



Ma San Consumer Corporation and its subsidiaries

Consolidated and Separate Financial Statements
for the year ended 31 December 2013



**Ma San Consumer Corporation
Corporate Information**

Business Registration Certificate No 0302017440

31 May 2000

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 1 July 2013. The Business Registration Certificate and its amendments were issued by the Ministry of Planning and Investment and is valid for 46 years from the date of the initial Business Registration Certificate dated 31 May 2000.

Board of Management

Dr Nguyen Dang Quang	Chairman
Mr Ho Hung Anh	Member
Mr Truong Cong Thang	Member
Mr Madhur Mani	Member
Ms Nguyen Hoang Yen	Member
Mr Nguyen Thieu Quang	Member
Mr Lu Ming	Member
Mr Stephen W. Golsby	Member (from 22 April 2013)

Board of Directors

Mr Truong Cong Thang	General Director (until 10 February 2014)
Ms Nguyen Hoang Yen	Deputy General Director
Mr Pham Hong Son	Deputy General Director
Mr Pham Dinh Toai	Deputy General Director

Registered Office

12th Floor, Kumho Asiana Plaza Saigon
39 Le Duan, Ben Nghe Ward
District 1
Ho Chi Minh City
Vietnam

Auditors

KPMG Limited
Vietnam

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and presentation of the separate financial statements of Ma San Consumer Corporation ("the Company") and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Group") in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Directors:

- (a) the separate and consolidated financial statements set out on pages 5 to 81 give a true and fair view of the separate and consolidated financial positions of the Company and Group as at 31 December 2013, and of the separate and consolidated results of operations and the separate and consolidated cash flows of the Company and Group for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company and Group will not be able to pay their debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorized these financial statements for issue.

On behalf of the Board of Directors



Nguyen Dang Quang
Chairman

Ho Chi Minh City, 31 March 2014



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The Socialist Republic of Vietnam

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INDEPENDENT AUDITORS' REPORT

To the Shareholders Ma San Consumer Corporation

We have audited the accompanying financial statements of Ma San Consumer Corporation (“the Company”) and its subsidiaries (collectively referred to as “the Group”), which comprise the separate and consolidated balance sheets as at 31 December 2013, the separate and consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Directors on 31 March 2014, as set out on pages 5 to 81.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Audit Opinion

In our opinion, the separate financial statements of the Company and the consolidated financial statements of the Group give a true and fair view, in all material respects, of the separate and consolidated financial position of the Company and the Group as at 31 December 2013 and of their results of 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 applicable to financial reporting.

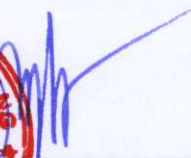
KPMG Limited's Branch in Ho Chi Minh City

Vietnam

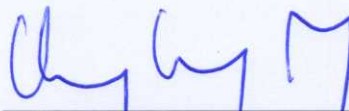
Operating registration certificate No.: 4114000230

Audit Report No: 13-01-581




Lam Thi Ngoc Hao
Practicing Auditor Registration
Certificate No. 0866-2013-007-1
Deputy General Director

Ho Chi Minh City, 31 March 2014


Chong Kwang Puay
Practicing Auditor Registration
Certificate No. 0864-2013-007-1

Ma San Consumer Corporation and its subsidiaries
Balance sheets as at 31 December 2013

Form B 01 – DN/HN

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
ASSETS						
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		11,603,185,991	6,125,830,321	10,674,632,808	6,576,859,263
Cash and cash equivalents	110	6	4,168,229,325	3,383,585,011	2,240,125,568	871,211,108
Cash	111		40,691,381	68,852,030	6,425,568	17,711,108
Cash equivalents	112		4,127,537,944	3,314,732,981	2,233,700,000	853,500,000
Short-term investments	120	12	3,287,000,000	1,772,500,000	3,017,600,000	1,413,000,000
Short-term investments	121		3,287,000,000	1,772,500,000	3,017,600,000	1,413,000,000
Accounts receivable – short-term	130	7	3,479,668,412	375,303,069	5,379,854,630	4,240,892,060
Accounts receivable – trade	131		261,862,170	121,299,838	226,806,783	84,796,634
Prepayments to suppliers	132		113,136,065	100,853,227	1,261,833	854,725
Other receivables	135		3,106,453,942	153,527,772	5,151,786,014	4,155,240,701
Allowance for doubtful debts	139		(1,783,765)	(377,768)	-	-
Inventories	140	8	638,304,164	563,855,229	29,294,876	37,042,904
Inventories	141		659,043,521	575,846,111	29,677,424	37,438,367
Allowance for inventories	149		(20,739,357)	(11,990,882)	(382,548)	(395,463)
Other current assets	150		29,984,090	30,587,012	7,757,734	14,713,191
Short-term prepayments	151		23,258,768	12,754,718	4,930,828	3,019,439
Deductible value added tax	152		1,660,044	12,108,407	-	8,577,312
Taxes and other receivables from State Treasury	154		4,675	-	-	-
Other current assets	158		5,060,603	5,723,887	2,826,906	3,116,440

