



**Ma San Food Corporation and its subsidiaries**

Financial Statements for the year ended  
31 December 2010

**KPMG'S COPY**

**Ma San Food Corporation  
Corporate Information**

**Business Registration Certificate No** 0302017440

09 March 2011

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 09 March 2011. 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**

|                       |                              |
|-----------------------|------------------------------|
| Mr Nguyen Dang Quang  | Chairman                     |
| Mr Nguyen Thieu Quang | Member                       |
| Ms Nguyen Hoang Yen   | Member                       |
| Mr Truong Cong Thang  | Member                       |
| Mr Ho Hung Anh        | Member                       |
| Mr Lars Kjaer         | Member (until 31 March 2010) |
| Mr Madhur Mani        | Member                       |

**Board of Directors**

|                      |   |
|----------------------|---|
| Mr Truong Cong Thang | General Director                              |
| Ms Nguyen Hoang Yen  | Deputy General Director                       |
| Mr Nguyen Quoc Thuc  | Deputy General Director<br>(until 1 May 2010) |

**Registered Office**

12<sup>th</sup> 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 financial statements of Ma San Food Corporation ("the Company") and its subsidiaries (collectively "the Group") for the year ended 31 December 2010 in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements. In preparing those financial statements, the Board of Management is required to:

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

The Board of Management is also responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial positions of the Company and the Group and to ensure that the accounting records comply with the requirements of Vietnamese Accounting Standards, the Vietnamese Accounting System 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 financial positions of the Company and the Group as of 31 December 2010 and of the results, changes in equity and 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, Vietnam





**KPMG Limited**  
10<sup>th</sup> 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 Food Corporation**

### **Scope**

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

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

### **Audit opinion**

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

**KPMG Limited**  
Vietnam

Investment Certificate No: 011043000345  
Audit Report No: 10-01-597



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

Ho Chi Minh City, 31 March 2011

\_\_\_\_\_  
Tran Dinh Vinh  
CPA No. 0339/KTV

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

|   | Code Note |    | Group                 |                       | Company               |                       |
|---|-----------|----|-----------------------|-----------------------|-----------------------|-----------------------|
|   |           |    | 31/12/2010<br>VND'000 | 31/12/2009<br>VND'000 | 31/12/2010<br>VND'000 | 31/12/2009<br>VND'000 |
| ASSETS  |           |    |                       |                       |                       |                       |
| Current assets                                  | 100       |    | 3,372,554,162         | 1,770,212,998         | 3,108,574,373         | 1,496,224,001         |
| Cash and cash equivalents                       | 110       | 4  | 2,299,221,316         | 759,331,977           | 2,273,230,833         | 689,816,382           |
| Cash  | 111       |    | 59,764,649            | 159,331,977           | 41,774,166            | 89,816,382            |
| Cash equivalents                                | 112       |    | 2,239,456,667         | 600,000,000           | 2,231,456,667         | 600,000,000           |
| Short-term investments                          | 120       | 11 | 490,000,000           | 480,000,000           | 490,000,000           | 480,000,000           |
| Short-term investments                          | 121       |    | 490,000,000           | 480,000,000           | 490,000,000           | 480,000,000           |
| Accounts receivable                             | 130       | 5  | 168,283,988           | 273,862,831           | 168,774,474           | 273,604,638           |
| Accounts receivable - trade                     | 131       |    | 64,124,891            | 56,830,241            | 60,362,933            | 50,447,931            |
| Prepayments to suppliers                        | 132       |    | 65,937,889            | 68,713,392            | 540,949               | 6,818,574             |
| Related-company receivables                     | 133       |    | 61,574                | 517,195               | 70,689,846            | 68,485,298            |
| Other receivables                               | 135       |    | 38,864,145            | 149,693,745           | 37,730,523            | 148,534,852           |
| Allowance for doubtful debts                    | 139       |    | (704,511)             | (1,891,742)           | (549,777)             | (682,017)             |
| Inventories                                     | 140       | 6  | 290,199,458           | 199,466,300           | 63,705,306            | 19,498,050            |
| Inventories                                     | 141       |    | 296,546,646           | 237,288,614           | 63,895,503            | 19,498,050            |
| Allowance for inventories                       | 149       |    | (6,347,188)           | (37,822,314)          | (190,197)             | -                     |
| Other current assets                            | 150       |    | 124,849,400           | 57,551,890            | 112,863,760           | 33,304,931            |
| Short-term prepayments                          | 151       |    | 9,506,545             | 3,949,896             | 6,113,255             | -                     |
| Deductible value added tax                      | 152       |    | 106,827,299           | 45,420,656            | 103,838,065           | 32,627,383            |
| Taxes and other receivables from State Treasury | 154       |    | 1,801                 | 6,550,067             | -                     | -                     |
| Other current assets                            | 158       |    | 8,513,755             | 1,631,271             | 2,912,440             | 677,548               |

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

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

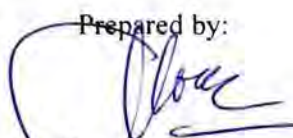
|                                     | Code       | Note      | <u>Group</u>         |                      | <u>Company</u>       |                      |
|-------------------------------------|------------|-----------|----------------------|----------------------|----------------------|----------------------|
|                                     |            |           | 31/12/2010           | 31/12/2009           | 31/12/2010           | 31/12/2009           |
|                                     |            |           | VND'000              | VND'000              | VND'000              | VND'000              |
| <b>Long-term assets</b>             | <b>200</b> |           | <b>999,695,592</b>   | <b>655,436,468</b>   | <b>730,717,669</b>   | <b>613,867,395</b>   |
| <b>Fixed assets</b>                 | <b>220</b> |           | <b>932,819,891</b>   | <b>605,360,347</b>   | <b>22,054,162</b>    | <b>15,517,412</b>    |
| Tangible fixed assets               | 221        | 7         | 556,872,976          | 465,483,453          | 17,790,287           | 11,028,733           |
| <i>Cost</i>                         | 222        |           | 772,325,970          | 597,478,367          | 32,252,752           | 20,194,603           |
| <i>Accumulated depreciation</i>     | 223        |           | (215,452,994)        | (131,994,914)        | (14,462,465)         | (9,165,870)          |
| Finance lease tangible fixed assets | 224        | 8         | 11,685,779           | 14,095,885           | -                    | -                    |
| <i>Cost</i>                         | 225        |           | 16,870,738           | 16,870,738           | -                    | -                    |
| <i>Accumulated depreciation</i>     | 226        |           | (5,184,959)          | (2,774,853)          | -                    | -                    |
| Intangible fixed assets             | 227        | 9         | 71,843,103           | 72,865,386           | 4,263,875            | 3,561,487            |
| <i>Cost</i>                         | 228        |           | 84,928,424           | 82,688,072           | 7,228,472            | 5,011,806            |
| <i>Accumulated amortisation</i>     | 229        |           | (13,085,321)         | (9,822,686)          | (2,964,597)          | (1,450,319)          |
| Construction in progress            | 230        | 10        | 292,418,033          | 52,915,623           | -                    | 927,192              |
| <b>Long-term investments</b>        | <b>250</b> | <b>11</b> | <b>-</b>             | <b>-</b>             | <b>679,022,859</b>   | <b>579,022,859</b>   |
| Investments in subsidiaries         | 251        |           | -                    | -                    | 679,022,859          | 579,022,859          |
| <b>Other long-term assets</b>       | <b>260</b> |           | <b>66,875,701</b>    | <b>50,076,121</b>    | <b>29,640,648</b>    | <b>19,327,124</b>    |
| Long-term prepayments               | 261        | 13        | 5,244,654            | 11,885,277           | 272,998              | -                    |
| Deferred tax assets                 | 262        | 14        | 49,153,665           | 25,419,650           | 23,095,227           | 12,508,351           |
| Other long-term assets              | 268        |           | 8,905,051            | 8,603,475            | 6,272,423            | 6,818,773            |
| Goodwill                            | 269        | 15        | 3,572,331            | 4,167,719            | -                    | -                    |
| <b>TOTAL ASSETS</b>                 | <b>270</b> |           | <b>4,372,249,754</b> | <b>2,425,649,466</b> | <b>3,839,292,042</b> | <b>2,110,091,396</b> |

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



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

|  | Code       | Note | <u>Group</u>          |                       | <u>Company</u>        |                       |
|--|------------|------|-----------------------|-----------------------|-----------------------|-----------------------|
|  |            |      | 31/12/2010<br>VND'000 | 31/12/2009<br>VND'000 | 31/12/2010<br>VND'000 | 31/12/2009<br>VND'000 |
| <b>RESOURCES</b>                           |            |      |                       |                       |                       |                       |
| <b>LIABILITIES</b>                         | <b>300</b> |      | <b>1,953,994,531</b>  | <b>1,296,975,704</b>  | <b>1,204,248,173</b>  | <b>736,933,785</b>    |
| <b>Current liabilities</b>                 | <b>310</b> |      | <b>1,763,162,274</b>  | <b>1,190,357,747</b>  | <b>1,202,530,600</b>  | <b>735,573,490</b>    |
| Short-term borrowings and liabilities      | 311        | 16   | 890,014,791           | 687,260,944           | 320,892,500           | 69,050,548            |
| Accounts payable – trade                   | 312        |      | 413,207,917           | 262,643,352           | 66,156,402            | 40,573,875            |
| Advances from customers                    | 313        |      | 7,996,890             | 11,267,260            | 7,853,710             | 11,256,495            |
| Taxes payable to State                     |            |      |                       |                       |                       |                       |
| Treasury                                   | 314        | 17   | 131,232,695           | 77,331,755            | 27,454,151            | 12,908,179            |
| Payables to employees                      | 315        |      | 1,470,635             | 146,978               | 1,038,451             | -                     |
| Accrued expenses                           | 316        | 18   | 316,575,089           | 147,620,766           | 97,832,200            | 52,067,161            |
| Related-company payables                   | 317        | 19   | 1,203,096             | 130,525               | 680,982,497           | 547,885,066           |
| Other payables                             | 319        | 20   | 1,461,161             | 3,956,167             | 320,689               | 1,832,166             |
| <b>Long-term borrowing and liabilities</b> | <b>330</b> |      | <b>190,832,257</b>    | <b>106,617,957</b>    | <b>1,717,573</b>      | <b>1,360,295</b>      |
| Long-term borrowings and liabilities       | 334        | 21   | 186,835,974           | 104,723,121           | -                     | -                     |
| Provision for severance allowance          | 336        | 22   | 3,996,283             | 1,894,836             | 1,717,573             | 1,360,295             |
| <b>EQUITY</b>                              | <b>400</b> |      | <b>2,417,166,067</b>  | <b>1,127,511,001</b>  | <b>2,635,043,869</b>  | <b>1,373,157,611</b>  |
| <b>Owners' equity</b>                      | <b>410</b> |      | <b>2,417,166,067</b>  | <b>1,127,511,001</b>  | <b>2,635,043,869</b>  | <b>1,373,157,611</b>  |
| Share capital                              | 411        | 23   | 1,300,000,000         | 630,000,000           | 1,300,000,000         | 630,000,000           |
| Capital surplus                            | 412        | 23   | 8,907,940             | 8,907,940             | 8,907,940             | 8,907,940             |
| Other reserves                             | 413        |      | (191,690,689)         | (191,690,689)         | -                     | -                     |
| Bonus and welfare funds                    | 419        |      | -                     | (3,434,656)           | -                     | (3,406,416)           |
| Retained profits                           | 420        |      | 1,299,948,816         | 683,728,406           | 1,326,135,929         | 737,656,087           |
| <b>MINORITY INTERESTS</b>                  | <b>439</b> |      | <b>1,089,156</b>      | <b>1,162,761</b>      | <b>-</b>              | <b>-</b>              |
| <b>TOTAL RESOURCES</b>                     | <b>440</b> |      | <b>4,372,249,754</b>  | <b>2,425,649,466</b>  | <b>3,839,292,042</b>  | <b>2,110,091,396</b>  |

Prepared by:  
  
 Pham Dinh Toai  
 Chief Financial Officer



Approved by:  
  
