,629 | 32,022,455 |
| | 575,846,111 | 625,746,995 | 37,438,367 | 53,816,808 |
| Allowance for inventories | (11,990,882) | (12,900,974) | (395,463) | (753,290) |
| | 563,855,229 | 612,846,021 | 37,042,904 | 53,063,518 |

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

| | <u>Group</u> | | <u>Company</u> | |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2012 VND'000 | 2011 VND'000 | 2012 VND'000 | 2011 VND'000 |
| Opening balance | 12,900,974 | 6,347,188 | 753,290 | 190,197 |
| Increase in allowance during the year | 46,618,335 | 86,429,983 | 1,555,596 | 1,162,577 |
| Allowance utilised during the year | (41,705,365) | (79,408,443) | (1,677,498) | (599,484) |
| Written back | (5,823,062) | (467,754) | (235,925) | - |
| Closing balance | 11,990,882 | 12,900,974 | 395,463 | 753,290 |

As at 31 December 2012, certain inventories of the Group were pledged with banks as security for loans granted to Ma San Industrial One Member Company Limited (formerly known as Masan Industrial Corporation) (see Notes 17 and 23).

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

9. Tangible fixed assets

| Group | Buildings VND'000 | Leasehold improvements VND'000 | Office equipment VND'000 | Machinery and equipment VND'000 | Motor vehicles VND'000 | Total VND'000 |
|--|----------------------|--------------------------------------|--------------------------------|---------------------------------------|------------------------------|------------------|
| Cost | | | | | | |
| Opening balance | 244,496,621 | 6,665,358 | 26,531,913 | 859,205,757 | 18,003,595 | 1,154,903,244 |
| Additions | 14,908,133 | 111,895 | 4,812,988 | 51,287,166 | 3,331,605 | 74,451,787 |
| Transfer from construction in progress | 206,215,838 | 663,818 | 8,143,630 | 554,776,080 | 84,000 | 769,883,366 |
| Transfer to long-term prepayments | (6,558,548) | - | - | (2,119,850) | - | (8,678,398) |
| Disposals | (5,918,770) | - | (937,699) | (11,017,843) | (366,468) | (18,240,780) |
| Written off | (134,901) | - | (125,454) | (1,257,090) | - | (1,517,445) |
| Reclassifications | 702,081 | - | (2,861,159) | 2,147,978 | 11,100 | - |
| Closing balance | 453,710,454 | 7,441,071 | 35,564,219 | 1,453,022,198 | 21,063,832 | 1,970,801,774 |
| Accumulated depreciation | | | | | | |
| Opening balance | 35,161,479 | 4,326,776 | 14,109,321 | 246,468,002 | 11,509,268 | 311,574,846 |
| Charge for the year | 21,563,244 | 2,346,880 | 6,430,140 | 143,289,515 | 2,364,196 | 175,993,975 |
| Transfer to long-term prepayments | (130,285) | - | - | (1,589,964) | - | (1,720,249) |
| Disposals | (2,900,626) | - | (895,259) | (7,148,162) | (365,010) | (11,309,057) |
| Written off | (134,901) | - | (125,454) | (1,257,090) | - | (1,517,445) |
| Reclassifications | 397,845 | - | (1,857,279) | 1,455,549 | 3,885 | - |
| Closing balance | 53,956,756 | 6,673,656 | 17,661,469 | 381,217,850 | 13,512,339 | 473,022,070 |
| Net book value | | | | | | |
| Opening balance | 209,335,142 | 2,338,582 | 12,422,592 | 612,737,755 | 6,494,327 | 843,328,398 |
| Closing balance | 399,753,698 | 767,415 | 17,902,750 | 1,071,804,348 | 7,551,493 | 1,497,779,704 |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

Included in the cost of tangible fixed assets were assets costing VND71,270 million which were fully depreciated as of 31 December 2012 (31/12/2011: VND34,284 million), but which are still in active use.

As at 31 December 2012, tangible fixed assets with carrying value of VND613,304 million (31/12/2011: VND312,378 million) were pledged with banks as security for loans granted to the Group.

The carrying amount of tangible fixed assets retired from active use and held for disposal amounted to VND24,138 million as of 31 December 2012 (31/12/2011: VND23,946 million).

The carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND35,566 million as of 31 December 2012 (31/12/2011: VND7,914 million).

| Company | Buildings VND'000 | Leasehold improvements VND'000 | Office equipment VND'000 | Machinery and equipment VND'000 | Motor vehicles VND'000 | Total VND'000 |
|--|------------------------------|---|---|--|---------------------------------------|--------------------------|
| Cost | | | | | | |
| Opening balance | 403,358 | 6,665,358 | 11,745,292 | 6,594,727 | 10,647,388 | 36,056,123 |
| Additions | - | 111,895 | 2,234,724 | 489,255 | 256,881 | 3,092,755 |
| Transfer from construction in progress | 325,972 | 663,818 | 281,933 | 1,452,343 | - | 2,724,066 |
| Disposals | - | - | (194,327) | (10,092) | (331,484) | (535,903) |
| Write off | - | - | (94,867) | - | - | (94,867) |
| Reclassifications | 702,081 | - | (2,861,159) | 2,147,978 | 11,100 | - |
| Closing balance | 1,431,411 | 7,441,071 | 11,111,596 | 10,674,211 | 10,583,885 | 41,242,174 |
| Accumulated depreciation | | | | | | |
| Opening balance | 179,270 | 4,326,776 | 6,258,831 | 1,999,807 | 8,465,214 | 21,229,898 |
| Charge for the year | 113,037 | 2,346,880 | 2,818,374 | 1,501,095 | 1,029,900 | 7,809,286 |
| Disposals | - | - | (185,757) | (7,317) | (331,484) | (524,558) |
| Write off | - | - | (94,867) | - | - | (94,867) |
| Reclassifications | 397,846 | - | (1,857,280) | 1,455,549 | 3,885 | - |
| Closing balance | 690,153 | 6,673,656 | 6,939,301 | 4,949,134 | 9,167,515 | 28,419,759 |
| Net book value | | | | | | |
| Opening balance | 224,088 | 2,338,582 | 5,486,461 | 4,594,920 | 2,182,174 | 14,826,225 |
| Closing balance | 741,258 | 767,415 | 4,172,295 | 5,725,077 | 1,416,370 | 12,822,415 |

Included in the cost of tangible fixed assets were assets costing VND9,479 million which were fully depreciated as of 31 December 2012 (31/12/2011: VND5,689 million), but which are still in active use.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

10. Intangible fixed assets

| Group | Land use rights VND'000 | Software VND'000 | Brand name VND'000 | Customer relationship VND'000 | Total VND'000 |
|--|------------------------------------|-----------------------------|-------------------------------|--|--------------------------|
| Cost | | | | | |
| Opening balance | 142,624,698 | 8,982,999 | 544,435,586 | 320,647,475 | 1,016,690,758 |
| Additions | - | 403,812 | - | - | 403,812 |
| Transfer from construction in progress | 1,732,501 | 171,882 | - | - | 1,904,383 |
| Closing balance | 144,357,199 | 9,558,693 | 544,435,586 | 320,647,475 | 1,018,998,953 |
| Accumulated amortisation | | | | | |
| Opening balance | 12,052,990 | 4,875,264 | 9,422,411 | 10,688,249 | 37,038,914 |
| Amortisation for the year | 3,867,178 | 2,093,523 | 54,505,097 | 64,129,496 | 124,595,294 |
| Closing balance | 15,920,168 | 6,968,787 | 63,927,508 | 74,817,745 | 161,634,208 |
| Net book value | | | | | |
| Opening balance | 130,571,708 | 4,107,735 | 535,013,175 | 309,959,226 | 979,651,844 |
| Closing balance | 128,437,031 | 2,589,906 | 480,508,078 | 245,829,730 | 857,364,745 |

Included in the cost of intangible fixed assets were assets costing VND1,931 million which were fully amortised as of 31 December 2012 (31/12/2011: VND24 million), but which are still in use.