The accompanying notes are an integral part of these financial statements

Ma San Consumer Corporation and its subsidiaries
Balance sheets as at 31 December 2013 (continued)

Form B 01 – DN/HN

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Long-term assets (200 = 210 + 220 + 250 + 260 + 269)	200		14,599,984,359	11,141,536,434	11,688,733,996	7,830,164,548
Accounts receivable – long-term	210	7	8,012,160,445	5,470,161,109	8,012,160,445	5,461,835,331
Other long-term receivables	218		8,012,160,445	5,470,161,109	8,012,160,445	5,461,835,331
Fixed assets	220		3,612,160,241	3,027,005,061	9,924,989	16,284,075
Tangible fixed assets	221	9	1,630,503,760	1,497,779,704	8,058,934	12,822,415
Cost	222		2,307,661,827	1,970,801,774	33,307,450	41,242,174
Accumulated depreciation	223		(677,158,067)	(473,022,070)	(25,248,516)	(28,419,759)
Intangible fixed assets	227	10	1,279,685,940	857,364,745	834,079	2,736,857
Cost	228		1,580,701,805	1,018,998,953	9,982,356	10,106,371
Accumulated amortisation	229		(301,015,865)	(161,634,208)	(9,148,277)	(7,369,514)
Construction in progress	230	11	701,970,541	671,860,612	1,031,976	724,803
Long-term investments	250	12	2,156,532,288	2,332,887,118	3,631,480,466	2,322,673,387
Investments in subsidiaries	251		-	-	3,631,480,466	2,088,173,387
Investments in associates	252		2,152,932,288	1,967,387,118	-	-
Other long-term investments	258		3,600,000	365,500,000	-	234,500,000
Other long-term assets	260		382,012,058	62,850,971	35,168,096	29,371,755
Long-term prepayments	261	14	283,349,010	18,914,285	3,827,332	341,919
Deferred tax assets	262	15	87,572,154	36,034,944	21,806,874	21,169,094
Other long-term assets	268		11,090,894	7,901,742	9,533,890	7,860,742
Goodwill	269	16	437,119,327	248,632,175	-	-
TOTAL ASSETS (270 = 100 + 200)	270		26,203,170,350	17,267,366,755	22,363,366,804	14,407,023,811

The accompanying notes are an integral part of these financial statements

Ma San Consumer Corporation and its subsidiaries
Balance sheets as at 31 December 2013 (continued)

Form B 01 – DN/HN

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
RESOURCES						
LIABILITIES (300 = 310 + 330)	300		8,182,951,984	5,858,041,705	6,289,153,398	3,482,835,683
Current liabilities	310		3,865,103,733	3,212,419,012	6,098,918,318	3,468,252,717
Short-term borrowings and liabilities	311	17	2,175,419,241	1,683,446,854	3,044,235,862	758,686,221
Accounts payable – trade	312	18	595,598,790	505,190,383	2,491,154,083	2,317,038,316
Advances from customers	313		21,657,594	14,490,437	6,053,416	9,559,959
Taxes payable to State Treasury	314	19	441,425,642	560,603,580	39,611,682	276,248,369
Payables to employees	315		20,367,724	11,965,824	6,678	10,825
Accrued expenses	316	20	525,285,621	394,648,118	141,907,645	106,541,318
Other short-term payables	319	21	69,648,864	31,349,049	375,948,952	167,709
Bonus and welfare funds	323		15,700,257	10,724,767	-	-
Long-term borrowing and liabilities	330		4,317,848,251	2,645,622,693	190,235,080	14,582,966
Other long-term liabilities	333	22	16,516,594	14,582,966	-	14,582,966
Long-term borrowings and liabilities	334	23	3,897,384,660	2,521,943,420	-	-
Deferred tax liabilities	335	15	400,694,916	109,096,307	190,235,080	-
Provisions – long-term	337		3,252,081	-	-	-
EQUITY (400 = 410)	400		15,944,940,822	10,604,651,131	16,074,213,406	10,924,188,128
Owners' equity	410	24	15,944,940,822	10,604,651,131	16,074,213,406	10,924,188,128
Share capital	411	25	5,273,359,100	5,025,000,000	5,273,359,100	5,025,000,000
Capital surplus	412	25	5,088,056,395	3,111,514,809	5,088,056,395	3,111,514,809
Other reserves	413		(238,608,966)	(283,274,277)	-	-
Investment development fund	417		18,324,741	18,324,741	-	-
Financial reserve	418		4,407,232	4,407,232	-	-
Retained profits	420		5,799,402,320	2,728,678,626	5,712,797,911	2,787,673,319
MINORITY INTERESTS	439	24	2,075,277,544	804,673,919	-	-
TOTAL RESOURCES (440 = 300 + 400 + 439)	440		26,203,170,350	17,267,366,755	22,363,366,804	14,407,023,811