 Trương Công Thang  
 General Director

31 MAR 2011

The accompanying notes are an integral part of these financial statements

**Ma San Food Corporation and its subsidiaries**  
**Statements of income for the year ended 31 December 2010**


|                                      | Code Note |           | <u>Group</u>           |                        | <u>Company</u>         |                        |
|--------------------------------------|-----------|-----------|------------------------|------------------------|------------------------|------------------------|
|                                      |           |           | 2010<br>VND'000        | 2009<br>VND'000        | 2010<br>VND'000        | 2009<br>VND'000        |
| <b>Total revenue</b>                 | <b>01</b> | <b>24</b> | <b>5,689,498,458</b>   | <b>4,078,146,834</b>   | <b>5,955,024,382</b>   | <b>4,280,184,929</b>   |
| <b>Less sales deductions</b>         | <b>02</b> | <b>24</b> | <b>(103,210,637)</b>   | <b>(120,333,127)</b>   | <b>(103,210,637)</b>   | <b>(119,551,800)</b>   |
| <b>Net sales</b>                     | <b>10</b> |           | <b>5,586,287,821</b>   | <b>3,957,813,707</b>   | <b>5,851,813,745</b>   | <b>4,160,633,129</b>   |
| <b>Cost of sales</b>                 | <b>11</b> | <b>25</b> | <b>(3,194,616,784)</b> | <b>(2,583,875,209)</b> | <b>(5,446,624,525)</b> | <b>(3,938,858,948)</b> |
| <b>Gross profit</b>                  | <b>20</b> |           | <b>2,391,671,037</b>   | <b>1,373,938,498</b>   | <b>405,189,220</b>     | <b>221,774,181</b>     |
| Financial income                     | 21        | 26        | 151,304,461            | 146,010,957            | 1,328,281,805          | 802,300,909            |
| Financial expenses                   | 22        | 27        | (107,519,029)          | (59,390,212)           | (21,064,183)           | (11,632,600)           |
| Selling expenses                     | 24        |           | (951,264,924)          | (636,750,709)          | (401,681,063)          | (293,330,284)          |
| General and administration expenses  | 25        |           | (118,108,075)          | (93,161,926)           | (70,722,159)           | (33,607,248)           |
| <b>Net operating profit</b>          | <b>30</b> |           | <b>1,366,083,470</b>   | <b>730,646,608</b>     | <b>1,240,003,620</b>   | <b>685,504,958</b>     |
| <b>Results of other activities</b>   | <b>40</b> |           |                        |                        |                        |                        |
| Other income                         | 31        | 28        | 12,027,783             | 14,184,818             | 624,519                | 218,419                |
| Other expenses                       | 32        | 29        | (8,358,892)            | (22,769,787)           | (1,370,664)            | (4,243,861)            |
| <b>Profit before tax</b>             | <b>50</b> |           | <b>1,369,752,361</b>   | <b>722,061,639</b>     | <b>1,239,257,475</b>   | <b>681,479,516</b>     |
| <b>Income tax expense – current</b>  | <b>51</b> | <b>30</b> | <b>(140,637,826)</b>   | <b>(73,131,216)</b>    | <b>(26,409,280)</b>    | <b>(12,714,201)</b>    |
| <b>Income tax benefit – deferred</b> | <b>52</b> | <b>30</b> | <b>23,734,015</b>      | <b>19,721,800</b>      | <b>10,586,876</b>      | <b>7,350,634</b>       |
| <b>Net profit</b>                    | <b>60</b> |           | <b>1,252,848,550</b>   | <b>668,652,223</b>     | <b>1,223,435,071</b>   | <b>676,115,949</b>     |

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



**Ma San Food Corporation and its subsidiaries**  
**Statements of income for the year ended 31 December 2010 (continued)**

|   | Code | Note | <u>Group</u>  |             | <u>Company</u> |             |
|---|------|------|---------------|-------------|----------------|-------------|
|   |      |      | 2010          | 2009        | 2010           | 2009        |
|   |      |      | VND'000       | VND'000     | VND'000        | VND'000     |
| <b>Attributable to:</b>                             |      |      |               |             |                |             |
| Minority interests                                  | 61   |      | (73,605)      | 4,282,055   | -              | -           |
| Equity shareholders of the Company                  | 62   |      | 1,252,922,155 | 664,370,168 | 1,223,435,071  | 676,115,949 |
| <b>Earnings per share</b>                           |      |      |               |             |                |             |
| Basic earnings per share (as restated, see Note 33) | 70   | 33   | 9.851         | 5.299       | 9.619          | 5.393       |

Prepared by:  
  
 Pham Dinh Toai  
 Chief Financial Officer



Approved by:  
  
 Trương Công Thang  
 General Director

31 MAR 2011

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

**Ma San Food Corporation and its subsidiaries**

**Consolidated statement of changes in equity for the year ended 31 December 2010**

| <b>Group</b>  | <b>Share capital<br/>VND'000</b> | <b>Capital surplus<br/>VND'000</b> | <b>Other reserves<br/>VND'000</b> | <b>Bonus and welfare funds<br/>VND'000</b> | <b>Retained profits<br/>VND'000</b> | <b>Equity attributable to equity shareholders of Company<br/>VND'000</b> | <b>Minority interests<br/>VND'000</b> | <b>Total<br/>VND'000</b> |
|---|----------------------------------|------------------------------------|-----------------------------------|--|-------------------------------------|--|---------------------------------------|--------------------------|
| <b>Balance at 1 January 2009</b>  | 257,191,230                      | 368,975,220                        | (190,800,894)                     | (2,658,122)                                | 406,571,190                         | 839,278,624  | 1,016,058                             | 840,294,682              |
| Dividends declared in the form of convertible bonds issued by Ma San Corporation and cash (Note 35) | -                                | -                                  | -                                 | -  | (382,561,572)                       | (382,561,572)  | -                                     | (382,561,572)            |
| Share dividends from capital surplus (Note 35)  | 360,067,280                      | (360,067,280)                      | -                                 | -  | -                                   | -  | -                                     | -                        |
| Share capital issued (Note 23)  | 12,741,490                       | -                                  | -                                 | -  | -                                   | 12,741,490   | -                                     | 12,741,490               |
| Net profit for the year   | -                                | -                                  | -                                 | -  | 664,370,168                         | 664,370,168  | 4,282,055                             | 668,652,223              |
| Appropriation to bonus and welfare funds  | -                                | -                                  | -                                 | 4,651,380                                  | (4,651,380)                         | -  | -                                     | -                        |
| Utilisation of bonus and welfare funds  | -                                | -                                  | -                                 | (5,427,914)                                | -                                   | (5,427,914)  | (25,167)                              | (5,453,081)              |
| Acquisition of minority interest by the Group   | -                                | -                                  | (889,795)                         | -  | -                                   | (889,795)  | (5,110,205)                           | (6,000,000)              |
| Increase in minority interests in subsidiaries from capital contribution                            | -                                | -                                  | -                                 | -  | -                                   | -  | 1,000,020                             | 1,000,020                |
| <b>Balance at 1 January 2010</b>  | <b>630,000,000</b>               | <b>8,907,940</b>                   | <b>(191,690,689)</b>              | <b>(3,434,656)</b>                         | <b>683,728,406</b>                  | <b>1,127,511,001</b>   | <b>1,162,761</b>                      | <b>1,128,673,762</b>     |

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

**Ma San Food Corporation and its subsidiaries**

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

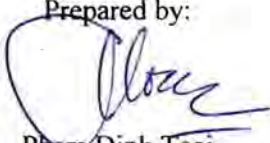
| <b>Group</b>                             | <b>Share capital<br/>VND'000</b> | <b>Capital surplus<br/>VND'000</b> | <b>Other reserves<br/>VND'000</b> | <b>Bonus and welfare funds<br/>VND'000</b> | <b>Retained profits<br/>VND'000</b> | <b>Equity attributable to equity shareholders of Company<br/>VND'000</b> | <b>Minority interests<br/>VND'000</b> | <b>Total<br/>VND'000</b> |
|--|----------------------------------|------------------------------------|-----------------------------------|--|-------------------------------------|--|---------------------------------------|--------------------------|
| <b>Balance at 1 January 2010</b>         | 630,000,000                      | 8,907,940                          | (191,690,689)                     | (3,434,656)                                | 683,728,406                         | 1,127,511,001  | 1,162,761                             | 1,128,673,762            |
| Share dividends (Note 35)                | 630,000,000                      | -                                  | -                                 | -  | (630,000,000)                       | -  | -                                     | -                        |
| Share capital issued (Note 23)           | 40,000,000                       | -                                  | -                                 | -  | -                                   | 40,000,000   | -                                     | 40,000,000               |
| Net profit for the year                  | -                                | -                                  | -                                 | -  | 1,252,922,155                       | 1,252,922,155  | (73,605)                              | 1,252,848,550            |
| Appropriation to bonus and welfare funds | -                                | -                                  | -                                 | 6,701,745                                  | (6,701,745)                         | -  | -                                     | -                        |
| Utilisation of bonus and welfare funds   | -                                | -                                  | -                                 | (3,376,250)                                | -                                   | (3,376,250)  | -                                     | (3,376,250)              |
| Reclassify to current liabilities        | -                                | -                                  | -                                 | 109,161                                    | -                                   | 109,161  | -                                     | 109,161                  |
| <b>Balance at 31 December 2010</b>       | <b>1,300,000,000</b>             | <b>8,907,940</b>                   | <b>(191,690,689)</b>              | <b>-</b>                                   | <b>1,299,948,816</b>                | <b>2,417,166,067</b>   | <b>1,089,156</b>                      | <b>2,418,255,223</b>     |

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

**Ma San Food Corporation and its subsidiaries**  
**Statement of changes in equity for the year ended 31 December 2010 (continued)**

**Company**

|   | Share capital<br>VND'000 | Capital<br>surplus<br>VND'000 | Bonus and<br>welfare funds<br>VND'000 | Retained profits<br>VND'000 | Total<br>VND'000 |
|---|--------------------------|-------------------------------|---------------------------------------|-----------------------------|------------------|
| <b>Balance at 1 January 2009</b>  | 257,191,230              | 368,975,220                   | (1,374,279)                           | 444,101,709                 | 1,068,893,880    |
| Dividends declared in the form of convertible bonds issued by Ma San Corporation and cash (Note 35) | -                        | -                             | -                                     | (382,561,571)               | (382,561,571)    |
| Share dividends from capital surplus (Note 35)  | 360,067,280              | (360,067,280)                 | -                                     | -                           | -                |
| Issued share capital (Note 23)  | 12,741,490               | -                             | -                                     | -                           | 12,741,490       |
| Net profit for the year   | -                        | -                             | -                                     | 676,115,949                 | 676,115,949      |
| Utilisation of bonus and welfare funds  | -                        | -                             | (2,032,137)                           | -                           | (2,032,137)      |
| <b>Balance at 1 January 2010</b>  | 630,000,000              | 8,907,940                     | (3,406,416)                           | 737,656,087                 | 1,373,157,611    |
| Share dividends (Note 35)   | 630,000,000              | -                             | -                                     | (630,000,000)               | -                |
| Issued share capital (Note 23)  | 40,000,000               | -                             | -                                     | -                           | 40,000,000       |
| Net profit for the year   | -                        | -                             | -                                     | 1,223,435,071               | 1,223,435,071    |
| Appropriation to bonus and welfare funds  | -                        | -                             | 4,955,229                             | (4,955,229)                 | -                |
| Utilisation of bonus and welfare funds  | -                        | -                             | (1,548,813)                           | -                           | (1,548,813)      |
| <b>Balance at 31 December 2010</b>  | 1,300,000,000            | 8,907,940                     | -                                     | 1,326,135,929               | 2,635,043,869    |

Prepared by:  
  
 Phạm Đình Toai  
 Chief Financial Officer

Approved by:  
  