At 31 December 2012 land use rights with a carrying value of VND53,659 million (31/12/2011: VND55,088 million) were pledged with banks as security for loans granted to the Group.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

10. Intangible fixed assets (continued)

| Company | Software VND'000 | Brand name VND'000 | Total VND'000 |
|--|---------------------|-----------------------|------------------|
| Cost | | | |
| Opening balance | 8,894,313 | 636,364 | 9,530,677 |
| Additions | 403,812 | - | 403,812 |
| Transfer from construction in progress | 171,882 | - | 171,882 |
| Closing balance | 9,470,007 | 636,364 | 10,106,371 |
| Accumulated amortisation | | | |
| Opening balance | 4,801,396 | 359,091 | 5,160,487 |
| Amortisation for the year | 2,083,852 | 125,175 | 2,209,027 |
| Closing balance | 6,885,248 | 484,266 | 7,369,514 |
| Net book value | | | |
| Opening balance | 4,092,917 | 277,273 | 4,370,190 |
| Closing balance | 2,584,759 | 152,098 | 2,736,857 |

Included in the cost of intangible fixed assets were assets costing VND1,868 million which were fully amortised as of 31 December 2012 (31/12/2011: nil), but which are still in use.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

11. Construction in progress

| | <u>Group</u> | | <u>Company</u> | |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2012 VND'000 | 2011 VND'000 | 2012 VND'000 | 2011 VND'000 |
| Opening balance | 577,188,957 | 292,418,033 | 959,466 | - |
| Acquisition of subsidiary | - | 4,273,406 | - | - |
| Additions during the year | 874,241,502 | 489,763,436 | 2,719,310 | 2,626,941 |
| Transfer to tangible fixed assets | (769,883,366) | (207,173,843) | (2,724,066) | (1,667,475) |
| Transfer to intangible fixed assets | (1,904,383) | - | (171,882) | - |
| Transfer to long-term prepayments | (7,782,098) | (2,092,075) | (58,025) | - |
| Closing balance | 671,860,612 | 577,188,957 | 724,803 | 959,466 |

Major constructions in progress were as follows:

| | <u>Group</u> | | <u>Company</u> | |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Leasehold improvements | 724,803 | 959,466 | 724,803 | 959,466 |
| Buildings | 347,254,925 | 4,712,118 | - | - |
| Machinery and equipment | 321,312,369 | 570,451,094 | - | - |
| Other tangible fixed assets | 2,568,515 | 1,066,279 | - | - |
| | 671,860,612 | 577,188,957 | 724,803 | 959,466 |

During the year, borrowing costs capitalised into construction in progress amounted to VND33,156 million (2011: VND33,285 million).

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

12. Investments

| | <u>Group</u> | | <u>Company</u> | |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Long-term investments | | | | |
| Investments in subsidiaries | - | - | 2,088,173,387 | 1,766,118,935 |
| Investment in an associate | 1,967,387,118 | - | - | - |
| Other long-term investments | 365,500,000 | - | 234,500,000 | - |
| | 2,332,887,118 | - | 2,322,673,387 | 1,766,118,935 |
| Short-term investments | | | | |
| Term deposits at banks | 1,772,500,000 | 802,000,000 | 1,413,000,000 | 326,200,000 |

Details of the investments in subsidiaries are as follows:

| Name | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
|---|-------------------------------|-------------------------------|
| Vinacafe Bien Hoa Joint Stock Company | 1,209,140,528 | 1,087,096,076 |
| Masan Food Company Limited | 879,022,859 | 679,022,859 |
| Hoa Muoi Gio One Member Company Limited | 10,000 | - |
| | 2,088,173,387 | 1,766,118,935 |

Term deposits at 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 at rates ranging from 9% to 11.5% (2011: 14%) per annum during the year.

Other long-term investments represent deposits with original terms to maturity of more than twelve months from their transaction dates. The term deposits are denominated in Vietnam Dong and earned interest rate at 11% per annum during the year.

At 31 December 2012, investments in subsidiaries of VND879,033 million (31/12/2011: VND679,023 million) and in associate were pledged with bank as security for loans granted to the Group.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

13. Group entities

The following are the details of the consolidated subsidiaries and associate as at 31 December 2012:

| Name | Address |
|--|---|
| Masan Food Company Limited | 12 th Floor, Kumho Asiana Plaza Saigon – 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam. |
| Ma San Industrial One Member Company Limited (formerly known as Masan Industrial Corporation) | Lot 6, Tan Dong Hiep A Industrial Park, Di An Ward, Binh Duong Province, Vietnam |
| Viet Tien Food Technology One Member Company Limited (formerly known as 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 |
| Minh Viet Packaging One Member Company Limited (formerly known as 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 PQ Corporation | 261 Nguyen Trung Truc, Ward , Duong Dong Town, Phu Quoc District, Kien Giang Province, Vietnam |
| Ma San HD One Member Company Limited (formerly known as Ma San HD Joint Stock Company) | Lot 22, Dai An Industrial Zone, Hai Duong City, Hai Duong Province, Vietnam |
| Vinacafe Bien Hoa Joint Stock Company | Bien Hoa Industrial Zone I, Bien Hoa City, Dong Nai province, Vietnam. |
| Hoa Muoi Gio Company Limited | 12 th Floor, Kumho Asiana Plaza Saigon – 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam. |
| Vietnamese-French Cattle Feed Joint Stock Company | Road No. 9, Bien Hoa 1 Industrial Zone, An Binh Ward, Dong Nai province. |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

14. Long-term prepayments

| Group | Prepaid land costs VND'000 | Printing axles VND'000 | Tools and supplies VND'000 | Total VND'000 |
|--|-------------------------------|---------------------------|-------------------------------|------------------|
| Opening balance | 2,346,344 | 564,167 | 3,463,962 | 6,374,473 |
| Additions | - | 3,376,642 | 4,179,517 | 7,556,159 |
| Transfer from construction in progress | - | - | 7,782,098 | 7,782,098 |
| Transfers from tangible fixed assets | - | - | 6,958,149 | 6,958,149 |
| Amortisation for the year | (2,286,309) | (3,232,171) | (4,238,114) | (9,756,594) |
| Closing balance | 60,035 | 708,638 | 18,145,612 | 18,914,285 |

| Company | Tools and supplies VND'000 |
|---|-------------------------------|
| Opening balance | 142,493 |
| Addition | 494,227 |
| Transfers from construction in progress | 58,025 |
| Amortisation for the year | (352,826) |
| Closing balance | 341,919 |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