The accompanying notes are an integral part of these financial statements

Ma San Consumer Corporation and its subsidiaries
Balance sheets as at 31 December 2013 (continued)

Form B 01 – DN/HN

OFF BALANCE SHEET ITEMS

	<u>Group</u>		<u>Company</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Foreign currencies:				
▪ USD	25,569,950	101,103,070	208,391	298,054
▪ EUR	7,547	4,947	-	-

31 March 2014

Prepared by:

Pham Dinh Toai
Chief Financial Officer

Approved by:

Nguyen Dang Quang
Chairman

The accompanying notes are an integral part of these financial statements

Ma San Consumer Corporation and its subsidiaries
Statements of income for the year ended 31 December 2013

Form B 02 – DN/HN

	Code	Note	<u>Group</u>		<u>Company</u>	
			2013 VND'000	2012 VND'000	2013 VND'000	2012 VND'000
Total revenue	01	26	12,105,989,006	10,575,249,545	9,807,268,861	8,774,604,739
Less revenue deductions	02	26	163,456,190	185,834,895	91,593,818	157,750,176
Net revenue (10 = 01 - 02)	10	26	11,942,532,816	10,389,414,650	9,715,675,043	8,616,854,563
Cost of sales	11	27	6,943,196,021	6,178,925,703	8,839,766,342	8,162,283,768
Gross profit (20 = 10 - 11)	20		4,999,336,795	4,210,488,947	875,908,701	454,570,795
Financial income	21	28	1,755,709,999	1,332,727,670	3,625,959,575	3,600,210,740
Financial expenses	22	29	437,621,192	531,991,410	394,010,843	468,239,280
<i>In which: Interest expense</i>	23		388,753,736	487,983,049	393,945,418	467,139,917
Selling expenses	24		1,981,587,161	1,325,121,188	675,913,471	544,215,114
General and administration expenses	25		566,832,851	394,642,867	204,796,930	121,170,357
Net operating profit {30 = 20 + (21 - 22) - (24 + 25)}	30		3,769,005,590	3,291,461,152	3,227,147,032	2,921,156,784
Other income	31	30	53,868,594	52,209,252	6,017,038	2,725,898
Other expenses	32	31	41,534,747	26,637,369	5,141,412	64,654
Results of other activities (40 = 31 - 32)	40		12,333,847	25,571,883	875,626	2,661,244
Share of profit in an associate	45		183,016,192	2,555,287	-	-
Profit before tax (50 = 30 + 40 + 45)	50		3,964,355,629	3,319,588,322	3,228,022,658	2,923,818,028
Income tax expense – current	51	32	567,614,002	593,858,061	107,336,045	273,388,070
Income tax expense/(benefit) – deferred	52	32	126,409,364	(124,578,798)	189,597,299	(124,013,698)
Net profit after tax (carried forward to next page) (60 = 50 - 51 - 52)	60		3,270,332,263	2,850,309,059	2,931,089,314	2,774,443,656

The accompanying notes are an integral part of these financial statements

Ma San Consumer Corporation and its subsidiaries
Statements of income for the year ended 31 December 2013 (continued)

Form B 02 – DN/HN

	Code	Note	<u>Group</u>		<u>Company</u>	
			2013 VND'000	2012 VND'000	2013 VND'000	2012 VND'000
Net profit after tax (brought forward from previous page)	60		3,270,332,263	2,850,309,059	2,931,089,314	2,774,443,656
Attributable to:						
Minority interests	61		174,558,661	86,162,000	-	-
Equity shareholders of the Company	62		3,095,773,602	2,764,147,059	2,931,089,314	2,774,443,656
Earnings per share						
Basic earnings per share	70	35	5,898	5,509	N/A	N/A
Diluted earnings per share		35	5,669	N/A	N/A	N/A

31 March 2014

Prepared by:

Pham Dinh Toai
 Chief Financial Officer

Approved by:

Nguyen Dang Quang
 Chairman

The accompanying notes are an integral part of these financial statements

Ma San Consumer Corporation and its subsidiaries
Statements of cash flows for the year ended 31 December 2013 (Indirect method)

Form B 03 – DN/HN

	Code	<u>Group</u>		<u>Company</u>	
		2013 VND'000	2012 VND'000	2013 VND'000	2012 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax	01	3,964,355,629	3,319,588,322	3,228,022,658	2,923,818,028
Adjustments for					
Depreciation and amortisation	02	428,607,400	329,062,086	6,484,539	10,018,313
Allowances and provisions	03	34,705,996	40,921,593	-	1,319,671
Unrealised foreign exchange (gains)/loss	04	(3,950,564)	(204,365)	13,146	-
Loss/(gains) on disposals of fixed assets	05	7,521,556	4,908,672	(53,247)	(76,550)
Gain on disposals of interests in subsidiaries	05	-	-	(246,068)	-
Negative goodwill arisen from acquisition of subsidiaries	05	(213,962,708)	-	-	-
Interest income and dividend income	05	(1,491,082,757)	(1,315,179,423)	(3,624,949,754)	(3,598,736,434)
Interest expense	06	388,753,736	487,983,049	393,945,418	467,139,917
Share of profit in an associate	07	(183,016,192)	(2,555,287)	-	-
Operating profit/(loss) before changes in working capital	08	2,931,932,096	2,864,524,647	3,216,692	(196,517,055)
Change in receivables and other assets	09	(135,187,199)	112,185,501	(177,506,297)	(14,087,779)
Change in inventories	10	(53,410,622)	8,195,519	7,748,028	14,700,943
Change in payables and other liabilities	11	319,242,354	65,503,708	219,255,836	2,063,045,566
Change in prepayments	12	5,742,294	9,649,163	(1,898,965)	(462,986)
		3,068,318,923	3,060,058,538	50,815,294	1,866,678,689
Interest paid	13	(349,694,242)	(349,394,940)	(34,822,108)	(107,382,192)
Income tax paid	14	(778,250,034)	(212,074,304)	(372,749,311)	(13,973,366)
Other payments for operating activities	16	(28,159,669)	(19,282,821)	(1,317,108)	(2,026,709)
Net cash flows from operating activities	20	1,912,214,978	2,479,306,473	(358,073,233)	1,743,296,422

The accompanying notes are an integral part of these financial statements

Ma San Consumer Corporation and its subsidiaries

Statements of cash flows for the year ended 31 December 2013 (Indirect method – continued)

Form B 03 – DN/HN

	Code	<u>Group</u>		<u>Company</u>	
		2013 VND'000	2012 VND'000	2013 VND'000	2012 VND'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for additions to fixed assets and other long-term assets	21	(333,673,975)	(861,222,393)	(7,471,121)	(6,215,877)
Proceeds from disposals of fixed assets	22	1,572,599	2,023,051	3,901,078	87,895
Loans provided to related companies	23	(4,410,000,000)	-	(4,410,000,000)	-
Collections of loans to related companies	24	-	-	27,330,695	-
Placement of term deposits to banks	23	(43,406,556,615)	(32,652,669,566)	(25,016,403,221)	(10,130,300,000)
Withdrawal of term deposits	24	42,257,556,615	31,316,669,566	23,646,303,221	8,809,000,000
Payments for investments in subsidiaries	25	(431,584,603)	63,998	(438,370,009)	(322,054,452)
Acquisition of non-controlling interest in a subsidiary	25	-	(122,044,452)	-	-
Proceeds from disposals of interests in subsidiaries	26	1,061,861,898	-	1,061,861,898	-
Receipts of interest and dividends	27	425,442,312	293,351,760	2,337,798,246	1,175,696,400
Net cash flows from investing activities	30	(4,835,381,769)	(2,023,828,036)	(2,795,049,213)	(473,786,034)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from equity issued	31	2,236,487,265	12,500,000	2,236,487,265	12,500,000
Proceeds from short-term and long-term borrowings from banks	33	7,376,669,278	3,251,205,012	3,836,340,671	1,248,308,995
Proceeds from short-term and long-term borrowings from subsidiaries	33	-	-	2,123,200,000	-
Payments to settle loan principals to banks	34	(5,879,222,265)	(5,037,517,428)	(3,673,991,030)	(3,207,392,064)
Payments of dividends	36	(24,876,448)	(25,988,156)	-	-
Net cash flows from financing activities	40	3,709,057,830	(1,799,800,572)	4,522,036,906	(1,946,583,069)