 Trương Công Thang  
 General Director

31 MAR 2011

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



**Ma San Food Corporation and its subsidiaries**  
**Statements of cash flows for the year ended 31 December 2010**

|  | Code Note | <u>Group</u>         | <u>Company</u>     |                      |                      |
|--|-----------|----------------------|--------------------|----------------------|----------------------|
|  |           | 2010<br>VND'000      | 2009<br>VND'000    | 2010<br>VND'000      | 2009<br>VND'000      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |           |                      |                    |                      |                      |
| <b>Profit before tax</b>   | <b>01</b> | <b>1,369,752,361</b> | <b>722,061,639</b> | <b>1,239,257,475</b> | <b>681,479,516</b>   |
| <b>Adjustments for</b>   |           |                      |                    |                      |                      |
| Depreciation and amortisation                                    | 02        | 102,774,708          | 71,346,003         | 7,778,563            | 4,303,184            |
| Allowances and provisions  | 03        | 11,031,021           | 39,528,613         | 110,564              | 682,017              |
| Loss/(gain) on disposal of fixed assets                          | 04        | 547,138              | 522,694            | 115,614              | (95,238)             |
| Gain from disposal of other long-term investments                | 04        | -                    | (53,453,834)       | -                    | (53,453,834)         |
| Interest income and dividend income                              | 05        | (145,026,988)        | (88,745,312)       | (1,324,175,901)      | (746,998,464)        |
| Interest expense   | 06        | 92,917,362           | 45,236,593         | 19,349,433           | 10,305,515           |
| <b>Operating profit/(loss) before changes in working capital</b> | <b>08</b> | <b>1,431,995,602</b> | <b>736,496,396</b> | <b>(57,564,252)</b>  | <b>(103,777,304)</b> |
| Change in receivables and other assets                           | 09        | (25,993,254)         | 3,130,499          | (84,998,504)         | 295,897,830          |
| Change in inventories  | 10        | (98,507,867)         | (54,221,162)       | (44,397,453)         | 19,276,161           |
| Change in payables and other liabilities                         | 11        | 327,689,282          | 230,622,239        | 1,381,003,137        | 937,941,875          |
|  |           | <b>1,635,183,763</b> | <b>916,027,972</b> | <b>1,194,042,928</b> | <b>1,149,338,562</b> |
| Interest paid  | 13        | (93,320,841)         | (44,687,425)       | (19,349,433)         | (10,233,515)         |
| Corporate income tax paid  | 14        | (92,864,831)         | (70,259,599)       | (12,087,353)         | (38,121,352)         |
| Other payments for operating activities                          | 16        | (3,376,250)          | (5,453,082)        | (1,548,813)          | (2,032,137)          |
| <b>Net cash generated from operating activities</b>              | <b>20</b> | <b>1,445,621,841</b> | <b>795,627,866</b> | <b>1,161,057,329</b> | <b>1,098,951,558</b> |

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

**Ma San Food Corporation and its subsidiaries**  
**Statements of cash flows for the year ended 31 December 2010 (continued)**

|  | Code Note | <u>Group</u>         |                      | <u>Company</u>     |                      |
|--|-----------|----------------------|----------------------|--------------------|----------------------|
|  |           | 2010<br>VND'000      | 2009<br>VND'000      | 2010<br>VND'000    | 2009<br>VND'000      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                        |           |                      |                      |                    |                      |
| Payments for additions to fixed assets and other long-term assets  | 21        | (477,116,385)        | (411,673,184)        | (14,855,533)       | (7,373,725)          |
| Proceeds from disposals of fixed assets and other long-term assets | 22        | 594,373              | 228,936              | 151,608            | 144,767              |
| Collections on loans to Viet Capital Securities                    | 24        | 50,000,000           | 250,000,000          | 50,000,000         | 250,000,000          |
| Collections on loans to subsidiary's Board of Management member    | 24        | -                    | 5,000,000            | -                  | -                    |
| Loans provided to related parties                                  | 23        | (806,200,000)        | (58,543,149)         | (806,200,000)      | (58,543,149)         |
| Collections on loans to related parties                            | 24        | 806,200,000          | 56,713,831           | 806,200,000        | 56,713,831           |
| Loans provided to an individual                                    | 23        | (130,250,460)        | (105,914,779)        | (130,250,460)      | (105,914,779)        |
| Collection on loans to an individual                               | 24        | 130,250,460          | 105,914,779          | 130,250,460        | 105,914,779          |
| Placement of term deposit to banks                                 | 23        | (6,211,858,350)      | (430,000,000)        | (6,211,858,350)    | (430,000,000)        |
| Withdrawal term deposit  | 24        | 6,151,858,350        | -                    | 6,151,858,350      | -                    |
| Payments for investments in subsidiaries and other entities        | 25        | -                    | (106,000,000)        | (100,000,000)      | (277,399,980)        |
| Proceeds from sales of other long-term investment                  | 26        | 128,538,936          | 14,282,104           | 128,538,936        | 14,282,104           |
| Receipts of interest and dividends                                 | 27        | 127,383,874          | 72,650,962           | 126,680,159        | 66,470,848           |
| <b>Net cash (used in)/generated from investing activities</b>      | <b>30</b> | <b>(230,599,202)</b> | <b>(607,340,500)</b> | <b>130,515,170</b> | <b>(385,705,304)</b> |

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

**Ma San Food Corporation and its subsidiaries**  
**Statements of cash flows for the year ended 31 December 2010 (continued)**

|   |           | Code Note | 2010                 | <u>Group</u> | 2009               | 2010                 | <u>Company</u> | 2009                |
|---|-----------|-----------|----------------------|--------------|--------------------|----------------------|----------------|---------------------|
|   |           |           | VND'000              |              | VND'000            | VND'000              |                | VND'000             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |           |           |                      |              |                    |                      |                |                     |
| Proceeds from equity issued                                   | 31        |           | 40,000,000           |              | 12,741,490         | 40,000,000           |                | 12,741,490          |
| Proceeds from minority interest capital contribution          | 31        |           | -                    |              | 1,000,020          | -                    |                | -                   |
| Proceeds from short-term and long-term borrowings             | 33        |           | 1,972,884,955        |              | 1,863,524,278      | 645,622,673          |                | 307,256,556         |
| Payments to settle debts                                      | 34        |           | (1,688,018,255)      |              | (1,403,185,793)    | (393,780,721)        |                | (380,959,568)       |
| Payments of dividends   | 36        |           | -                    |              | (10,372)           | -                    |                | (10,372)            |
| <b>Net cash generated from/(used in) financing activities</b> | <b>40</b> |           | <b>324,866,700</b>   |              | <b>474,069,623</b> | <b>291,841,952</b>   |                | <b>(60,971,894)</b> |
| <b>Net cash flows during the year</b>                         | <b>50</b> |           | <b>1,539,889,339</b> |              | <b>662,356,989</b> | <b>1,583,414,451</b> |                | <b>652,274,360</b>  |
| <b>Cash and cash equivalents at the beginning of the year</b> | <b>60</b> |           | <b>759,331,977</b>   |              | <b>96,974,988</b>  | <b>689,816,382</b>   |                | <b>37,542,022</b>   |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>70</b> | <b>4</b>  | <b>2,299,221,316</b> |              | <b>759,331,977</b> | <b>2,273,230,833</b> |                | <b>689,816,382</b>  |

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

**Ma San Food Corporation and its subsidiaries**  
**Statements of cash flows for the year ended 31 December 2010 (continued)**

**NON-CASH INVESTING AND FINANCING ACTIVITIES**

|   | <u>Group</u> |             | <u>Company</u> |             |
|---|--------------|-------------|----------------|-------------|
|   | 2010         | 2009        | 2010           | 2009        |
|   | VND'000      | VND'000     | VND'000        | VND'000     |
| Dividends declared by subsidiaries and settled by extinguishing payables to subsidiaries                                  | -            | -           | 1,138,974,104  | 632,868,163 |
| Acquisition of exchangeable bonds issued by Ma San Corporation by setting off against receivables from Ma San Corporation | -            | 400,000,000 | -              | 400,000,000 |
| Dividends paid in the form of exchangeable bonds issued by Ma San Corporation   | -            | 382,551,200 | -              | 382,551,200 |
| Proceeds from disposal of other long-term investments not paid  | -            | 128,538,936 | -              | 128,538,936 |
| Capital contribution in subsidiaries by setting off against receivables from subsidiaries                                 | -            | -           | -              | 43,850,000  |
| Settlement of trade payables through off setting with proceeds from disposals of fixed assets                             | 2,797,510    | -           | -              | -           |

Prepared by:



Pham Dinh Toai  
Chief Financial Officer

Approved by:



Truong Cong Thang  
General Director

31 MAR 2011

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



**Ma San Food Corporation and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010**

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

**1. Reporting entity**

Ma San Food 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 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 Investment Licence”). The Certificate is valid for 46 years from the initial Business Registration Certificate date.

The consolidated financial statements for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as “the Group”).

The principal activities of the subsidiaries are described as follows:

| Name  | Principal activity                          | Percentage of ownership at |            |
|---|---|----------------------------|------------|
|   |   | 31/12/2010                 | 31/12/2009 |
| Masan Industrial Corporation                  | Food sauce and instant noodle manufacturing | 100%                       | 100%       |
| Viet Tien Food Technology Joint Stock Company | Food sauce manufacturing                    | 100%                       | 100%       |
| Minh Viet Packaging Joint Stock Company       | Packaging                                   | 100%                       | 100%       |
| Hoa Sen Food Technology Joint Stock Company   | Food manufacturing                          | (*)                        | 100%       |
| Ma San PQ Corporation                         | Food sauce manufacturing                    | 94.5%                      | 94.5%      |
| Ma San HD Joint Stock Company                 | Instant noodle manufacturing                | 100%                       | 100%       |

(\*) During the year, Hoa Sen Food Technology Joint Stock Company has been merged into Masan Industrial Corporation and has ceased to exist.

All the subsidiaries are incorporated in Vietnam.

As at 31 December 2010, the Company had 730 employees (31/12/2009: 569 employees) and the Group had 5,106 employees (31/12/2009: 5,033 employees).

## **2. 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) General basis of accounting**

The financial statements, expressed in Vietnam Dong rounded to the nearest thousand ("VND'000"), have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.

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.

#### **(ii) Business combinations under common control**

Business combination arising from transfer of interests in entities that are under the control of the same group of shareholders ("the Controlling Shareholders") that control the Group before and after the acquisitions are accounted for using the merger ("carry-over") basis of accounting as if the current group structure has always been in existence. Under merger 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 of the Group include the results of operations, changes in equity and cash flows of the Group as if the current group structure had been in existence from the Controlling Shareholder's perspective throughout the entire periods presented. All material intra-group transactions and balances have been eliminated on consolidation.

#### **(iii) Business combinations for non-common control entities**

All business combinations of non-common control entities are accounted for by applying the purchase method. Under the purchase method, the assets and liabilities of the combining entities are consolidated using their fair values. Any difference between the cost of acquisition and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

#### **(iv) Basis of consolidation**

##### ***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.

## **Ma San Food Corporation and its subsidiaries**

### **Notes to the financial statements for the year ended 31 December 2010 (continued)**

#### ***Minority interests***

On the acquisition of minority interest after obtaining control or disposal to a minority interest in a subsidiary without loss of control, the difference between the cost of acquisition or proceeds on disposal and the book carrying amount of the net assets acquired or disposed at the date of exchange is recorded directly in equity.

#### ***Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### **(b) Fiscal year**

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

#### **(c) Foreign currency transactions**

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Pursuant to Law on Accounting, exchange rates used for translation of monetary assets and liabilities denominated in currencies other than VND are the inter-bank exchange rate as quoted by the State Bank of Vietnam. As of 31 December 2010 and 2009, inter-bank exchange rates quoted by the State Bank of Vietnam were VND18,932/USD1 and VND17,941/USD1, respectively. 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**

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

**Ma San Food Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**(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 repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure have resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure are capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

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

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

**(i) Finance lease tangible fixed assets**

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



**Ma San Food Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2010 (continued)**

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

**(j) Intangible fixed assets**

**(i) Land use rights**

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

**(ii) Software**

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

**(iii) Brand name**

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

**(k) Construction in progress**

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

**(l) 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 their useful lives ranging from 6 months to 2 years.

**Ma San Food Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**(m) Goodwill**

Goodwill arises on acquisition of a subsidiary in non-common control business combinations. The cost of 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 acquiree.

Goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over ten years.

**(n) Trade and other payables**

Trade and other payables are stated at their cost.

**(o) Provisions**

A provision is recognised if, as a result of a past event, the 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.

**(p) Taxation**

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

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

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

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

**Ma San Food Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**(q) Bonus and welfare fund**

Bonus and welfare fund are allocated from profit after tax and are used primarily to make payments to the Group's employees.

On 31 December 2009, the Ministry of Finance issued Circular No. 244/2009/TT-BTC providing guidance on amendments and supplements to the Vietnamese Accounting System which becomes effective for the financial year ended 31 December 2010. This Circular requires that bonus and welfare fund be recorded in liabilities rather than in equity.

**(r) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

**(s) 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.

**(t) Financial income and financial expenses**

**(i) Financial income**

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

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

**(ii) Financial expense**

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

**Ma San Food Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**(u) 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.