16. Goodwill

| | VND'000 |
|---------------------------------|----------------|
| Cost | |
| Opening/Closing balance | 284,728,173 |
| | <hr/> |
| Accumulated amortisation | |
| Opening balance | 7,623,181 |
| Charge for the year | 28,472,817 |
| | <hr/> |
| Closing balance | 36,095,998 |
| | <hr/> |
| Net book value | |
| Opening balance | 277,104,992 |
| Closing balance | 248,632,175 |
| | <hr/> <hr/> |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

17. Short-term borrowings and liabilities

| | <u>Group</u> | | <u>Company</u> | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Short-term borrowings | 1,540,393,217 | 1,298,728,337 | 758,686,221 | 689,769,290 |
| Current portion of long-term borrowings (See Note 23) | 143,053,637 | 103,669,233 | - | - |
| | <u>1,683,446,854</u> | <u>1,402,397,570</u> | <u>758,686,221</u> | <u>689,769,290</u> |

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

| | Currency | Nominal interest rate (per annum) | <u>Group</u> | | <u>Company</u> | |
|------------------------------|----------|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Short-term borrowings | | | | | | |
| Secured bank loans | VND | 8.2% - 13.0% | 1,540,393,217 | 815,822,006 | 758,686,221 | 208,399,128 |
| Secured bank loans | USD | 6.5% | - | 1,536,169 | - | - |
| Unsecured bank loans | VND | 15.7% - 18.0% | - | 481,370,162 | - | 481,370,162 |
| | | | <u>1,540,393,217</u> | <u>1,298,728,337</u> | <u>758,686,221</u> | <u>689,769,290</u> |

The secured bank loans are secured over certain trade receivables and inventories with a carrying amount of USD26.25 million, equivalent to VND546,000 million (31/12/2011: USD5 million, equivalent to VND104,140 million) and fixed assets with a carrying value of VND666,963 million (31/12/2011: VND367,466 million). Part of these fixed assets with carrying value of VND632,006 million was also used as security for long-term borrowings and accordingly, included in the amount of security disclosed in Note 23.

18. Accounts payables – trade

Accounts payable – trade include the following amounts due to related companies:

| | <u>Group</u> | | <u>Company</u> | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Amounts due to subsidiaries | | | | |
| Trade | - | - | 2,228,471,324 | 246,244,800 |
| Amounts due to other related companies | | | | |
| Trade | 6,336,536 | 3,397,383 | 4,993,289 | 2,433,783 |
| | <u>6,336,536</u> | <u>3,397,383</u> | <u>2,233,464,613</u> | <u>248,678,583</u> |

The trade related amounts due to related companies were unsecured, interest free and payable at call.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

19. Taxes payable to State Treasury

| | <u>Group</u> | | <u>Company</u> | |
|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Value added tax | 32,660,367 | 41,071,216 | - | 10,492,903 |
| Import-export tax | 11,230,283 | 14,810,029 | 431,369 | 418,653 |
| Corporate income tax | 513,890,172 | 159,796,380 | 273,163,504 | 13,748,800 |
| Personal income tax | 2,802,011 | 348,223 | 2,653,496 | 259,815 |
| Other taxes | 20,747 | 2,671,030 | - | 2,671,031 |
| | 560,603,580 | 218,696,878 | 276,248,369 | 27,591,202 |

20. Accrued expenses

| | <u>Group</u> | | <u>Company</u> | |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Transportation expenses | 30,614,978 | 29,702,527 | 25,247,552 | 29,452,419 |
| Bonus and 13th month salary | 45,011,058 | 28,645,606 | 17,726,712 | 8,145,920 |
| Advertising and promotion expenses | 139,125,019 | 177,363,881 | 25,845,496 | 16,737,586 |
| Sales discounts | 41,187,829 | 69,875,761 | 36,530,214 | 69,875,761 |
| Accrual interest expenses | 68,028,786 | 8,141,270 | 1,191,344 | - |
| Purchases not yet received invoices | 28,138,649 | 13,616,201 | - | - |
| Others | 42,541,799 | 29,637,039 | - | 34,087 |
| | 394,648,118 | 356,982,285 | 106,541,318 | 124,245,773 |

21. Other short-term payables

| | <u>Group</u> | | <u>Company</u> | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Trade union fees | 1,201,954 | 517,991 | - | - |
| Social and health insurance | 233,460 | 1,066,146 | 148,095 | 10,550 |
| Short-term deposits from customers | 480,000 | 19,705,000 | - | - |
| Non-trade amounts due to other related companies | - | 26,573 | - | - |
| Others | 29,433,635 | 3,282,946 | 19,614 | 442,623 |
| | 31,349,049 | 24,598,656 | 167,709 | 453,173 |

The non-trade amounts due to related companies were unsecured, interest free and payable at call.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

22. Other long-term liabilities

Other long-term liabilities represent deposit interest income payable to Ma San Group Corporation. The amounts were unsecured, interest free and are payable on 17 August 2014.

23. Long-term borrowings and liabilities

| | <u>Group</u> | | <u>Company</u> | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Long-term borrowings | 2,664,997,057 | 2,679,726,326 | - | - |
| Repayable within twelve months (Note 17) | (143,053,637) | (103,669,233) | - | - |
| Repayable after twelve months | 2,521,943,420 | 2,576,057,093 | - | - |

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

| | Currency | Nominal interest rate (per annum) | Year of maturity | <u>Group</u> | | <u>Company</u> | |
|-----------------------------|----------|---|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Long-term borrowings | | | | | | | |
| Secured bank loans | VND | 14.1% - 20% | 2013-2017 | 418,597,057 | 430,302,326 | - | - |
| Secured bank loan | USD | Libor + 7% | 2014 | 2,246,400,000 | 2,249,424,000 | - | - |
| | | | | 2,664,997,057 | 2,679,726,326 | - | - |

The secured bank loans denominated in VND amounting to VND418,597 million were secured over certain fixed assets with a carrying amount of VND632,006 million as of 31 December 2012 (31/12/2011: VND310,560 million).

The secured bank loan denominated in USD amounting to VND2,246,400 million was secured by investments in subsidiaries amounting to VND879,033 million (31/12/2011: VND679,023 million) and in associate. The loan bore interest at Libor plus 3.5% per annum during the first year, Libor plus 7.0% per annum during the second year and Libor plus 10.0% per annum during the third year after draw down. The outstanding balance at 31 December 2012 is repayable in one instalment on the termination date. The facility is available for thirty-six months. The Group has the option to extend the loan after twelve, eighteen, twenty four and thirty months upon payment of an extension fee amounting to VND56,797 million for each extension.