The accompanying notes are an integral part of these financial statements

Ma San Consumer Corporation and its subsidiaries

Statements of cash flows for the year ended 31 December 2013 (Indirect method – continued)

Form B 03 – DN/HN

	Code	<u>Group</u>		<u>Company</u>	
		2013 VND'000	2012 VND'000	2013 VND'000	2012 VND'000
Net cash flows during the year (50 = 20 + 30 + 40)	50	785,891,039	(1,344,322,135)	1,368,914,460	(677,072,681)
Cash and cash equivalents at the beginning of the year	60	3,383,585,011	4,730,726,781	871,211,108	1,548,283,789
Effect of exchange rate fluctuations on cash and cash equivalents	61	(1,246,725)	(2,819,635)	-	-
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 6)	70	4,168,229,325	3,383,585,011	2,240,125,568	871,211,108

NON-CASH INVESTING AND FINANCING ACTIVITIES

	<u>Group</u>		<u>Company</u>	
	2013 VND'000	2012 VND'000	2013 VND'000	2012 VND'000
Payable to purchase subsidiaries	43,396,598	-	-	-
Settle loan principles by setting off against proceeds from new loans	2,279,880,000	-	-	-
Payment of interests by setting off against proceeds from long-term borrowings	357,656,228	-	-	-
Dividends paid/declared by subsidiaries and settled by extinguishing payables to subsidiaries	-	-	-	419,701,208
Facility fee paid by setting off against deposit interest income receivables from a subsidiary	-	-	-	10,616,990
Dividends paid in the form of shares issued	-	2,512,500,000	-	2,512,500,000
Payment for investment in a subsidiary by converting loan and related interest income into capital contribution	-	-	2,166,552,900	-


31 March 2014

Prepared by:



Pham Dinh Toai
Chief Financial Officer

Approved by:



Nguyen Dang Quang
Chairman

The accompanying notes are an integral part of these financial statements

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2013

Form B 09 – DN/HN

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

1. Reporting entity

Ma San Consumer Corporation (“the Company”) is a joint stock company incorporated in Vietnam. The principal activities of the Company are to trade in machines; motor vehicles, spare parts, materials, household appliances, computers; office equipment, food products, and agricultural, forest and seafood products; manufacturing and trade in non alcoholic drinks under Business Registration Certificate No 0302017440 issued by the Ministry of Planning and Investment (“MPI”) on 31 May 2000 and its amendments (together referred to as “the Certificate”). The Certificate is valid for 46 years from the initial Business Registration Certificate dated 31 May 2000.

The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as “the Group”).

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

Name	Principal activity	Percentage of equity owned and voting rights	
		31/12/2013	31/12/2012
Subsidiaries			
Masan Food Company Limited	Food Trading	100%	100%
Ma San Industrial One Member Company Limited (*)	Food sauce and instant noodle manufacturing	100%	100%
Viet Tien Food Technology One Member Company Limited (*)	Food sauce manufacturing	100%	100%
Minh Viet Packaging One Member Company Limited (*)	Packaging	100%	100%
Ma San PQ Corporation (*)	Food sauce manufacturing	94.50%	94.50%
Ma San HD One Member Company Limited (*)	Instant noodle manufacturing	100%	100%
Vinacafe Bien Hoa Joint Stock Company	Beverage manufacturing	53.20%	53.20%
Vinh Hao Mineral Water Corporation (**)	Beverage manufacturing	63.51%	-
Masan Agri Corporation (formerly known as Hoa Muoi Gio Company Limited) (***)	Investment holding	51%	100%
KronFa., JSC (****)	Beverage manufacturing	63.50%	-
Associate			
Vietnamese – French Cattle Feed Joint Stock Company (***)	Animal feed, poultry and seafood manufacturing	20.40%	40%

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

(**) On 27 March 2013, the Company completed the acquisition of 5,144,460 shares of Vinh Hao Mineral Water Corporation (“Vinh Hao”) for a total consideration of VND438,370 million including transactions costs. Such acquisitions resulted in the Company having 63.51% effective equity interest in Vinh Hao as at 31 December 2013 (see Note 5(a)).

(***) On 2 July 2013, the Company increased its investment in Masan Agri Corporation (formerly known as Hoa Muoi Gio Company Limited) (“Hoa Muoi Gio”) by converting loan and related interest receivables as of 30 June 2013 of VND2,166,553 million.

On 26 August 2013, the Company disposed 49% of its stake in Hoa Muoi Gio which holds 40% equity interest in Vietnamese-French Cattle Feed Joint Stock Company (“Proconco”) for a cash consideration of VND1,061,862 million. Such transaction resulted in the Company’s indirect equity interest in Proconco being decreased from 40% as at 31 December 2012 to 20.4% as at 31 December 2013.