**(v) Earnings per share**

The Group and the Company present basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The Group and the Company do not have dilutive potential ordinary shares.

**(w) 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, goodwill and related amortisation expense, loans and borrowings and related expenses, the Company's headquarter's 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.

**(x) Related parties**

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

**(y) 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.

**(z) Off balance sheet items**

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



**Ma San Food Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2010 (continued)****3. Segment reporting****(a) Business segments**

Through year end 2009, the Group presented one reportable segment which is food products. As a result of change in the Group's information system in 2010, management has changed the Group segment reporting and classified the Group's business segments into four main business segments which are food sauces, instant noodles, packaging and others. Others business segment represents cooking oil which is a new product launched by the Group in 2010.

Comparative segment information as of and for the year ended 31 December 2009 has not been restated following the change in the segment reporting in 2010 because it is impracticable to present the prior year's segment information following the current year's segment classification.

|   | <b>2010</b>                    |  |                              |                           |                                 |
|---|--------------------------------|--|------------------------------|---------------------------|---------------------------------|
|   | <b>Food sauces<br/>VND'000</b> | <b>Instant<br/>Noodles<br/>VND'000</b> | <b>Packaging<br/>VND'000</b> | <b>Others<br/>VND'000</b> | <b>Consolidated<br/>VND'000</b> |
| External revenues                               | 4,074,900,693                  | 1,476,893,280                          | -                            | 34,493,848                | 5,586,287,821                   |
| Inter-segment revenues                          | (229,319,007)                  | (128,064,198)                          | 357,383,205                  | -                         | -                               |
| Total segment revenues                          | 3,845,581,686                  | 1,348,829,082                          | 357,383,205                  | 34,493,848                | 5,586,287,821                   |
| Segment gross margin                            | 1,928,300,357                  | 390,660,166                            | 61,164,125                   | 11,546,389                | 2,391,671,037                   |
| Segment results                                 | 1,335,009,163                  | 76,739,429                             | 56,089,971                   | (11,409,827)              | 1,456,428,736                   |
| Unallocated selling expenses                    |                                |  |                              |                           | (30,630,361)                    |
| Unallocated general and administration expenses |                                |  |                              |                           | (103,500,337)                   |
| Financial income                                |                                |  |                              |                           | 151,304,461                     |
| Financial expenses                              |                                |  |                              |                           | (107,519,029)                   |
| Net operating profits                           |                                |  |                              |                           | 1,366,083,470                   |
| Other income                                    |                                |  |                              |                           | 12,027,783                      |
| Other expenses                                  |                                |  |                              |                           | (8,358,892)                     |
| Income tax expense                              |                                |  |                              |                           | (116,903,811)                   |
| Net profit                                      |                                |  |                              |                           | 1,252,848,550                   |

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

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

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.

|  | 31/12/2010                     |  |                              |                           |                                 |
|--|--------------------------------|--|------------------------------|---------------------------|---------------------------------|
|  | <b>Food sauces<br/>VND'000</b> | <b>Instant<br/>Noodles<br/>VND'000</b> | <b>Packaging<br/>VND'000</b> | <b>Others<br/>VND'000</b> | <b>Consolidated<br/>VND'000</b> |
| Segment assets                             | 531,967,865                    | 426,562,704                            | 141,532,590                  | 129,932,122               | 1,229,995,281                   |
| Unallocated assets                         |                                |  |                              |                           | 3,142,254,473                   |
| Total assets                               |                                |  |                              |                           | 4,372,249,754                   |
| Segment liabilities                        | 87,800,027                     | 51,624,267                             | 19,807,684                   | -                         | 159,231,978                     |
| Unallocated liabilities                    |                                |  |                              |                           | 1,794,762,553                   |
| Total liabilities                          |                                |  |                              |                           | 1,953,994,531                   |
|  | <b>2010<br/>VND'000</b>        | <b>2010<br/>VND'000</b>                | <b>2010<br/>VND'000</b>      | <b>2010<br/>VND'000</b>   | <b>2010<br/>VND'000</b>         |
| Capital expenditures                       | 300,806,073                    | 42,310,255                             | 43,029,772                   | 86,698,626                | 472,844,726                     |
| Depreciation                               | 21,244,255                     | 38,664,213                             | 21,032,812                   | 970,012                   | 81,911,292                      |
| Amortisation of<br>intangible fixed assets | 613,856                        | 1,058,240                              | 76,262                       | -                         | 1,748,358                       |

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

Details of unallocated assets and unallocated liabilities are as follows:

|                                       | <b>31/12/2010</b><br><b>VND'000</b> |
|---------------------------------------|-------------------------------------|
| Cash and cash equivalents             | 2,299,221,316                       |
| Short-term investments                | 490,000,000                         |
| Accounts receivable                   | 168,283,988                         |
| Other current assets                  | 95,819,306                          |
| Fixed assets                          | 22,054,162                          |
| Other long-term assets                | 66,875,701                          |
| Unallocated assets                    | <u>3,142,254,473</u>                |
| Short-term borrowings and liabilities | 890,014,791                         |
| Accounts payable – trade              | 322,945,432                         |
| Advances from customers               | 7,871,093                           |
| Taxes payable to State Treasury       | 131,232,695                         |
| Payables to employees                 | 1,422,317                           |
| Accrued expenses                      | 249,574,813                         |
| Related-company payables              | 883,955                             |
| Other payables                        | 1,363,608                           |
| Current liabilities                   | <u>1,605,308,704</u>                |
| Long-term borrowings and liabilities  | 186,835,974                         |
| Provision for severance allowance     | 2,617,875                           |
| Long-term borrowing and liabilities   | <u>189,453,849</u>                  |
| Unallocated liabilities               | <u>1,794,762,553</u>                |

**(b) Geographical segments**

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

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

**4. Cash and cash equivalents**

|  | <u>Group</u>  |             | <u>Company</u> |             |
|--|---------------|-------------|----------------|-------------|
|  | 31/12/2010    | 31/12/2009  | 31/12/2010     | 31/12/2009  |
|  | VND'000       | VND'000     | VND'000        | VND'000     |
| Cash on hand   | 1,224,962     | 1,007,573   | 771,805        | 521,890     |
| Cash in bank   | 58,539,687    | 158,147,404 | 41,002,361     | 89,177,492  |
| Cash in transit  | -             | 177,000     | -              | 117,000     |
| Cash equivalents   | 2,239,456,667 | 600,000,000 | 2,231,456,667  | 600,000,000 |
| Cash and cash equivalents in the statement of cash flows | 2,299,221,316 | 759,331,977 | 2,273,230,833  | 689,816,382 |

Cash at 31 December 2010 of the Group and the Company included amounts denominated in currencies other than VND amounting to VND4,516 million and VND4,414 million (31/12/2009: VND468 million and VND282 million ), respectively.

**5. Accounts receivable**

Accounts receivables include the following amounts due from related parties:

|   | <u>Group</u> |            | <u>Company</u> |            |
|---|--------------|------------|----------------|------------|
|   | 31/12/2010   | 31/12/2009 | 31/12/2010     | 31/12/2009 |
|   | VND'000      | VND'000    | VND'000        | VND'000    |
| <b>Amounts due from Ma San Corporation</b>      |              |            |                |            |
| Non-trade                                       | -            | 517,195    | -              | 517,195    |
| <b>Amounts due from subsidiaries</b>            |              |            |                |            |
| Trade   | -            | -          | 16,500         | 147,305    |
| Non-trade                                       | -            | -          | 70,673,346     | 67,820,798 |
| <b>Amounts due from other related companies</b> |              |            |                |            |
| Non-trade                                       | 61,574       | -          | -              | -          |
|   | 61,574       | 517,195    | 70,689,846     | 68,485,298 |

The non-trade amounts due from subsidiaries and other related companies are unsecured, interest free and are receivable at call.

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



**5. Accounts receivable (continued)**

Other short-term receivables comprised:

|  | <u>Group</u>      |                    | <u>Company</u>    |                    |
|--|-------------------|--------------------|-------------------|--------------------|
|  | 31/12/2010        | 31/12/2009         | 31/12/2010        | 31/12/2009         |
|  | VND'000           | VND'000            | VND'000           | VND'000            |
| Advances   | -                 | 32,100             | -                 | -                  |
| Accrued interest receivable from deposits at banks | 37,637,464        | 19,994,350         | 37,637,464        | 19,994,350         |
| Receivables from Viet Capital Securities           | -                 | 128,538,936        | -                 | 128,538,936        |
| Others   | 1,226,681         | 1,128,359          | 93,059            | 1,566              |
|  | <b>38,864,145</b> | <b>149,693,745</b> | <b>37,730,523</b> | <b>148,534,852</b> |

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

|                                       | <u>Group</u>   |                  | <u>Company</u> |                |
|---------------------------------------|----------------|------------------|----------------|----------------|
|                                       | 2010           | 2009             | 2010           | 2009           |
|                                       | VND'000        | VND'000          | VND'000        | VND'000        |
| Opening balance                       | 1,891,742      | 514,539          | 682,017        | -              |
| Increase in allowance during the year | 3,256,312      | 1,377,203        | -              | 682,017        |
| Allowance utilised during the year    | (4,443,543)    | -                | (132,240)      | -              |
| Closing balance                       | <b>704,511</b> | <b>1,891,742</b> | <b>549,777</b> | <b>682,017</b> |

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

**Ma San Food Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**6. Inventories**

|                           | <u>Group</u> |              | <u>Company</u> |            |
|---------------------------|--------------|--------------|----------------|------------|
|                           | 31/12/2010   | 31/12/2009   | 31/12/2010     | 31/12/2009 |
|                           | VND'000      | VND'000      | VND'000        | VND'000    |
| Goods in transit          | 40,209,974   | 15,681,067   | 5,814,781      | 2,048,914  |
| Raw materials             | 143,565,659  | 145,202,137  | 18,211,659     | 6,735,625  |
| Tools and supplies        | 391,921      | 496,441      | -              | 136,611    |
| Work in progress          | 54,965,412   | 48,365,206   | -              | -          |
| Finished goods            | 57,413,680   | 27,543,763   | 4,818,255      | 973,539    |
| Merchandise inventories   | -            | -            | 35,050,808     | 9,603,361  |
|                           | 296,546,646  | 237,288,614  | 63,895,503     | 19,498,050 |
| Allowance for inventories | (6,347,188)  | (37,822,314) | (190,197)      | -          |
|                           | 290,199,458  | 199,466,300  | 63,705,306     | 19,498,050 |

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

|                                       | <u>Group</u> |             | <u>Company</u> |         |
|---------------------------------------|--------------|-------------|----------------|---------|
|                                       | 2010         | 2009        | 2010           | 2009    |
|                                       | VND'000      | VND'000     | VND'000        | VND'000 |
| Opening balance                       | 37,822,314   | 7,023,436   | -              | -       |
| Increase in allowance during the year | 7,774,709    | 38,151,410  | 190,197        | -       |
| Allowance utilised during the year    | (39,249,835) | (7,352,532) | -              | -       |
| Closing balance                       | 6,347,188    | 37,822,314  | 190,197        | -       |

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

**Ma San Food Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**7. Tangible fixed assets**

**Group**

|   | <b>Buildings</b><br><b>VND'000</b> | <b>Leasehold</b><br><b>improvements</b><br><b>VND'000</b> | <b>Office</b><br><b>equipment</b><br><b>VND'000</b> | <b>Machinery and</b><br><b>equipment</b><br><b>VND'000</b> | <b>Motor</b><br><b>vehicles</b><br><b>VND'000</b> | <b>Total</b><br><b>VND'000</b> |
|---|------------------------------------|---|---|--|---|--------------------------------|
| <b>Cost</b>                             |                                    |   |   |  |   |                                |
| Opening balance                         | 124,455,294                        | 1,174,557   | 16,317,028  | 439,340,498  | 16,190,990  | 597,478,367                    |
| Additions                               | 5,619,045                          | -   | 5,406,835   | 57,645,425   | 9,797   | 68,681,102                     |
| Transfers from construction in progress | 53,601,842                         | 6,398,866   | 598,588   | 51,642,443   | -   | 112,241,739                    |
| Disposals                               | (601,118)                          | (926,065)   | (232,046)   | (4,198,105)  | (117,904)   | (6,075,238)                    |
| Reclassifications                       | (476,573)                          | -   | (440,667)   | 1,615,676  | (698,436)   | -                              |
| Closing balance                         | 182,598,490                        | 6,647,358   | 21,649,738  | 546,045,937  | 15,384,447  | 772,325,970                    |
| <b>Accumulated depreciation</b>         |                                    |   |   |  |   |                                |
| Opening balance                         | 14,824,255                         | 674,550   | 4,631,895   | 103,459,833  | 8,404,381   | 131,994,914                    |
| Charge for the year                     | 9,615,501                          | 2,239,365   | 4,382,309   | 67,346,036   | 2,027,062   | 85,610,273                     |
| Disposals                               | (476,634)                          | (745,996)   | (70,939)  | (763,865)  | (94,759)  | (2,152,193)                    |
| Reclassifications                       | (396,310)                          | -   | (111,846)   | 447,754  | 60,402  | -                              |
| Closing balance                         | 23,566,812                         | 2,167,919   | 8,831,419   | 170,489,758  | 10,397,086  | 215,452,994                    |
| <b>Net book value</b>                   |                                    |   |   |  |   |                                |
| Opening balance                         | 109,631,039                        | 500,007   | 11,685,133  | 335,880,665  | 7,786,609   | 465,483,453                    |
| Closing balance                         | 159,031,678                        | 4,479,439   | 12,818,319  | 375,556,179  | 4,987,361   | 556,872,976                    |

## **7. Tangible fixed assets (continued)**

At 31 December 2010 tangible fixed assets with a carrying value of VND227,540 million (31/12/2009: VND93,843 million) were pledged with banks as security for loans granted to the Group. Referring to notes 16(c), 16(d), 16(i), 21(a), 21(b), 21(c), 21 (d), 21(e), 21(f) and 21(h), certain additional items of fixed assets will be pledged to secure those borrowings when the borrowings have been drawn down and the lists of pledged assets drawn up with the lenders.