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

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

24. Provision for severance allowance

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

| | <u>Group</u> 2012 VND'000 | <u>Company</u> 2012 VND'000 |
|------------------------------------|---------------------------------|-----------------------------------|
| Opening balance | 7,183,331 | 1,667,081 |
| Provision made during the year | 731,620 | - |
| Provision used during the year | (754,463) | (79,949) |
| Provision reversed during the year | (7,160,488) | (1,587,132) |
| | <hr/> | <hr/> |
| Closing balance | - | - |
| | <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 Company 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 Company 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 2012, the Group and the Company contributed VND4,295 million and VND1,389 million, respectively (2011: VND2,945 million and VND1,008 million, respectively) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the consolidated and separate statements of income.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

25. Changes in owners' equity and minority interests

| Group | Share capital VND'000 | Capital surplus VND'000 | Other reserves VND'000 | Investment development funds VND'000 | Financial reserve funds VND'000 | Retained profits VND'000 | Total owner's equity VND'000 | Minority interests VND'000 | Total VND'000 |
|---|--------------------------|----------------------------|---------------------------|---|------------------------------------|-----------------------------|---------------------------------|-------------------------------|------------------|
| Balance at 1 January 2011 | 1,300,000,000 | 8,907,940 | (191,690,689) | - | - | 1,299,948,816 | 2,417,166,067 | 1,089,156 | 2,418,255,223 |
| Share dividends (Note 26) | 1,029,411,760 | - | - | - | - | (1,029,411,760) | - | - | - |
| Share capital issued (Note 26) | 170,588,240 | 3,102,606,869 | - | - | - | - | 3,273,195,109 | - | 3,273,195,109 |
| Increase in minority interests from acquiring Vinacafe Bien Hoa Joint Stock Company | - | - | - | - | - | 2,253,419,913 | 2,253,419,913 | 800,369,643 | 800,369,643 |
| Net profit for the year | - | - | - | - | - | (6,687,755) | (6,687,755) | 792,206 | 2,254,212,119 |
| Appropriation to bonus and welfare funds | - | - | - | - | - | - | - | (7,870) | (6,695,625) |
| Balance at 1 January 2012 | 2,500,000,000 | 3,111,514,809 | (191,690,689) | - | - | 2,517,269,214 | 7,937,093,334 | 802,243,135 | 8,739,336,469 |
| Share capital issued (Note 26) | 12,500,000 | - | - | - | - | - | 12,500,000 | - | 12,500,000 |
| Share dividends (Note 26) | 2,512,500,000 | - | - | - | - | (2,512,500,000) | - | - | - |
| Dividends | - | - | - | - | - | - | - | (25,988,156) | (25,988,156) |
| Appropriation to equity funds | - | - | - | 18,324,741 | 4,407,232 | (22,731,973) | - | - | - |
| Appropriation to bonus and welfare funds | - | - | - | - | - | (15,726,702) | (15,726,702) | (7,601,733) | (23,328,435) |
| Payment for Board of Management fees of subsidiary | - | - | - | - | - | (1,778,972) | (1,778,972) | (1,760,863) | (3,539,835) |
| Net profit for the year | - | - | - | - | - | 2,764,147,059 | 2,764,147,059 | 86,162,000 | 2,850,309,059 |
| Acquisition of subsidiary – common control transaction | - | - | (17,919,600) | - | - | - | (17,919,600) | - | (17,919,600) |
| Acquired further equity interest of subsidiary | - | - | (73,663,988) | - | - | - | (73,663,988) | (48,380,464) | (122,044,452) |
| Balance at 31 December 2012 | 5,025,000,000 | 3,111,514,809 | (283,274,277) | 18,324,741 | 4,407,232 | 2,728,678,626 | 10,604,651,131 | 804,673,919 | 11,409,325,050 |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

| Company | Share capital VND'000 | Capital surplus VND'000 | Retained profits VND'000 | Total VND'000 |
|--|--------------------------|----------------------------|-----------------------------|------------------|
| Balance at 1 January 2011 | 1,300,000,000 | 8,907,940 | 1,326,135,929 | 2,635,043,869 |
| Share dividends (Note 26) | 1,029,411,760 | - | (1,029,411,760) | - |
| Share capital issued (Note 26) | 170,588,240 | 3,102,606,869 | - | 3,273,195,109 |
| Net profit for the year | - | - | 2,231,830,896 | 2,231,830,896 |
| Balance at 1 January 2012 | 2,500,000,000 | 3,111,514,809 | 2,528,555,065 | 8,140,069,874 |
| Share capital issued (Note 26) | 12,500,000 | - | - | 12,500,000 |
| Share dividends (Note 26) | 2,512,500,000 | - | (2,512,500,000) | - |
| Appropriation to bonus and welfare funds | - | - | (2,825,402) | (2,825,402) |
| Net profit for the year | - | - | 2,774,443,656 | 2,774,443,656 |
| Balance at 31 December 2012 | 5,025,000,000 | 3,111,514,809 | 2,787,673,319 | 10,924,188,128 |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

26. Share capital and capital surplus

The Company's authorised and issued share capital are:

| | 31/12/2012 | | 31/12/2011 | |
|--|------------------|---------------|------------------|---------------|
| | Number of shares | VND'000 | Number of shares | VND'000 |
| Authorised share capital | 502,500,000 | 5,025,000,000 | 250,000,000 | 2,500,000,000 |
| Issued share capital | | | | |
| Ordinary shares | 502,500,000 | 5,025,000,000 | 250,000,000 | 2,500,000,000 |
| Shares currently in circulation | | | | |
| Ordinary shares | 502,500,000 | 5,025,000,000 | 250,000,000 | 2,500,000,000 |
| Capital surplus | - | 3,111,514,809 | - | 3,111,514,809 |

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

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

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

| | 2012 | | 2011 | |
|--|------------------|---------------|------------------|---------------|
| | Number of shares | VND'000 | Number of shares | VND'000 |
| Balance at the beginning of the year | 250,000,000 | 2,500,000,000 | 130,000,000 | 1,300,000,000 |
| Shares issued during the year | 1,250,000 | 12,500,000 | 17,058,824 | 170,588,240 |
| Share dividends issued during the year | 251,250,000 | 2,512,500,000 | 102,941,176 | 1,029,411,760 |
| Balance at the end of the year | 502,500,000 | 5,025,000,000 | 250,000,000 | 2,500,000,000 |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

27. Total revenue

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

Net revenue comprised:

| | <u>Group</u> | | <u>Company</u> | |
|----------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2012 VND'000 | 2011 VND'000 | 2012 VND'000 | 2011 VND'000 |
| Total revenue | | | | |
| ▪ Sales of finished goods | 10,575,020,585 | 7,238,993,731 | 8,767,253,662 | 7,156,610,699 |
| ▪ Services and other sales | 228,960 | 9,293 | 7,351,077 | 11,763,203 |
| Less revenue deductions | | | | |
| ▪ Sales discounts | (150,242,775) | (119,855,867) | (130,762,251) | (119,855,867) |
| ▪ Sales returns | (35,592,120) | (62,298,485) | (26,987,925) | (62,271,447) |
| Net revenue | 10,389,414,650 | 7,056,848,672 | 8,616,854,563 | 6,986,246,588 |

28. Cost of sales

| | <u>Group</u> | | <u>Company</u> | |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2012 VND'000 | 2011 VND'000 | 2012 VND'000 | 2011 VND'000 |
| Total cost of sales | | | | |
| ▪ Finished goods sold | 6,138,130,430 | 3,911,871,543 | 8,160,964,097 | 6,629,356,728 |
| ▪ Allowance for inventories | 40,795,273 | 85,962,229 | 1,319,671 | 1,162,577 |
| | 6,178,925,703 | 3,997,833,772 | 8,162,283,768 | 6,630,519,305 |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