On 16 September 2013, Hoa Muoi Gio changed its name to Masan Agri Corporation.

(****) On 30 December 2013, Vinh Hao Mineral Water Corporation, a subsidiary, completed the acquisition of 99.99% stake in KronFa., JSC (“Kronfa”) for a total consideration of VND47,590 million. Such acquisition resulted in the Company having 63.50% effective equity interest in Kronfa as at 31 December 2013 (see Note 5(b)). This subsidiary is indirectly owned by the Company through Vinh Hao Mineral Water Corporation.

All the subsidiaries and associate are incorporated in Vietnam.

As at 31 December 2013, the Company had 969 employees (31/12/2012: 1,028 employees) and the Group had 6,225 employees (31/12/2012: 5,249 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

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

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(d) Accounting currency

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

3. Summary of significant accounting policies

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

(a) Basis of financial statement preparation

(i) Accounting policy for business combinations under common control

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

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

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

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

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

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

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iii) Minority interests

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

(iv) Transactions eliminated on consolidation

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

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(c) Foreign currency transactions

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

All foreign exchange differences are recorded in the statement of income.

(d) Cash and cash equivalents

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

(e) Investments

(i) Investments in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost less allowance for diminution in value in the Company's separate financial statements. Allowance is made for reductions in investment values if market value of the investment falls below cost or if the investee has suffered a loss. The allowance is reversed if the recoverable amount is subsequently increased after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(ii) Short-term investments

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

(iii) Other long-term investments

Other long-term investments represent time deposits with original terms to maturity of more than twelve months from their transactions date and are stated at cost. They also include investments in shares of entities of which the Company has no control or significant influence. They are stated at cost less allowance for diminution in value. Allowance is made for reductions in investment values if the investee has suffered a loss (except where such loss have been identified in the business plan before investment date). 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.

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(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 for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul cost, is charged to the statement of income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure have resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure are capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

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

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

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(i) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

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

Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over their useful lives ranging from 19 to 50 years.

(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over their useful lives ranging from 4 to 10 years.

(iii) Brand name

Cost of acquiring brand name is capitalised and treated as an intangible asset.

The fair value of brand name acquired in a business combination is determined based on the discounted estimated royalty payments that have been avoided as a result of the brand name being owned. The fair values of brand names acquired in business combinations are recognised as an intangible asset and are amortised on a straight-line basis over their useful lives ranging from 10 to 20 years.

(iv) Customer relationships

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

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(v) Mineral water resources

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

(j) Construction in progress

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

(k) Long-term prepayments

(i) Prepaid land costs

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

(ii) Tools and supplies and printing axles

Tools and supplies and printing axles are stated at cost and are amortised on a straight-line basis over 2 years.

Tools and supplies also include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND 30 million and therefore not qualified for recognition as fixed assets under Circular 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets (“Circular 45”). Cost of those assets are amortised on a straight-line basis over 2 years.

(iii) Arrangement fee

Arrangement fee comprises the arrangement costs incurred in conjunction with the obtaining of long-term borrowings and is recognised in the statement of income on a straight-line basis over the term of the borrowings of 3 years.

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(l) Goodwill

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

(m) Trade and other payables

Trade and other payables are stated at their cost.

(n) Provisions

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

Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee's 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 or the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment insurance scheme, the Company or the Group is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of 31 December 2013 will be determined based on the eligible employees' years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

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(o) Classification of financial instruments

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

(i) Financial assets

Financial assets at fair value through profit or loss

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

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

Held-to-maturity investments

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

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

Loans and receivables

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

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

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Available-for-sale financial assets

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

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

(ii) *Financial liabilities*

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities carried at amortised cost

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

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

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(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 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.

(q) Equity

(i) *Share capital and capital surplus*

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

(ii) *Other reserves*

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

(r) Revenue

(i) *Goods sold*

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

(ii) *Services rendered*

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

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(s) Financial income and financial expenses

(i) Financial income

Financial income comprises interest income from deposits, interest income from loans and associated income, dividend income, negative goodwill and foreign exchange gains.

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

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

(ii) Financial expenses

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

(t) Operating lease payments

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

(u) Borrowing costs

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 qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalized as part of the cost of the assets concerned.

(v) Earnings per share

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

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(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, loans and borrowings and related expenses, the Company's headquarters' corporate assets, general and administrative expenses, income tax assets and liabilities and expenses, and items that are attributable to more than one segment and cannot reasonably be allocated to a segment.

(x) Related companies

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

(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.