Included in the cost of tangible fixed assets were assets costing VND14,826 million which were fully depreciated as of 31 December 2010 (31/12/2009: VND7,946 million), but which are still in active use.

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

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

### **Company**

|   | <b>Buildings</b><br><b>VND'000</b> | <b>Leasehold</b><br><b>improvements</b><br><b>VND'000</b> | <b>Office</b><br><b>equipment</b><br><b>VND'000</b> | <b>Machinery</b><br><b>and</b><br><b>equipment</b><br><b>VND'000</b> | <b>Motor</b><br><b>vehicles</b><br><b>VND'000</b> | <b>Total</b><br><b>VND'000</b> |
|---|------------------------------------|---|---|--|---|--------------------------------|
| <b>Cost</b>                               |                                    |   |   |  |   |                                |
| Opening balance                           | 403,358                            | 1,174,557   | 6,722,941   | 753,987  | 11,139,760  | 20,194,603                     |
| Additions                                 | -                                  | -   | 3,599,790   | 3,139,206  | -   | 6,738,996                      |
| Transferred from construction in progress | -                                  | 6,398,866   | -   | -  | -   | 6,398,866                      |
| Disposals                                 | -                                  | (926,065)   | (111,440)   | (42,208)   | -   | (1,079,713)                    |
| Reclassifications                         | -                                  | -   | (523,090)   | 523,090  | -   | -                              |
| Closing balance                           | 403,358                            | 6,647,358   | 9,688,201   | 4,374,075  | 11,139,760  | 32,252,752                     |
| <b>Accumulated depreciation</b>           |                                    |   |   |  |   |                                |
| Opening balance                           | 44,818                             | 674,550   | 1,883,470   | 37,699   | 6,525,333   | 9,165,870                      |
| Charge for the year                       | 67,226                             | 2,239,365   | 1,854,778   | 698,571  | 1,249,146   | 6,109,086                      |
| Disposals                                 | -                                  | (745,996)   | (44,679)  | (21,816)   | -   | (812,491)                      |
| Reclassifications                         | -                                  | -   | (98,377)  | 98,377   | -   | -                              |
| Closing balance                           | 112,044                            | 2,167,919   | 3,595,192   | 812,831  | 7,774,479   | 14,462,465                     |
| <b>Net book value</b>                     |                                    |   |   |  |   |                                |
| Opening balance                           | 358,540                            | 500,007   | 4,839,471   | 716,288  | 4,614,427   | 11,028,733                     |
| Closing balance                           | 291,314                            | 4,479,439   | 6,093,009   | 3,561,244  | 3,365,281   | 17,790,287                     |

Included in the cost of tangible fixed assets were assets costing VND4,190 million which were fully depreciated as of 31 December 2010 (31/12/2009: VND4,050 million), but which are still in active use.



**8. Finance lease tangible fixed assets**

**Group**

|                                 | <b>Machinery and<br/>equipment<br/>VND'000</b> |
|---------------------------------|--|
| <b>Cost</b>                     |  |
| Opening/closing balance         | 16,870,738                                     |
| <b>Accumulated depreciation</b> |  |
| Opening balance                 | 2,774,853                                      |
| Charge for the year             | 2,410,106                                      |
| Closing balance                 | 5,184,959                                      |
| <b>Net book value</b>           |  |
| Opening balance                 | 14,095,885                                     |
| Closing balance                 | 11,685,779                                     |

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

9. Intangible fixed assets

Group

|  | Land use<br>rights<br>VND'000 | Software<br>VND'000 | Brand name<br>VND'000 | Total<br>VND'000 |
|--|-------------------------------|---------------------|-----------------------|------------------|
| <b>Cost</b>                            |                               |                     |                       |                  |
| Opening balance                        | 77,611,266                    | 4,531,351           | 545,455               | 82,688,072       |
| Additions                              | -                             | 2,039,723           | -                     | 2,039,723        |
| Transfer from construction in progress | -                             | -                   | 200,629               | 200,629          |
| Closing balance                        | 77,611,266                    | 6,571,074           | 746,084               | 84,928,424       |
| <b>Accumulated amortisation</b>        |                               |                     |                       |                  |
| Opening balance                        | 8,348,666                     | 1,337,656           | 136,364               | 9,822,686        |
| Amortisation for the year              | 1,717,352                     | 1,363,743           | 181,540               | 3,262,635        |
| Closing balance                        | 10,066,018                    | 2,701,399           | 317,904               | 13,085,321       |
| <b>Net book value</b>                  |                               |                     |                       |                  |
| Opening balance                        | 69,262,600                    | 3,193,695           | 409,091               | 72,865,386       |
| Closing balance                        | 67,545,248                    | 3,869,675           | 428,180               | 71,843,103       |

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

## **9. Intangible fixed assets (continued)**

| <b>Company</b>                         | <b>Software<br/>VND'000</b> | <b>Brand name<br/>VND'000</b> | <b>Total<br/>VND'000</b> |
|--|-----------------------------|-------------------------------|--------------------------|
| <b>Cost</b>                            |                             |                               |                          |
| Opening balance                        | 4,466,351                   | 545,455                       | 5,011,806                |
| Additions                              | 2,016,037                   | -                             | 2,016,037                |
| Transfer from construction in progress | -                           | 200,629                       | 200,629                  |
| Closing balance                        | 6,482,388                   | 746,084                       | 7,228,472                |
| <b>Accumulated amortisation</b>        |                             |                               |                          |
| Opening balance                        | 1,313,955                   | 136,364                       | 1,450,319                |
| Amortisation for the year              | 1,332,738                   | 181,540                       | 1,514,278                |
| Closing balance                        | 2,646,693                   | 317,904                       | 2,964,597                |
| <b>Net book value</b>                  |                             |                               |                          |
| Opening balance                        | 3,152,396                   | 409,091                       | 3,561,487                |
| Closing balance                        | 3,835,695                   | 428,180                       | 4,263,875                |

## **10. Construction in progress**

|                                     | <b>Group</b>            |                         | <b>Company</b>          |                         |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                     | <b>2010<br/>VND'000</b> | <b>2009<br/>VND'000</b> | <b>2010<br/>VND'000</b> | <b>2009<br/>VND'000</b> |
| Opening balance                     | 52,915,623              | 54,561                  | 927,192                 | -                       |
| Additions during the year           | 351,944,778             | 96,393,015              | 5,672,303               | 927,192                 |
| Transfer to tangible fixed assets   | (112,241,739)           | (43,272,677)            | (6,398,866)             | -                       |
| Transfer to intangible fixed assets | (200,629)               | -                       | (200,629)               | -                       |
| Transfer to long-term prepayments   | -                       | (259,276)               | -                       | -                       |
| Closing balance                     | 292,418,033             | 52,915,623              | -                       | 927,192                 |

**Ma San Food Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**11. Investments**

|  | <u>Group</u> |             | <u>Company</u> |             |
|--|--------------|-------------|----------------|-------------|
|  | 31/12/2010   | 31/12/2009  | 31/12/2010     | 31/12/2009  |
|  | VND'000      | VND'000     | VND'000        | VND'000     |
| <b>Long-term investments</b>                                   |              |             |                |             |
| Long-term equity investments in subsidiaries                   | -            | -           | 679,022,859    | 579,022,859 |
|  | -            | -           | 679,022,859    | 579,022,859 |
| <b>Short-term investments</b>                                  |              |             |                |             |
| Term deposits at bank  | 490,000,000  | 430,000,000 | 490,000,000    | 430,000,000 |
| Short-term loan to Viet Capital Securities Joint Stock Company | -            | 50,000,000  | -              | 50,000,000  |
|  | 490,000,000  | 480,000,000 | 490,000,000    | 480,000,000 |

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

Details of the investments in subsidiaries are as follows:

| <b>Name</b>                                   | <b>31/12/2010</b> | <b>31/12/2009</b> |
|---|-------------------|-------------------|
|   | <b>VND'000</b>    | <b>VND'000</b>    |
| Masan Industrial Corporation                  | 382,117,500       | 282,117,500       |
| Viet Tien Food Technology Joint Stock Company | 138,452,689       | 138,452,689       |
| Minh Viet Packaging Joint Stock Company       | 71,552,690        | 71,552,690        |
| Ma San PQ Corporation                         | 18,900,000        | 18,900,000        |
| Ma San HD Joint Stock Company                 | 67,999,980        | 67,999,980        |
|   | 679,022,859       | 579,022,859       |

At 31 December 2010 investments in Viet Tien Food Technology Joint Stock Company, Minh Viet Packaging Joint Stock Company, Masan Industrial Corporation, Ma San PQ Corporation and Ma San HD Joint Stock Company with carrying value of VND679,023 million (31/12/2009: Viet Tien Food Technology Joint Stock Company and Minh Viet Packaging Joint Stock Company with carrying value of VND210,005 million) were pledged with banks as security for loans granted to the Group.