29. Financial income

| | <u>Group</u> | | <u>Company</u> | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2012 VND'000 | 2011 VND'000 | 2012 VND'000 | 2011 VND'000 |
| Interest income from deposits to banks | 372,138,486 | 451,398,381 | 255,554,251 | 391,013,193 |
| Interest income from loan to a subsidiary | - | - | 61,175,144 | - |
| Interest income from loans | 17,897,867 | - | 17,897,867 | - |
| Interest income from the parent company | 925,143,070 | 542,969,142 | 925,143,070 | 542,969,142 |
| Deposit interest income from subsidiary | - | - | 10,616,990 | 3,965,976 |
| Dividend income declared by subsidiaries | - | - | 2,328,349,112 | 1,814,735,679 |
| Foreign exchange gains | 14,612,034 | 10,878,541 | 1,474,306 | 1,214,235 |
| Other financial income | 2,936,213 | 939,014 | - | - |
| | 1,332,727,670 | 1,006,185,078 | 3,600,210,740 | 2,753,898,225 |

30. Financial expenses

| | <u>Group</u> | | <u>Company</u> | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2012 VND'000 | 2011 VND'000 | 2012 VND'000 | 2011 VND'000 |
| Interest expense | 487,983,049 | 250,018,940 | 467,139,917 | 187,452,611 |
| Foreign exchange losses | 6,512,301 | 9,982,281 | 1,099,363 | 350,711 |
| Withholding tax on interest expense and extension fee | 15,388,894 | 6,808,387 | - | - |
| Other financial expense | 22,107,166 | 14,227,256 | - | - |
| | 531,991,410 | 281,036,864 | 468,239,280 | 187,803,322 |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

31. Other income

| | <u>Group</u> | | <u>Company</u> | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2012 VND'000 | 2011 VND'000 | 2012 VND'000 | 2011 VND'000 |
| Proceeds from disposals of fixed assets | 2,023,051 | 2,406,498 | 87,895 | 53,303 |
| Proceeds from scrap sales | 20,630,373 | 13,747,057 | - | - |
| Import tax refund | 18,977,397 | 2,351,717 | - | - |
| Provision for severance allowance reversed | 7,160,488 | - | 1,587,132 | - |
| Others | 3,417,943 | 1,005,848 | 1,050,871 | 160,326 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 52,209,252 | 19,511,120 | 2,725,898 | 213,629 |

32. Other expenses

| | <u>Group</u> | | <u>Company</u> | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2012 VND'000 | 2011 VND'000 | 2012 VND'000 | 2011 VND'000 |
| Net book value of disposed fixed assets | 6,931,723 | 7,374,534 | 11,345 | 11,439 |
| Cost of scrap sales | 15,758,613 | 12,392,630 | - | - |
| Tax penalties | 2,079,556 | 3,314,839 | 1,320 | 2,671,031 |
| Others | 1,867,477 | 226,562 | 51,989 | 64,231 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 26,637,369 | 23,308,565 | 64,654 | 2,746,701 |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

33. Income tax

(a) Recognised in the statement of income

| | <u>Group</u> | | <u>Company</u> | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2012 VND'000 | 2011 VND'000 | 2012 VND'000 | 2011 VND'000 |
| Current tax expense | | | | |
| Current year | 601,604,877 | 199,849,398 | 273,224,034 | 16,035,611 |
| (Over)/under-provision in prior years | (7,746,816) | 4,431,279 | 164,036 | 4,317,649 |
| | 593,858,061 | 204,280,677 | 273,388,070 | 20,353,260 |
| Deferred tax (income)/expense | | | | |
| Origination and reversal of temporary differences | (124,578,798) | 125,450,924 | (124,013,698) | 125,939,831 |
| | (124,578,798) | 125,450,924 | (124,013,698) | 125,939,831 |
| Income tax expense | 469,279,263 | 329,731,601 | 149,374,372 | 146,293,091 |

(b) Reconciliation of effective tax rate

| Group | 2012 | | 2011 | |
|---|-------------|---------------|-------------|---------------|
| | % | VND'000 | % | VND'000 |
| Profit before tax | | 3,319,588,322 | | 2,583,943,720 |
| Tax at the Company's income tax rate | 25.00% | 829,897,081 | 25.00% | 645,985,930 |
| Effect of incentive tax rates in subsidiaries | (11.02%) | (365,780,556) | (13.07%) | (337,836,362) |
| Tax exempt income | (0.02%) | (638,822) | - | - |
| Non-deductible expenses | 0.41% | 13,548,376 | 0.66% | 17,150,754 |
| (Over)/under-provision in prior years | (0.23%) | (7,746,816) | 0.17% | 4,431,279 |
| | 14.14% | 469,279,263 | 12.76% | 329,731,601 |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

33. Income tax (continued)

| Company | | 2012 | | 2011 |
|--------------------------------------|----------|---------------|----------|---------------|
| | % | VND'000 | % | VND'000 |
| Profit before tax (*) | | 2,923,818,028 | | 2,378,123,987 |
| Tax at the Company's income tax rate | 25.00% | 730,954,507 | 25.00% | 594,530,997 |
| Tax exempt income | (19.91%) | (582,087,278) | (19.08%) | (453,683,920) |
| Non-deductible expenses | 0.01% | 343,107 | 0.05% | 1,128,365 |
| Under provision in prior years | 0.01% | 164,036 | 0.18% | 4,317,649 |
| | 5.11% | 149,374,372 | 6.15% | 146,293,091 |

(*) The Company's profit before tax included VND2,328,349 million (2011: VND1,814,736 million) dividend income which is not subject to tax.

(c) Applicable tax rates

Under the terms of its Business Registration Certificate, the Company has an obligation to pay income tax to the government at the rate of 28% of taxable profits. Effective 1 January 2009, the Company's income tax rate is reduced from 28% to 25% due to a change in the income tax law.

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.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

34. Significant transactions with related companies

In addition to related-company balances and transactions disclosed in other notes to these financial statements, the Company and its subsidiaries have the following transactions with related companies during the year:

| Group | Related company | Nature of transaction | Transaction value | | Balance outstanding as at | |
|-----------------------|---|---------------------------------|-------------------|-----------------|---------------------------|-----------------------|
| | | | 2012 VND'000 | 2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Parent company | Ma San Group Corporation | Interest income from loans | 568,281,220 | 417,247,910 | 964,420,124 | 396,138,904 |
| | | Facility fee income receivable | 356,861,850 | 125,721,232 | 482,583,082 | 125,721,232 |
| | | Interest expense from loans | (60,898,436) | - | - | - |
| | | Deposit interest income payable | (10,616,990) | (3,965,976) | (14,582,966) | (3,965,976) |
| | | Loan collected | 2,028,000,000 | 715,000,000 | - | - |
| | | Loan provided | (2,028,000,000) | (4,715,000,000) | 4,000,000,000 | 4,000,000,000 |
| | | Acquired subsidiary | 10,000 | - | - | - |
| Associate | Vietnamese-French Cattle Feed Joint Stock Company | Dividend | 64,000,000 | - | 64,000,000 | - |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