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4. Segment reporting

(a) Business segments

The Group classified the Group's business segments into six main business segments which are food sauces, instant food, packaging, beverage, feed mill and others. Others business segment mainly represents consultant service and warehouse rental fee to third parties.

For the year ended 31 December 2013	Food sauces VND'000	Instant Food VND'000	Packaging VND'000	Beverage (*) VND'000	Feed Mill (**) VND'000	Others VND'000	Consolidated VND'000
External revenue - net	5,255,202,157	4,040,929,724	-	2,555,105,667	-	91,295,268	11,942,532,816
Inter-segment revenue - net	(128,019,604)	(266,799,740)	394,819,344	-	-	-	-
Total segment revenue - net	5,127,182,553	3,774,129,984	394,819,344	2,555,105,667	-	91,295,268	11,942,532,816
Segment gross margin	2,787,874,762	1,272,900,333	49,292,938	799,259,122	-	90,009,640	4,999,336,795
Segment results	2,121,397,921	484,523,714	44,968,234	40,918,947	183,016,192	90,009,640	2,964,834,648
Unallocated selling expenses							41,639,051
Unallocated general and administration expenses							289,262,622
Financial income							1,755,709,999
Financial expenses							437,621,192
Net operating profit							3,952,021,782
Other income							53,868,594
Other expenses							41,534,747
Income tax expense							694,023,366
Net profit							3,270,332,263

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For the year ended 31 December 2012	Food sauces VND'000	Instant Food VND'000	Packaging VND'000	Beverage (*) VND'000	Feed Mill (**) VND'000	Others VND'000	Consolidated VND'000
External revenue - net	4,864,792,989	3,464,936,170	4,791	2,059,680,700	-	-	10,389,414,650
Inter-segment revenue - net	(139,684,173)	(268,600,520)	408,284,693	-	-	-	-
Total segment revenue - net	4,725,108,816	3,196,335,650	408,289,484	2,059,680,700	-	-	10,389,414,650
Segment gross margin	2,415,311,650	1,151,242,347	59,801,668	584,133,282	-	-	4,210,488,947
Segment results	1,849,179,724	659,344,929	55,744,115	120,085,194	2,555,287	-	2,686,909,249
Unallocated selling expenses							27,686,468
Unallocated general and administration expenses							165,942,602
Financial income							1,332,727,670
Financial expenses							531,991,410
Net operating profit							3,294,016,439
Other income							52,209,252
Other expenses							26,637,369
Income tax expense							469,279,263
Net profit							2,850,309,059

(*) The result of the Beverage segment included amortizations of goodwill amounting to VND45,841 million (31/12/2012: VND27,877 million), amortisation of intangible fixed assets amounting to VND133,134 million (31/12/2012: VND120,256 million) and depreciation of fair value uplift of fixed assets amounting to VND20,784 million (31/12/2012: VND19,705 million) during the year.

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(**)The result of the Feed mill segment mainly comes from share of profit of an associate i.e. Vietnamese – French Cattle Feed Joint Stock Company during the year.

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

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.

As at 31 December 2013	Food sauces VND'000	Instant Food VND'000	Packaging VND'000	Beverage VND'000	Feed Mill VND'000	Others VND'000	Consolidated VND'000
Segment assets	797,724,753	916,645,839	180,946,276	2,752,774,413	2,152,932,288	-	6,801,023,569
Unallocated assets							19,402,146,781
Total assets							26,203,170,350
Segment liabilities	76,531,218	174,756,190	13,893,580	330,993,562	-	-	596,174,550
Unallocated liabilities							7,586,777,434
Total liabilities							8,182,951,984
For the year ended 31 December 2013							
Capital expenditures	20,553,976	162,447,183	6,706,345	126,155,017	-	-	315,862,521
Depreciation	91,476,462	59,950,378	21,716,892	54,339,145	-	-	227,482,877
Amortisation	3,910,953	2,425,263	5,439,144	189,215,570	-	-	200,990,930
Unallocated capital expenditure	-	-	-	-	-	-	306,935,932

Ma San Consumer Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2013 (continued)

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As at 31 December 2012	Food sauces VND'000	Instant Food VND'000	Packaging VND'000	Beverage VND'000	Feed Mill VND'000	Others VND'000	Consolidated VND'000
Segment assets	987,479,869	552,967,243	195,468,758	1,962,025,844	1,967,387,118	-	5,665,328,832
Unallocated assets							11,602,037,923
Total assets							17,267,366,755
Segment liabilities	73,437,599	88,997,556	11,640,616	162,275,248	-	-	336,351,019
Unallocated liabilities							5,521,690,686
Total liabilities							5,858,041,705
For the year ended 31 December 2012							
Capital expenditures	100,732,863	171,445,535	10,338,422	479,507,810	-	-	762,024,630
Depreciation	59,860,413	44,552,650	22,373,675	31,169,865	-	-	157,956,603
Amortisation	560,742	1,685,612	76,262	120,659,039	-	-	122,981,655
Unallocated capital expenditure	-	-	-	-	-	-	106,753,921