**Ma San Food Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2010 (continued)****12. Group entities**

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

| <b>Name</b>                                   | <b>Address</b>   |
|---|--|
| 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 Joint Stock Company       | Lot III-12-Industrial Group III, Tan Binh Industrial Park, Tan Phu District, Ho Chi Minh City, Vietnam |
| Masan Industrial Corporation                  | Lot 6, Tan Dong Hiep A Industrial Park, Di An District, Binh Duong Province, Vietnam                   |
| Ma San PQ Corporation                         | 261 Nguyen Trung Truc, Ward , Duong Dong Town, Phu Quoc District Kien Giang Province, Vietnam          |
| Ma San HD Joint Stock Company                 | Lot 22, Dai An Industrial Zone, Hai Duong City, Hai Duong Province, Vietnam                            |

**13. Long-term prepayments**

| <b>Group</b>              | <b>Prepaid land costs<br/>VND'000</b> | <b>Printing<br/>axes<br/>VND'000</b> | <b>Tools and<br/>supplies<br/>VND'000</b> | <b>Total<br/>VND'000</b> |
|---------------------------|---------------------------------------|--------------------------------------|---|--------------------------|
| Opening balance           | 2,446,424                             | 341,067                              | 9,097,786                                 | 11,885,277               |
| Additions                 | -                                     | 2,549,018                            | 1,722,641                                 | 4,271,659                |
| Disposals                 | -                                     | -                                    | (15,976)                                  | (15,976)                 |
| Amortisation for the year | (45,048)                              | (2,687,420)                          | (8,163,838)                               | (10,896,306)             |
| Closing balance           | 2,401,376                             | 202,665                              | 2,640,613                                 | 5,244,654                |

| <b>Company</b>            | <b>Tools and<br/>supplies<br/>VND'000</b> |
|---------------------------|---|
| Opening balance           | -   |
| Additions                 | 428,197                                   |
| Amortisation for the year | (155,199)                                 |
| Closing balance           | 272,998                                   |

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

**14. Deferred tax assets**

**(i) Recognised deferred tax assets**

|  | <u>Group</u> |            | <u>Company</u> |            |
|--|--------------|------------|----------------|------------|
|  | 31/12/2010   | 31/12/2009 | 31/12/2010     | 31/12/2009 |
|  | VND'000      | VND'000    | VND'000        | VND'000    |
| Allowance for inventories                  | -            | 55,357     | -              | -          |
| Accrued sales discounts                    | 12,840,573   | 7,858,052  | 12,840,573     | 7,858,052  |
| Accrued transportation costs               | 6,328,263    | 4,228,549  | 6,328,263      | 4,228,549  |
| Accrued advertising and promotion expenses | 20,036,683   | 8,650,743  | 2,614,954      | -          |
| Other accruals                             | 2,094,405    | 711,202    | 1,311,437      | 421,750    |
| Tax losses carry-forwards                  | 4,736,558    | 3,915,747  | -              | -          |
| Unrealised profit                          | 3,117,183    | -          | -              | -          |
|  | 49,153,665   | 25,419,650 | 23,095,227     | 12,508,351 |

The tax losses will expire in the following years:

| Year of expiry | Status of tax review | Tax losses available<br>VND'000 |
|----------------|----------------------|---------------------------------|
| 2014           | Outstanding          | 15,662,988                      |
| 2015           | Outstanding          | 3,283,244                       |
|                |                      | 18,946,232                      |

**(ii) Unrecognised deferred tax assets**

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

|                | <u>Group</u> |            | <u>Company</u> |            |
|----------------|--------------|------------|----------------|------------|
|                | 31/12/2010   | 31/12/2009 | 31/12/2010     | 31/12/2009 |
|                | VND'000      | VND'000    | VND'000        | VND'000    |
| Other accruals | 205,397      | -          | -              | -          |
| Tax losses     | 107,193      | 812,317    | -              | -          |
|                | 312,590      | 812,317    | -              | -          |

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of this item because it is not probable that future taxable profit will be available against which the subsidiary can utilise the benefits therefrom.

**15. Goodwill**

|                                 | VND'000   |
|---------------------------------|-----------|
| <b>Cost</b>                     |           |
| Opening /closing balance        | 5,953,885 |
| <b>Accumulated amortisation</b> |           |
| Opening balance                 | 1,786,166 |
| Charge for the year             | 595,388   |
| Closing balance                 | 2,381,554 |
| <b>Net book value</b>           |           |
| Opening balance                 | 4,167,719 |
| Closing balance                 | 3,572,331 |

**Ma San Food Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**16. Short-term borrowings and liabilities**

|  | Note | <u>Group</u> |             | <u>Company</u> |            |
|--|------|--------------|-------------|----------------|------------|
|  |      | 31/12/2010   | 31/12/2009  | 31/12/2010     | 31/12/2009 |
|  |      | VND'000      | VND'000     | VND'000        | VND'000    |
| <b>Short term borrowings</b>                     |      |              |             |                |            |
| Loans from Vietcombank                           |      |              |             |                |            |
| Loan 1   | (a)  | 320,892,500  | 69,050,548  | 320,892,500    | 69,050,548 |
| Loan 2   | (b)  | 69,546,216   | 19,598,649  | -              | -          |
| Loan 3   | (c)  | 167,357,005  | 269,805,776 | -              | -          |
| Loan 4   | (d)  | 45,693,345   | 33,085,684  | -              | -          |
| Loan 5   | (e)  | -            | 68,749,329  | -              | -          |
| Loan 6   | (f)  | 9,121,874    | -           | -              | -          |
| Loan from HSBC                                   |      |              |             |                |            |
| Loan 1   | (g)  | 1,730,960    | 12,468,280  | -              | -          |
| Loan 2   | (h)  | 32,110,917   | -           | -              | -          |
| Loan from Vietinbank                             |      |              |             |                |            |
| Loan 1   | (i)  | 18,576,002   | 24,506,940  | -              | -          |
| Loan 2   | (j)  | 143,339,866  | 166,450,044 | -              | -          |
| Loan from ANZ                                    | (k)  | 31,602,892   | -           | -              | -          |
| Loan from Sacombank                              | (l)  | 9,672,000    | -           | -              | -          |
| Loan from individual                             | (m)  | -            | 467,200     | -              | -          |
|  |      | 849,643,577  | 664,182,450 | 320,892,500    | 69,050,548 |
| Current portion of long term loans (see note 21) |      |              |             |                |            |
|  |      | 40,371,214   | 23,078,494  | -              | -          |
| Closing balance                                  |      | 890,014,791  | 687,260,944 | 320,892,500    | 69,050,548 |

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

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

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



**16. Short-term borrowings and liabilities (continued)**

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

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

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

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

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

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

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

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

The VND facility under this loan bore interest at rates ranging from 12.00% to 12.50% per annum during the year.

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

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

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

**16. Short-term borrowings and liabilities (continued)**

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

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

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

- i) This loan is granted to Viet Tien Food Technology Joint Stock Company with a maximum facility of VND108,000 million. The loan is secured by tangible fixed assets with a carrying value as at 31 December 2010 of VND13,672 million (31/12/2009: VND15,346 million), land use right with net book value as at 31 December 2010 of VND4,397 million (31/12/2009: VND4,516 million) and trade receivables of Viet Tien Food Technology Joint Stock Company as at 31 December 2010 amounting to VND nil (31/12/2009: VND152,329 million). The loan is denominated in VND and bore interest at rates ranging from 10.50% to 14.26% (2009: 6.15% to 12.92%) per annum during the year.
- j) This loan is granted to Masan Industrial Corporation with a maximum facility of VND200,000 million and is secured by trade receivables of Masan Industrial Corporation from the Company as at 31 December 2010 amounting to VND498,100 million (31/12/2009: VND441,927 million). The loan is denominated in VND and bore interest at rates ranging from 12.00% to 14.50% (2009: 6.00% to 6.05%) per annum during the year.
- k) This loan is granted to Masan Industrial Corporation with a maximum facility of USD10 million or VND equivalent and is guaranteed by the Company. The loan is also secured by inventories of Masan Industrial Corporation and trade receivables of the Company as at 31 December 2010 amounting to USD10,000,000. The loan is denominated in VND and bore interest at 14.50% (2009: nil) per annum during the year.
- l) This loan is granted to Masan Industrial Corporation with a maximum facility of VND200 billion or USD equivalent and is unsecured. The loan is denominated in USD and bore interest at rate 6.00% (2009: nil) per annum during the year.
- m) This is an unsecured and interest free loan from the General Directors of Minh Viet Packaging Joint Stock Company and Masan Industrial Corporation. This loan has been fully paid during the year.

**17. Taxes payable to State Treasury**

|                      | <u>Group</u> |            | <u>Company</u> |            |
|----------------------|--------------|------------|----------------|------------|
|                      | 31/12/2010   | 31/12/2009 | 31/12/2010     | 31/12/2009 |
|                      | VND'000      | VND'000    | VND'000        | VND'000    |
| Value added tax      | 25,377,870   | 19,833,336 | 523,831        | -          |
| Import-export tax    | 1,292,168    | 739,106    | 225,739        | 563,917    |
| Corporate income tax | 104,126,758  | 56,353,763 | 26,461,128     | 12,139,201 |
| Personal income tax  | 405,703      | -          | 213,257        | -          |
| Other taxes          | 30,196       | 405,550    | 30,196         | 205,061    |
|                      | 131,232,695  | 77,331,755 | 27,454,151     | 12,908,179 |

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

**18. Accrued expenses**

|                                    | <u>Group</u> |             | <u>Company</u> |            |
|------------------------------------|--------------|-------------|----------------|------------|
|                                    | 31/12/2010   | 31/12/2009  | 31/12/2010     | 31/12/2009 |
|                                    | VND'000      | VND'000     | VND'000        | VND'000    |
| Transportation expenses            | 25,516,476   | 16,914,197  | 25,313,051     | 16,914,197 |
| Bonus and 13th month salary        | 18,163,161   | 4,196,175   | 4,899,946      | 1,961,755  |
| Advertising and promotion expenses | 192,374,395  | 78,462,600  | 10,459,817     | 762,000    |
| Sales discounts                    | 51,362,292   | 31,432,208  | 51,362,292     | 31,432,208 |
| Others                             | 29,158,765   | 16,615,586  | 5,797,094      | 997,001    |
|                                    | 316,575,089  | 147,620,766 | 97,832,200     | 52,067,161 |

**19. Related-company payables**

|   | <u>Group</u> |            | <u>Company</u> |             |
|---|--------------|------------|----------------|-------------|
|   | 31/12/2010   | 31/12/2009 | 31/12/2010     | 31/12/2009  |
|   | VND'000      | VND'000    | VND'000        | VND'000     |
| <b>Amounts due to Ma San Corporation</b>      |              |            |                |             |
| Non-trade                                     | -            | 101,715    | -              | 101,715     |
| <b>Amounts due to subsidiaries</b>            |              |            |                |             |
| Trade   | -            | -          | 680,435,286    | 547,783,351 |
| <b>Amounts due to other related companies</b> |              |            |                |             |
| Trade   | 1,203,096    | 28,810     | 547,211        | -           |
|   | 1,203,096    | 130,525    | 680,982,497    | 547,885,066 |

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

**20. Other payables**

|                             | <u>Group</u> |            | <u>Company</u> |            |
|-----------------------------|--------------|------------|----------------|------------|
|                             | 31/12/2010   | 31/12/2009 | 31/12/2010     | 31/12/2009 |
|                             | VND'000      | VND'000    | VND'000        | VND'000    |
| Trade union fees            | 151,030      | -          | -              | -          |
| Social and health insurance | 261,776      | 1,723,211  | 251,048        | 847,964    |
| Dividends payable           | -            | 840,105    | -              | -          |
| Others                      | 1,048,355    | 1,392,851  | 69,641         | 984,202    |
|                             | 1,461,161    | 3,956,167  | 320,689        | 1,832,166  |

## 21. Long-term borrowings and liabilities

|                                       |      | <u>Group</u>          | <u>Company</u>        |                       |                       |
|---------------------------------------|------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                       | Note | 31/12/2010<br>VND'000 | 31/12/2009<br>VND'000 | 31/12/2010<br>VND'000 | 31/12/2009<br>VND'000 |
| <b>Long-term borrowings</b>           |      |                       |                       |                       |                       |
| Loans from Vietcombank                |      |                       |                       |                       |                       |
| Loan 1                                | (a)  | 14,000,000            | 19,600,000            | -                     | -                     |
| Loan 2                                | (b)  | 1,072,500             | 1,381,457             | -                     | -                     |
| Loan 3                                | (c)  | 28,000,000            | 12,008,618            | -                     | -                     |
| Loan 4                                | (d)  | 6,750,000             | 7,733,126             | -                     | -                     |
| Loan 5                                | (e)  | 12,393,121            | 15,033,121            | -                     | -                     |
| Loan 6                                | (f)  | 86,336,700            | -                     | -                     | -                     |
| Loan 7                                | (g)  | 60,763,171            | 5,815,051             | -                     | -                     |
| Loan from ACB Bank                    |      |                       |                       |                       |                       |
| Loan 1                                | (h)  | 5,616,000             | 7,750,512             | -                     | -                     |
| Loan 2                                | (h)  | 7,301,267             | 8,637,874             | -                     | -                     |
| Loan from Ocean Bank                  | (i)  | -                     | 43,398,061            | -                     | -                     |
|                                       |      | 222,232,759           | 121,357,820           | -                     | -                     |
| <b>Finance lease liabilities</b>      | (j)  | 4,974,429             | 6,443,795             | -                     | -                     |
|                                       |      | 227,207,188           | 127,801,615           | -                     | -                     |
| <b>Repayable within twelve months</b> |      |                       |                       |                       |                       |
| Loans from Vietcombank                |      |                       |                       |                       |                       |
| Loan 1                                | (a)  | (5,600,000)           | (5,600,000)           | -                     | -                     |
| Loan 2                                | (b)  | (429,000)             | (394,702)             | -                     | -                     |
| Loan 3                                | (c)  | (7,000,000)           | -                     | -                     | -                     |
| Loan 4                                | (d)  | (1,800,000)           | -                     | -                     | -                     |
| Loan 5                                | (e)  | (3,520,000)           | (2,640,000)           | -                     | -                     |
| Loan 7                                | (g)  | (15,190,812)          | -                     | -                     | -                     |
| Loan from ACB Bank                    | (h)  | (4,895,202)           | (4,503,837)           | -                     | -                     |
| Loan from Ocean Bank                  | (i)  | -                     | (8,137,137)           | -                     | -                     |
| Finance lease liabilities             | (j)  | (1,936,200)           | (1,802,818)           | -                     | -                     |
|                                       |      | (40,371,214)          | (23,078,494)          | -                     | -                     |
| <b>Repayable after twelve months</b>  |      | 186,835,974           | 104,723,121           | -                     | -                     |