| Group | Nature of transaction | Transaction value | | Balance outstanding as at | |
|--------------------------------------|--|-------------------|--------------|---------------------------|-------------|
| | | 2012 | 2011 | 31/12/2012 | 31/12/2011 |
| Related company | | VND'000 | VND'000 | VND'000 | VND'000 |
| Other related companies | | | | | |
| Masan Global Services Corporation | Maintenance fee | (12,990,442) | (10,937,278) | (6,336,536) | (3,397,383) |
| | Purchase of computers | (12,328) | (2,504,872) | - | - |
| Masan Property Corporation | Sales of fixed assets | 32,155 | - | - | - |
| | Service charge expense and advance | (13,458,962) | (12,513,440) | - | 1,853,000 |
| | Repair fee | - | (283,127) | - | (26,573) |
| | Rental income | - | 90,876 | - | 99,963 |
| Members of Board of Directors | | | | | |
| Board of Directors | Remuneration to the Board of Directors | 1,804,005 | 2,502,051 | - | - |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

| Company | Nature of transaction | Transaction value | | Balance outstanding as at | |
|--|---|-------------------|-----------------|---------------------------|-----------------------|
| | | 2012 VND'000 | 2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Related company | | | | | |
| Parent company | | | | | |
| Ma San Group Corporation | Interest income from loans | 568,281,220 | 417,247,910 | 964,420,124 | 396,138,904 |
| | Facility fee income receivable | 356,861,850 | 125,721,232 | 482,583,082 | 125,721,232 |
| | Interest expense from loans | (60,898,436) | - | - | - |
| | Deposit interest income payable | (10,616,990) | (3,965,976) | (14,582,966) | (3,965,976) |
| | Loan collected | 2,028,000,000 | 715,000,000 | - | - |
| | Loan provided | (2,028,000,000) | (4,715,000,000) | 4,000,000,000 | 4,000,000,000 |
| | Acquired subsidiary | 10,000 | - | - | - |
| Subsidiaries | | | | | |
| Masan Food Company Limited | Dividend income (*) | 1,962,010,262 | - | 1,962,010,262 | - |
| Minh Viet Packaging One Member Company Limited (formerly known as Minh Viet Packaging Joint Stock Company) | Sales of merchandise inventory | 99,426 | - | 33,729 | - |
| | Purchase of tools and supplies | - | (105,605) | - | - |
| | Management fee and services charge income | - | 545,930 | - | - |
| | Dividend income (*) | - | 50,193,102 | - | 50,193,102 |
| Ma San Industrial One Member Company Limited (formerly known as Masan Industrial Corporation) | Sales of flavour and mixing fee | 264,802,146 | 267,809,624 | - | - |
| | Purchase of goods | (5,198,386,877) | (4,506,293,193) | (1,294,508,624) | - |
| | Facility fee charge | (349,785,726) | (125,299,144) | - | - |
| | Management fee and services charge income | 4,391,377 | 7,401,140 | - | - |
| | Deposit interest income receivable | 10,616,990 | 3,965,976 | - | 3,965,976 |
| | Dividend income (*) | 339,168,736 | 1,358,601,010 | - | 806,444,160 |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

| Company Related company | Nature of transaction | Transaction value | | Balance outstanding as at | |
|--|---|-------------------|-----------------|---------------------------|-----------------------|
| | | 2012 VND'000 | 2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Viet Tien Food Technology One Member Company Limited (formerly known as Viet Tien Food Technology Joint Stock Company) | Purchase of goods | (1,076,275,732) | (1,019,038,175) | (406,320,299) | - |
| | Sales of flavour and mixing fee | 21,108,871 | 25,528,061 | - | - |
| | Management fee and services charge income | 2,349,957 | 2,732,854 | - | - |
| | Dividend income (*) | - | 321,803,339 | - | 172,923,241 |
| Ma San HD One Member Company Limited (formerly known as Ma San HD Joint Stock Company) | Sales of flavour and mixing fee | 22,403,835 | 19,189,336 | - | - |
| | Management fee and services charge income | 606,137 | 873,444 | - | - |
| | Rental charge | (967,680) | (1,451,520) | - | - |
| | Purchase of goods | (1,591,285,079) | (1,016,109,510) | (527,642,401) | (246,244,800) |
| | Dividend income (*) | - | 84,138,228 | - | - |
| Ma San PQ Corporation | Sales of merchandise inventory | 10,749 | - | 3,996 | - |
| | Management fee and services charge income | 3,606 | 200,542 | - | 1,043 |
| | Purchase of goods | - | (3,468) | - | - |
| | Loan provided | - | 1,600,000 | 27,330,695 | 27,330,695 |
| Vinacafe Bien Hoa Joint Stock Company | Sales of merchandise inventory | 2,715,016 | - | 234,039 | - |
| | Share cost receivables | 14,634,811 | - | 9,200,346 | - |
| | Dividend income | 27,170,114 | - | - | - |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

| Company | Related company | Nature of transaction | Transaction value | | Balance outstanding as at | |
|---------|--------------------------------------|--|-------------------|-------------|---------------------------|-------------|
| | | | 2012 | 2011 | 31/12/2012 | 31/12/2011 |
| | | | VND'000 | VND'000 | VND'000 | VND'000 |
| | Hoa Muoi Gio Company Limited | Loan provided | (2,028,000,000) | - | 2,028,000,000 | - |
| | | Interest income receivables | (79,073,011) | - | 79,073,011 | - |
| | Other related companies | | | | | |
| | Masan Global Services Corporation | Maintenance fee | (11,781,636) | (9,733,278) | (4,993,289) | (2,433,783) |
| | | Purchase of fixed assets | - | (2,504,872) | - | - |
| | Masan Property Corporation | Service charge | - | (90,231) | - | - |
| | Members of Board of Directors | | | | | |
| | Board of Directors | Remuneration to the Board of Directors | 1,804,005 | 2,502,051 | - | - |

(*) The Boards of Management of Minh Viet Packaging One Member Company Limited, Ma San Industrial One Member Company Limited, Viet Tien Food One Member Company Limited and Ma San HD One Member Company Limited on 31 December 2012 resolved to distribute dividends amounting to VND2,301,179 million to Masan Food Company Limited (31/12/2011: VND1,814,736 million was distributed directly to Masan Consumer Corporation). At the same time, the Board of Management of Masan Food Company Limited resolved to distribute dividends with the same amount to the Company, of which VND339,169 million was approved to distribute directly by Ma San Industrial One Member Company Limited to the Company.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

35. Commitments

(a) Capital expenditure

As at 31 December 2012, the Group and the Company had the following outstanding capital commitments approved but not provided for in the balance sheet:

| | <u>Group</u> | | <u>Company</u> | |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Approved and contracted | 449,529,404 | 307,394,975 | - | 2,771 |
| Approved but not contracted | 558,795,692 | 235,344,940 | - | 1,638,586 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 1,008,325,096 | 542,739,915 | - | 1,641,357 |

(b) Leases

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

| | <u>Group</u> | | <u>Company</u> | |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Within one year | 65,829,224 | 33,650,609 | 51,371,093 | 31,473,909 |
| Within two to five years | 61,125,854 | 67,513,115 | 51,546,576 | 63,460,149 |
| More than five years | - | 34,450,210 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 126,955,078 | 135,613,934 | 102,917,669 | 94,934,058 |

36. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2012 was based on the profit attributable to ordinary shareholders of VND2,764,147 million (31/12/2011: VND2,253,420 million) of the Group and VND2,774,444 million (31/12/2011: VND2,231,831 million) of the Company, respectively, and a weighted average number of ordinary shares outstanding of 501,712,329 (2011: 482,121,765), calculated as follows:

(a) Net profit attributable to ordinary shareholders

| | <u>Group</u> | | <u>Company</u> | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2012 VND'000 | 2011 VND'000 | 2011 VND'000 | 2012 VND'000 |
| Net profit attributable to ordinary shareholders | 2,764,147,059 | 2,253,419,913 | 2,774,443,656 | 2,231,830,896 |

(b) Weighted average number of ordinary shares

| | <u>Group and Company</u> | |
|---|--------------------------|--------------------|
| | 2012 | 2011 (Restated) |
| Issued ordinary shares at the beginning of the year | 500,000,000 | 442,000,000 |
| Effect of shares issued during the year | 1,712,329 | 40,121,765 |
| Weighted average number of ordinary shares at the end of the year | 501,712,329 | 482,121,765 |

On 15 May 2012, 251,250,000 of ordinary shares were issued as dividends to existing shareholders at the ratio of one new share for one existing ordinary shares held.

Issued ordinary shares at the beginning of 2011 and 2012 have been adjusted to reflect the share dividends issued in 2011 and 2012. Basic earnings per share for the year ended 31 December 2011 have also been restated accordingly to reflect these share dividends.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

37. Share-based payment

The number of shares issuable to employees for services rendered is as follows:

| | 2012 | 2011 |
|--|-------------|-------------|
| Employees | 1,149,594 | 683,466 |
| Members of the Board of Directors (excluded from employees' numbers) | 131,521 | 268,334 |

Shares granted to employees and key management personnel were issued periodically after shareholders' approval.

At 31 December 2012, the Company also has a commitment to issue 565,590 shares to employees for services rendered from May to December 2012 included in the shares disclosed above.

38. Risk management

The Group and the Company have exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk; and
- Market risk

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

(a) Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group and the Company's cash and cash equivalents, short-term investments, other long-term investments and trade and other receivables.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

(i) Exposure to credit risk

The carrying amount of financial assets and amount of guarantee issued represents the maximum credit exposure. The maximum exposure to credit risk faced by the Group and the Company at the balance sheet date was as follows:

| | Note | <u>Group</u> | | <u>Company</u> | |
|------------------------------------|-------|------------------|----------------|------------------|---------------|
| | | Carrying amounts | | Carrying amounts | |
| | | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 |
| | | VND'000 | VND'000 | VND'000 | VND'000 |
| Cash in banks and cash equivalents | (ii) | 3,381,758,920 | 4,728,409,717 | 870,152,158 | 1,547,787,887 |
| Short-term investments | (ii) | 1,772,500,000 | 802,000,000 | 1,413,000,000 | 326,200,000 |
| Accounts receivable – short-term | (iii) | 274,449,842 | 2,481,263,235 | 4,240,037,335 | 3,416,311,435 |
| Accounts receivable – long-term | (iii) | 5,470,161,109 | 2,260,161,506 | 5,461,835,331 | 2,260,161,506 |
| Other long-term investments | (ii) | 365,500,000 | - | 234,500,000 | - |
| Guarantees issued | (iv) | - | - | 170,654,454 | 175,537,051 |
| | | 11,264,369,871 | 10,271,834,458 | 12,390,179,278 | 7,725,997,879 |

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

Cash in banks and cash equivalents, short-term investments and other long-term investments of the Company and the Group are mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Company and the Group.

(iii) Accounts receivable short-term and long-term

Accounts receivable short-term and long-term of the Group and the Company includes trade receivables, loans and related interest income receivables from related companies, dividends receivable and accrued interest receivables from term deposits at banks.

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

The Group and the Company's exposure to credit risk in relation to loans and related interest income receivables from related companies and dividends receivable is considered as minimal as the Group and the Company's historical experience in the collection of these receivables falls within acceptable timeframes. Management believes that those receivables are of high credit quality.

The Group and the Company's exposure to credit risk in relation to accrued interest receivables from term deposits is considered as minimal because term deposits of the Group and the Company are placed with well-known banks and financial institutions. The Group and the Company do not expect any loss arising from the non-performance of these banks and financial institutions.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

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

The Group and the Company believe that, apart from the amount provided for below, no further allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables as of 31 December 2012. The ageing analysis of the receivables prior to allowance is as follows:

| | <u>Group</u> | | <u>Company</u> | |
|-------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>31/12/2012</u> | <u>31/12/2011</u> | <u>31/12/2012</u> | <u>31/12/2011</u> |
| | <u>VND'000</u> | <u>VND'000</u> | <u>VND'000</u> | <u>VND'000</u> |
| Not past due | 5,717,991,132 | 4,681,999,851 | 9,690,399,328 | 5,658,386,185 |
| Past due 0 – 30 days | 18,762,683 | 47,353,593 | 10,898,417 | 17,461,049 |
| Past due 31 – 180 days | 3,433,539 | 11,245,365 | 574,921 | 6,994 |
| Past due 181 – 365 days | 1,894,220 | 361,905 | - | 251,855 |
| Past due > 365 days | 2,907,145 | 1,547,843 | - | 1,191,695 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 5,744,988,719 | 4,742,508,557 | 9,701,872,666 | 5,677,297,778 |

(iv) Guarantees

Financial guarantees were issued by the Company to banks for loans granted to the Company's subsidiaries including Viet Tien Food Technology One Member Company Limited, Ma San HD One Member Company Limited and Minh Viet Packaging One Member Company Limited.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group and the Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group and the Company's reputation.

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

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

The financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

| <u>Group</u> | Carrying amount VND'000 | Contractual cash flows VND'000 | Within 1 year VND'000 | 1 – 2 years VND'000 | 2 – 5 years VND'000 | Over 5 years VND'000 |
|-----------------------------|-----------------------------------|--|---------------------------------|-------------------------------|-------------------------------|--------------------------------|
| 31 December 2012 | | | | | | |
| Short-term borrowings | 1,540,393,217 | (1,568,133,388) | (1,568,133,388) | - | - | - |
| Accounts payable – trade | 505,190,383 | (505,190,383) | (505,190,383) | - | - | - |
| Payables to employees | 11,965,824 | (11,965,824) | (11,965,824) | - | - | - |
| Accrued expenses | 394,648,118 | (394,648,118) | (394,648,118) | - | - | - |
| Other short-term payables | 3,659,086 | (3,659,086) | (3,659,086) | - | - | - |
| Other long-term liabilities | 14,582,966 | (14,582,966) | - | (14,582,966) | - | - |
| Long-term borrowings | 2,664,997,057 | (3,295,406,437) | (525,464,454) | (2,676,777,810) | (93,164,173) | - |
| | 5,135,436,651 | (5,793,586,202) | (3,009,061,253) | (2,691,360,776) | (93,164,173) | - |
| | | | | | | |
| | Carrying amount VND'000 | Contractual cash flows VND'000 | Within 1 year VND'000 | 1 – 2 years VND'000 | 2 – 5 years VND'000 | Over 5 years VND'000 |
| 31 December 2011 | | | | | | |
| Short-term borrowings | 1,298,728,337 | (1,350,856,536) | (1,350,856,536) | - | - | - |
| Accounts payable – trade | 360,346,998 | (360,346,998) | (360,346,998) | - | - | - |
| Payables to employees | 5,810,189 | (5,810,189) | (5,810,189) | - | - | - |
| Accrued expenses | 356,982,285 | (356,982,285) | (356,982,285) | - | - | - |
| Other short-term payables | 24,598,656 | (24,598,656) | (24,598,656) | - | - | - |
| Other long-term liabilities | 3,965,976 | (3,965,976) | - | - | (3,965,976) | - |
| Long-term borrowings | 2,679,726,326 | (3,569,063,756) | (359,726,118) | (497,312,339) | (2,712,025,299) | - |
| | 4,730,158,767 | (5,671,624,396) | (2,458,320,782) | (497,312,339) | (2,715,991,275) | - |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