**21. Long-term borrowings and liabilities (continued)**

- (a) This loan is granted to Masan Industrial Corporation and is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND16,112 million (31/12/2009: VND23,067 million). The loan has a maximum facility of VND25 billion and bore interest at rates ranging from 14.3% to 16.4% (2009: 10.50% to 12%) per annum during the year. The outstanding balance as at 31 December 2010 is repayable in 5 equal semi-annual instalments of VND2,800 million each.
- (b) This loan is granted to Masan Industrial Corporation. The loan is denominated in USD and the principal outstanding as at 31 December 2010 amounted to USD55,000 (31/12/2009: USD77,000). The loan is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND9,170 million (31/12/2009: VND1,594 million) and bore interest at a rate equal to 6-month Libor plus 2.50% (2010: 7.00% and 2009: 4.00% to 5.70% per annum during the year). The outstanding balance as at 31 December 2010 is repayable in 5 equal semi-annual instalments of USD11,000 each.
- (c) This loan is granted to Masan Industrial Corporation and is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND63,266 million. The loan has a maximum facility of VND190 billion and bore interest at a rate of 12.00% (2009: 6.50%) per annum during the year. The outstanding balance as at 31 December 2010 is repayable in 16 equal quarterly instalments of VND1,750 million each.
- (d) This loan is granted to Masan Industrial Corporation and is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND14,286 million. The loan has a maximum facility of VND45,350 million and bore interest at rates ranging from 14.3% to 16.4% (2009: 6.50%) per annum during the year. The outstanding balance as at 31 December 2010 is repayable in 15 equal quarterly instalments of VND450 million each.
- (e) This loan is granted to Masan Industrial Corporation and is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND19,899 million. The loan has a maximum facility of VND17.6 billion and bore interest at rates ranging from 14.3% to 16.4% (2009: 6.70%) per annum during the year. The loan is repayable in 13 equal quarterly instalments of VND880 million each and a final instalment comprising the remaining balance on 14 April 2014.
- (f) This loan is granted to Masan Industrial Corporation and is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND46,981 million. The loan has a maximum facility of VND310 billion and bore interest at rates ranging from 14.80% to 14.90% per annum during the year. As at 31 December 2010, the loan has not been fully withdrawn and there was no repayment schedule.
- (g) This loan is granted to Ma San HD Joint Stock Company and is guaranteed by the Company. The loan has a maximum facility of VND163 billion.

The VND facility under this loan bore interest at a rate of 12.00% (2009: 10.50%) per annum during the year and the outstanding balance as at 31 December 2010 is repayable in 8 equal semi-annual instalments of VND5,727 million each.

The USD facility under this loan bore interest at a rate of 6.80% per annum during the year and the outstanding balance as at 31 December 2010 amounting to USD766,568 is repayable in 8 equal semi-annual instalments of USD95,821 each.



## **21. Long-term borrowings and liabilities (continued)**

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

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

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

- (i) This loan is granted to Ma San HD Joint Stock Company and is guaranteed by the Company. The loan bore interest at a rate 10.50% per annum during the year 2009. The loan has been fully paid on 8 November 2010.
- (j) The future minimum lease payments under non-cancellable finance leases were:

|                          | 31/12/2010<br>VND'000 |          |           | 31/12/2009<br>VND'000 |          |           |
|--------------------------|-----------------------|----------|-----------|-----------------------|----------|-----------|
|                          | Payments              | Interest | Principal | Payments              | Interest | Principal |
| Within one year          | 2,085,127             | 148,927  | 1,936,200 | 2,119,494             | 316,676  | 1,802,818 |
| Within two to five years | 3,277,692             | 239,463  | 3,038,229 | 5,042,083             | 401,106  | 4,640,977 |
|                          | 5,362,819             | 388,390  | 4,974,429 | 7,161,577             | 717,782  | 6,443,795 |

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

The finance lease liabilities are secured by the finance lease tangible fixed assets in Note 8.

Certain of the above borrowings from banks require the Company and the Group to maintain debt to equity ratio covenant not to exceed 1. During the year the Company and the Group complied with this loan covenant.

## **22. Provision for severance allowance**

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

|                                | <b>Group<br/>VND'000</b> | <b>Company<br/>VND'000</b> |
|--------------------------------|--------------------------|----------------------------|
| Opening balance                | 1,894,836                | 1,360,295                  |
| Provision made during the year | 3,672,162                | 646,567                    |
| Provision used during the year | (1,570,715)              | (289,289)                  |
| Closing balance                | <u>3,996,283</u>         | <u>1,717,573</u>           |

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 2010, the Group and the Company contributed VND1,593 million and VND695 million, respectively (2009: VND1,472 million and VND285 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 Food Corporation and its subsidiaries**  
**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**23. Share capital**

The Company's authorised and issued share capital are:

|                                 | 31/12/2010       |               | 31/12/2009       |             |
|---------------------------------|------------------|---------------|------------------|-------------|
|                                 | Number of shares | VND'000       | Number of shares | VND'000     |
| <b>Authorised share capital</b> | 130,000,000      | 1,300,000,000 | 63,000,000       | 630,000,000 |
| <b>Issued share capital</b>     | 130,000,000      | 1,300,000,000 | 63,000,000       | 630,000,000 |
| <b>Capital surplus</b>          | -                | 8,907,940     | -                | 8,907,940   |

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

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

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

|  | 2010               |                      | 2009              |                    |
|--|--------------------|----------------------|-------------------|--------------------|
|  | Number of shares   | VND'000              | Number of shares  | VND'000            |
| Balance at beginning of the year                 | 63,000,000         | 630,000,000          | 25,719,123        | 257,191,230        |
| Share dividends issued during the year (Note 35) | 63,000,000         | 630,000,000          | 36,006,728        | 360,067,280        |
| Shares issued during the year                    | 4,000,000          | 40,000,000           | 1,274,149         | 12,741,490         |
| <b>Balance at end of the year</b>                | <b>130,000,000</b> | <b>1,300,000,000</b> | <b>63,000,000</b> | <b>630,000,000</b> |

**Ma San Food Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2010 (continued)****24. Total revenue**

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

Net sales comprised

|                            | <u>Group</u>  |               | <u>Company</u> |               |
|----------------------------|---------------|---------------|----------------|---------------|
|                            | 2010          | 2009          | 2010           | 2009          |
|                            | VND'000       | VND'000       | VND'000        | VND'000       |
| Total revenue              |               |               |                |               |
| ▪ Sales of finished goods  | 5,689,208,740 | 4,070,481,110 | 5,942,357,064  | 4,273,108,581 |
| ▪ Services and other sales | 289,718       | 7,665,724     | 12,667,318     | 7,076,348     |
| Less sales deductions      |               |               |                |               |
| ▪ Sales discounts          | (103,210,637) | (119,390,586) | (103,210,637)  | (119,390,586) |
| ▪ Sales returns            | -             | (929,168)     | -              | (161,214)     |
| ▪ Sales allowances         | -             | (13,373)      | -              | -             |
| Net sales                  | 5,586,287,821 | 3,957,813,707 | 5,851,813,745  | 4,160,633,129 |

**25. Cost of sales**

|                             | <u>Group</u>  |               | <u>Company</u> |               |
|-----------------------------|---------------|---------------|----------------|---------------|
|                             | 2010          | 2009          | 2010           | 2009          |
|                             | VND'000       | VND'000       | VND'000        | VND'000       |
| Total cost of sales         |               |               |                |               |
| ▪ Finished goods sold       | 3,186,842,075 | 2,545,055,753 | 5,446,434,328  | 3,938,858,948 |
| ▪ Printing axes disposed    | -             | 668,046       | -              | -             |
| ▪ Allowance for inventories | 7,774,709     | 38,151,410    | 190,197        | -             |
|                             | 3,194,616,784 | 2,583,875,209 | 5,446,624,525  | 3,938,858,948 |

**Ma San Food Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**26. Financial income**

|   | <u>Group</u>    |                 | <u>Company</u>  |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 2010<br>VND'000 | 2009<br>VND'000 | 2010<br>VND'000 | 2009<br>VND'000 |
| Interest income from deposits   | 123,612,007     | 24,801,927      | 122,908,292     | 20,731,113      |
| Interest income from loans to an individual                               | 7,054,614       | 8,062,513       | 7,054,614       | 7,228,213       |
| Interest income from loans to related parties                             | 6,922,867       | 19,656,456      | 6,922,867       | 19,656,456      |
| Interest income from loans to Viet Capital Securities Joint Stock Company | 7,437,500       | 34,750,000      | 7,437,500       | 34,750,000      |
| Dividend income from other long-term investments                          | -               | 1,474,416       | -               | 1,474,416       |
| Dividend income declared by subsidiaries                                  | -               | -               | 1,179,852,628   | 663,158,266     |
| Gain on disposal of other long-term investments                           | -               | 53,453,834      | -               | 53,453,834      |
| Foreign exchange gains  | 1,504,866       | 2,846,364       | 336,978         | 1,848,611       |
| Other financial income  | 4,772,607       | 965,447         | 3,768,926       | -               |
|   | 151,304,461     | 146,010,957     | 1,328,281,805   | 802,300,909     |

**27. Financial expenses**

|  | <u>Group</u>    |                 | <u>Company</u>  |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2010<br>VND'000 | 2009<br>VND'000 | 2010<br>VND'000 | 2009<br>VND'000 |
| Interest expense payable to banks              | 92,917,362      | 43,279,742      | 19,349,433      | 8,348,664       |
| Interest expense payable to Ma San Corporation | -               | 1,956,851       | -               | 1,956,851       |
| Foreign exchange losses                        | 14,095,484      | 14,153,619      | 1,714,750       | 1,327,085       |
| Other financial expense                        | 506,183         | -               | -               | -               |
|  | 107,519,029     | 59,390,212      | 21,064,183      | 11,632,600      |



**Ma San Food Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2010 (continued)****28. Other income**

|                                       | <u>Group</u>    |                 | <u>Company</u>  |                 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                       | 2010<br>VND'000 | 2009<br>VND'000 | 2010<br>VND'000 | 2009<br>VND'000 |
| Proceeds on disposals of fixed assets | 594,373         | 228,936         | 151,608         | 144,767         |
| Proceeds from scrap sales             | 9,638,571       | 11,838,087      | -               | -               |
| Others                                | 1,794,839       | 2,117,795       | 472,911         | 73,652          |
|                                       | 12,027,783      | 14,184,818      | 624,519         | 218,419         |

**29. Other expenses**

|   | <u>Group</u>    |                 | <u>Company</u>  |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 2010<br>VND'000 | 2009<br>VND'000 | 2010<br>VND'000 | 2009<br>VND'000 |
| Net book value of disposed fixed assets | 1,125,535       | 83,584          | 267,222         | 49,529          |
| Cost of scrap sales                     | 3,648,590       | 9,875,957       | -               | -               |
| Tax penalty                             | 1,896,535       | 7,068,417       | 168,070         | 4,067,153       |
| Import tax not refundable               | -               | 5,194,450       | -               | -               |
| Others                                  | 1,688,232       | 547,379         | 935,372         | 127,179         |
|   | 8,358,892       | 22,769,787      | 1,370,664       | 4,243,861       |

**Ma San Food Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**30. Income tax**

**(a) Recognised in the statement of income**

|   | <b>Group</b>        |                     | <b>Company</b>      |                    |
|---|---------------------|---------------------|---------------------|--------------------|
|   | <b>2010</b>         | <b>2009</b>         | <b>2010</b>         | <b>2009</b>        |
|   | <b>VND'000</b>      | <b>VND'000</b>      | <b>VND'000</b>      | <b>VND'000</b>     |
| <b>Current tax expense</b>                        |                     |                     |                     |                    |
| Current year                                      | 140,060,093         | 73,131,216          | 26,409,280          | 12,714,201         |
| Under provision in prior years                    | 577,733             | -                   | -                   | -                  |
|   | <b>140,637,826</b>  | <b>73,131,216</b>   | <b>26,409,280</b>   | <b>12,714,201</b>  |
| <b>Deferred tax income</b>                        |                     |                     |                     |                    |
| Origination and reversal of temporary differences | (22,913,204)        | (15,806,053)        | (10,586,876)        | (7,350,634)        |
| Benefit of tax losses recognised                  | (820,811)           | (3,915,747)         | -                   | -                  |
|   | <b>(23,734,015)</b> | <b>(19,721,800)</b> | <b>(10,586,876)</b> | <b>(7,350,634)</b> |
| Income tax expense                                | <b>116,903,811</b>  | <b>53,409,416</b>   | <b>15,822,404</b>   | <b>5,363,567</b>   |

**(b) Reconciliation of effective tax rate**

| <b>Group</b>  |              | <b>2010</b>        |              | <b>2009</b>       |
|---|--------------|--------------------|--------------|-------------------|
|   | <b>%</b>     | <b>VND'000</b>     | <b>%</b>     | <b>VND'000</b>    |
| Profit before tax   |              | 1,369,752,361      |              | 722,061,639       |
| Tax at the Company's income tax rate                                  | 25.00%       | 342,438,090        | 25.00%       | 180,515,410       |
| Tax incentives  | -            | -                  | (0.04%)      | (279,480)         |
| Effect of incentive tax rates in subsidiaries                         | (17.04%)     | (233,450,703)      | (17.83%)     | (128,723,954)     |
| Effect of higher tax rate in other income and expense in subsidiaries | 0.05%        | 694,057            | (0.08%)      | (610,242)         |
| Non-deductible expenses   | 0.48%        | 6,332,044          | 0.29%        | 2,063,969         |
| Tax exempt income   | -            | -                  | (0.05%)      | (368,604)         |
| Deferred tax assets not recognised                                    | 0.01%        | 312,590            | 0.11%        | 812,317           |
| Under provision in prior years  | 0.04%        | 577,733            | -            | -                 |
|   | <b>8.53%</b> | <b>116,903,811</b> | <b>7.40%</b> | <b>53,409,416</b> |

**30. Income tax (continued)**

**Company**

|                                      |          | <b>2010</b>    |          | <b>2009</b>    |
|--------------------------------------|----------|----------------|----------|----------------|
|                                      | <b>%</b> | <b>VND'000</b> | <b>%</b> | <b>VND'000</b> |
| Profit before tax (*)                |          | 1,239,257,475  |          | 681,479,516    |
| Tax at the Company's income tax rate | 25.00%   | 309,814,369    | 25.00%   | 170,369,879    |
| Tax exempt income                    | (23.80%) | (294,963,157)  | (23.8%)  | (166,158,170)  |
| Non-deductible expenses              | 0.08%    | 971,192        | 0.08%    | 1,151,858      |
|                                      |          |                |          |                |
|                                      | 1.28%    | 15,822,404     | 1.28%    | 5,363,567      |

(\*) The Company's profit before tax included VND1,179,853 million (2009: VND664,633 million) dividends 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 Food Corporation and its subsidiaries****Notes to the financial statements for the year ended 31 December 2010 (continued)****31. Significant transactions with related parties**

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

**Group**

| <b>Related Party</b>                     | <b>Nature of transaction</b>  | <b>2010<br/>VND'000</b> | <b>2009<br/>VND'000</b> |
|--|---|-------------------------|-------------------------|
| Ma San Corporation                       | Interest income from loans  | -                       | 19,656,456              |
|  | Loan provided to Ma San Corporation   | -                       | 58,543,149              |
|  | Acquisition of exchangeable bonds issued by parent company by setting off against loan receivable from parent company | -                       | 400,000,000             |
|  | Purchase service  | 539,540                 | -                       |
|  | Sales of merchandise inventory  | 44,429                  | -                       |
|  |   |                         |                         |
| Ma San Group Corporation                 | Interest income from loans  | 6,922,867               | -                       |
|  | Loan provided to Ma San Group Corporation   | 806,200,000             | -                       |
| <b>Other related companies</b>           |   |                         |                         |
| Masan Information and Technology Company | Maintenance fee   | 4,115,472               | 915,100                 |
|  | Purchase of computers   | 467,864                 | 4,389,639               |
| Masan Property Corporation               |   |                         |                         |
|  | Service charge  | 3,753,666               | 16,197,553              |
|  | Construction  | 6,321,464               | -                       |
|  | Rental income   | 102,887                 | -                       |
| <b>Members of Board of Directors</b>     |   |                         |                         |
| Board of Directors                       | Remuneration to the Board of Directors  | 433,750                 | 749,846                 |

---

**Ma San Food Corporation and its subsidiaries**

**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**31. Significant transactions with related parties (continued)**

**Company**

| <b>Related party</b>                          | <b>Nature of transaction</b>  | <b>2010<br/>VND'000</b> | <b>2009<br/>VND'000</b> |
|---|---|-------------------------|-------------------------|
| Ma San Corporation                            | Interest income from loans  | -                       | 19,656,456              |
|   | Loan provided to Ma San Corporation   | -                       | 58,543,149              |
|   | Acquisition of exchangeable bonds issued by parent company by setting off against loan receivable from parent company | -                       | 400,000,000             |
|   | Purchase service  | 539,540                 | -                       |
|   | Sales of merchandise inventory  | 44,429                  | -                       |
|   |   |                         |                         |
| Ma San Group Corporation                      | Interest income from loans  | 6,922,867               | -                       |
|   | Loan provided to Ma San Group Corporation   | 806,200,000             | -                       |
| <b>Subsidiaries</b>                           |   |                         |                         |
| Minh Viet Packaging Joint Stock Company       | Purchase of tools and supplies  | 54,601                  | -                       |
|   | Rental fee charge   | 309,289                 | 58,059                  |
|   | Management fee and services charge income   | 978,050                 | 1,015,970               |
|   | Dividend income   | 41,062,543              | 30,290,103              |
| Masan Industrial Corporation                  | Sales of flavour and mixing fee   | 276,586,260             | 224,799,269             |
|   | Purchase of goods   | 4,117,683,963           | 2,860,065,885           |
|   | Purchase of fixed assets  | 1,808,855               | -                       |
|   | Management fee and services charge income   | 8,155,536               | 4,238,550               |
|   | Dividend income   | 957,929,633             | 441,667,447             |
| Viet Tien Food Technology Joint Stock Company | Purchase of goods   | 800,217,503             | 717,460,898             |
|   | Sales of flavour and mixing fee   | 20,639,440              | 20,298,315              |
|   | Management fee and services charge income   | 2,393,503               | 1,045,795               |
|   | Purchase of fixed assets  | 223,110                 | -                       |
|   | Dividend income   | 180,860,452             | 191,200,716             |
| Ma San HD Joint Stock Company                 | Sales of flavour and mixing fee   | 5,902,798               | 2,472,669               |
|   | Management fee and services charge income   | 875,142                 | -                       |
|   | Purchase of goods   | 399,714,014             | 167,620,584             |
| Ma San PQ Corporation                         | Management fee and services charge income   | 192,000                 | -                       |
|   | Loan to subsidiary  | -                       | 11,050,000              |
| <b>Other related companies</b>                |   |                         |                         |
| Masan Information and Technology Company      | Maintenance fee   | 3,104,857               | 915,100                 |
|   | Purchase of computers   | 307,964                 | 4,389,639               |
| Masan Property Corporation                    | Service charge  | 91,375                  | -                       |
| <b>Members of Board of Directors</b>          |   |                         |                         |
| Board of Directors                            | Remuneration to the Board of Directors  | 433,750                 | 749,846                 |



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

**32. Commitments**

**(a) Capital expenditure**

As at 31 December 2010, 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> |            |
|-----------------------------|--------------|-------------|----------------|------------|
|                             | 31/12/2010   | 31/12/2009  | 31/12/2010     | 31/12/2009 |
|                             | VND'000      | VND'000     | VND'000        | VND'000    |
| Approved and contracted     | 78,642,047   | 206,903,902 | -              | -          |
| Approved but not contracted | 639,581,040  | 428,947,537 | 61,238,496     | -          |
|                             | 718,223,087  | 635,851,439 | 61,238,496     | -          |

**(b) Guarantee**

The Company's parent has issued a bond with conversion options during 2010 amounting to VND760,000 million. The Company is the guarantor of this bond.

**(c) Leases**

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

|                          | <u>Group</u> |             | <u>Company</u> |            |
|--------------------------|--------------|-------------|----------------|------------|
|                          | 31/12/2010   | 31/12/2009  | 31/12/2010     | 31/12/2009 |
|                          | VND'000      | VND'000     | VND'000        | VND'000    |
| Within one year          | 34,073,396   | 32,513,581  | 29,718,733     | 27,982,221 |
| Within two to five years | 48,349,290   | 71,837,592  | 44,665,271     | 68,843,362 |
| More than five years     | 32,744,278   | 26,584,301  | -              | -          |
|                          | 115,166,964  | 130,935,474 | 74,384,004     | 96,825,583 |

### **33. Earnings per share**

#### **Basic earnings per share**

The calculation of basic earnings per share at 31 December 2010 was based on the profit attributable to ordinary shareholders of VND1,252,922 million (31/12/2009: VND664,370 million) of the Group and VND1,223,435 million (31/12/2009: VND676,116 million) of the Company, respectively, and a weighted average number of ordinary shares outstanding of 127,183,562 (2009: 125,374,737), calculated as follows:

#### **(i) Net profit attributable to ordinary shareholders**

|  | <u>Group</u>  |             | <u>Company</u> |             |
|--|---------------|-------------|----------------|-------------|
|  | 2010          | 2009        | 2010           | 2009        |
|  | VND'000       | VND'000     | VND'000        | VND'000     |
| Net profit attributable to ordinary shareholders | 1,252,922,155 | 664,370,168 | 1,223,435,071  | 676,115,949 |

#### **(ii) Weighted average number of ordinary shares**

|   | <u>Group and Company</u> |             |
|---|--------------------------|-------------|
|   | 2010                     | 2009        |
| Issued ordinary shares at the beginning of the year               | 126,000,000              | 124,725,851 |
| Effect of shares issued during the year                           | 1,183,562                | 648,886     |
| Weighted average number of ordinary shares at the end of the year | 127,183,562              | 125,374,737 |

Issued ordinary shares at the beginning of 2009 have been restated to reflect share dividends issued in 2010. Earnings per share for the year ended 31 December 2009 have also been restated accordingly to reflect these share dividends.

### **34. Share-based payment**

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

|   | 2010    | 2009      |
|---|---------|-----------|
| Employees   | 932,779 | 1,067,998 |
| Members of the Board of Directors (excluded from employees numbers) | 99,066  | 60,625    |

Certain employees and members of the Company's Board of Directors are granted the rights to subscribe for the Company's shares at par, which cease if the employment is terminated. The shares vest on a monthly basis.

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

**35. Dividends**

The Shareholders General Meeting on 31 March 2010 resolved to distribute share dividends at a ratio of one new share for one existing ordinary share held.

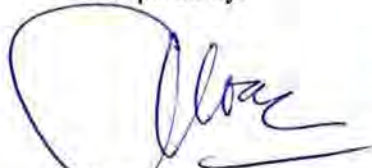
The Shareholders General Meeting on 5 April 2009 resolved to distribute share dividends from capital surplus at a ratio of 14 new shares for 10 existing ordinary shares held and to distribute dividends in the form of exchangeable bonds issued by Ma San Corporation at VND14,874 per ordinary share, with any residual paid in cash. The cash paid was VND10,372,000.

**36. Subsequent events**

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

On 11 February 2011, the State Bank of Vietnam depreciated the exchange rate of VND against United States Dollar (USD) by 9.3%. As of 31 March 2011, the exchange rate of VND against USD was VND20,698 for USD1. The Group has significant purchases directly and indirectly denominated in USD and other foreign currencies. The depreciation of the VND against USD and other foreign currencies may have significant adverse impact on the Group and the Company's results of operations. Management believes that the impact can be managed through its management of the Group and the Company's working capital and selling prices of its products.

Prepared by:



**Phạm Đình Toai**  
*Chief Financial Officer*

Approved by:



**Trương Công Thành**  
*General Director*

31 MAR 2011