At the reporting date, the Group and the Company had the following net exposed (liability)/asset positions:

| 31/12/2012 | <u>Group</u> | | <u>Company</u> |
|--------------------------------|--------------|---------------|----------------|
| | EUR | USD | USD |
| Cash and cash equivalents | 4,947 | 101,103,070 | 298,054 |
| Accounts receivable – trade | - | 1,021,407 | - |
| Other receivables – short-term | - | 8,391 | - |
| Other receivables – long-term | - | 23,192,630 | 23,192,630 |
| Accounts payable – trade | (568,090) | (1,204,066) | (414,220) |
| Accrued expenses | - | (3,785,002) | - |
| Other long-term liabilities | - | (700,848) | (700,848) |
| Long-term borrowings | - | (108,000,000) | - |
| | (563,143) | 11,635,582 | 22,375,616 |

| 31/12/2011 | <u>Group</u> | | <u>Company</u> |
|--------------------------------|--------------|---------------|----------------|
| | EUR | USD | USD |
| Cash and cash equivalents | 1,284,391 | 100,776,208 | 196,738 |
| Accounts receivable – trade | 1,392,000 | 720,637 | 83,326 |
| Other receivables – short-term | - | 43,679 | - |
| Other receivables – long-term | - | 6,036,164 | 6,036,164 |
| Short-term borrowings | - | (73,755) | - |
| Accounts payable – trade | (1,093,544) | (899,262) | (839) |
| Accrued expenses | - | (189,543) | - |
| Other long-term liabilities | - | (190,416) | (190,416) |
| Long-term borrowings | - | (108,000,000) | - |
| | 1,582,847 | (1,776,288) | 6,124,973 |

The followings were the significant exchange rates applied by the Group and the Company as at 31 December 2012 and 2011:

| | <u>Group</u> | | <u>Company</u> | |
|-------|-------------------|-------------------|-------------------|-------------------|
| | 31/12/2012 VND | 31/12/2011 VND | 31/12/2012 VND | 31/12/2011 VND |
| USD 1 | 20,800 | 20,828 | 20,800 | 20,828 |
| EUR 1 | 27,398 | 27,700 | N/A | N/A |

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

Below is an analysis of the possible impact on the net profit after tax of the Group and the Company as at 31 December 2012 after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at 31 December 2012.

| | <u>Group</u> Effect to net profit after tax as at VND'000 | <u>Company</u> Effect to net profit after tax as at VND'000 |
|--|--|--|
| 31/12/2012 | | |
| USD (1% strengthening) – increase in net profit after tax | 2,077,985 | 3,490,596 |
| EUR (1% strengthening) – decrease in net profit after tax | (132,473) | - |
| | 1,945,512 | 3,490,596 |
| 31/12/2011 | | |
| USD (10% strengthening) – increase in net profit after tax | 15,778,608 | 9,567,820 |
| EUR (10% strengthening) – increase in net profit after tax | 3,825,026 | - |
| | 19,603,634 | 9,567,820 |

In 2011, The Group entered into a forward exchange contract to manage its foreign exchange risk. In which the notional principal was for USD10.46 million and matures in one year.

The opposite movement of the currencies would have the equal but opposite effect to the net profit after tax of the Group and the Company as at 31 December 2012 and 2011.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

Interest rate risk

The Group does not have any policy in place pertaining to the mitigation of any potential volatility of the interest rate.

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

| | <u>Group</u> | | <u>Company</u> | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 31/12/2012 VND'000 | 31/12/2011 VND'000 | 31/12/2012 VND'000 | 31/12/2011 VND'000 |
| Fixed rate instruments | | | | |
| Cash equivalents | 3,314,732,981 | 4,676,424,431 | 853,500,000 | 1,529,200,000 |
| Short-term investments | 1,772,500,000 | 802,000,000 | 1,413,000,000 | 326,200,000 |
| Other long-term investments | 365,500,000 | - | 234,500,000 | - |
| Loans to the parent company – short-term | - | 2,000,000,000 | - | 2,000,000,000 |
| Loans to the parent company – long-term | 4,000,000,000 | 2,000,000,000 | 4,000,000,000 | 2,000,000,000 |
| Loans to subsidiaries | - | - | 2,028,000,000 | - |
| Short-term borrowings | - | (358,883,532) | - | - |
| | 9,452,732,981 | 9,119,540,899 | 8,529,000,000 | 5,855,400,000 |
| Variable rate instruments | | | | |
| Cash in banks | 67,025,939 | 51,985,286 | 16,652,158 | 18,587,887 |
| Short-term borrowings | (1,540,393,217) | (939,844,805) | (758,686,221) | (689,769,290) |
| Long-term borrowings | (2,664,997,057) | (2,679,726,326) | - | - |
| | (4,138,364,335) | (3,567,585,845) | (742,034,063) | (671,181,403) |

Sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates would have decreased the net profit after tax of the Group and the Company by VND25,702 million and VND452 million, respectively.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2012 (continued)

Form B 09 – DN

(d) Fair value

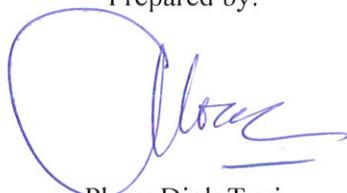
The Group and the Company have not determined fair values of financial instruments for disclosure in accordance with Article 28 of Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance because (i) quoted prices in active market are not available for these financial liabilities; and (ii) Vietnamese Accounting Standards and the Vietnamese Accounting System do not provide guidance on measurement of fair values in the case where quoted prices in active market are not available. Fair values of these financial instruments may be different from their carrying values.

39. Subsequent events

On 25 January 2013, Kohlberg Kravis Roberts through its fund named KKR Ma San Aggregator L.P. subscribed for new shares issued by the Company equivalent to 4.348% of its outstanding shares after such issuance for USD109 million, subject to the terms and conditions of the agreement.

On 1 February 2013, the Company announced that it has entered into an agreement to purchase 24.9% of the bottled beverage company, Vinh Hao Mineral Joint Stock Company (“Vinh Hao”) from an existing shareholder of Vinh Hao for cash of VND85,000 per share. On 27 March 2013, the Company’s effective interest in Vinh Hao increased from 24.9% to 63.51% as a result of further acquisition 38.61% of Vinh Hao from other shareholders at a price of VND85,000 per share.

Prepared by:



Pham Dinh Toai
Chief Financial Officer

Approved by:



Truong Cong Thang
Chief Executive Officer

29 March 2013