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2013 (continued)

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Details of unallocated assets and unallocated liabilities are as follows:

	31/12/2013	31/12/2012
	VND'000	VND'000
Cash and cash equivalents	4,168,229,325	3,383,585,011
Short-term investments	3,287,000,000	1,772,500,000
Accounts receivable – short-term	217,333,675	93,650,207
Inventories	114,408,890	60,382,666
Other current assets	3,125,006,712	169,314,562
Fixed assets	114,712,302	242,561,645
Other long-term assets	8,375,455,877	5,880,043,832
	<hr/>	<hr/>
Unallocated assets	19,402,146,781	11,602,037,923
	<hr/>	<hr/>
Short-term borrowings and liabilities	2,175,419,241	1,683,446,854
Accounts payable – trade	327,917,005	309,145,587
Advances from customers	6,053,416	9,578,084
Tax payable to State Treasury	400,389,227	537,941,456
Payables to employees	6,678	38,061
Accrued expenses	355,556,016	307,148,429
Other short-term payables	23,356,275	28,769,522
	<hr/>	<hr/>
Current liabilities	3,288,697,858	2,876,067,993
	<hr/>	<hr/>
Long-term borrowings and liabilities	3,897,384,660	2,521,943,420
Other long-term liabilities	-	14,582,966
Deferred tax liabilities	400,694,916	109,096,307
	<hr/>	<hr/>
Long-term borrowings and liabilities	4,298,079,576	2,645,622,693
	<hr/>	<hr/>
Unallocated liabilities	7,586,777,434	5,521,690,686
	<hr/>	<hr/>

(b) Geographical segments

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

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2013 (continued)

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5. Acquisition of equity interests

(a) Acquisition of Vinh Hao Mineral Water Corporation – non common control transaction

On 27 March 2013, the Company completed the acquisition of 5,144,460 shares of Vinh Hao Mineral Joint Stock Company (“Vinh Hao”) for a total consideration of VND438,370 million including transactions costs. Such acquisitions resulted in the Company having 63.51% effective equity interest in Vinh Hao as at 31 December 2013.

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

	Pre-acquisition carrying amounts VND’000	Fair value adjustments VND’000	Recognised value on acquisition VND’000
Cash and cash equivalents	9,230,914	-	9,230,914
Accounts receivable – short-term	29,711,245	-	29,711,245
Inventories	54,281,682	-	54,281,682
Other current assets	2,851,039	-	2,851,039
Tangible fixed assets	68,119,883	18,128,821	86,248,704
Intangible fixed assets	9,369,009	241,819,296	251,188,305
Construction in progress	215,275	-	215,275
Long-term investments	3,600,000	-	3,600,000
Long-term prepayments	6,060,656	-	6,060,656
Deferred tax assets	1,697,850	-	1,697,850
Other long-term assets	1,016,203	-	1,016,203
Current liabilities	(47,114,801)	-	(47,114,801)
Long-term liabilities	(27,348,040)	-	(27,348,040)
Deferred tax liabilities	-	(53,346,795)	(53,346,795)
Total net identifiable assets acquired	111,690,915	206,601,322	318,292,237
Share of net assets acquired			202,153,294
Goodwill on acquisition			236,216,715
Consideration paid			438,370,009
Cash acquired			(9,230,914)
Net cash outflow			429,139,095
Cost of acquisition comprised:			
Cash payment			437,279,100
Transactions costs			1,090,909
Consideration paid			438,370,009

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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Goodwill recognised on the acquisition is attributable mainly to the synergies expected to be achieved from integrating the acquired company into the Group's existing business.

From the date of acquisition, Vinh Hao, has contributed VND7,606,948,926 to the net profit before tax of the Group.

The net revenue and net profit of Vinh Hao before the acquisition were VND110,083,763,186 and VND1,363,961,982, respectively.

(b) Acquisition of KronFa., JSC – non common control transaction

On 30 December 2013, Vinh Hao, a subsidiary, completed the acquisition of 99.99% stake in KronFa., JSC ("Kronfa") for a total consideration of VND47,590 million. Such acquisition resulted in the Company having 63.50% effective equity interest in Kronfa as at 31 December 2013.

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

	Pre-acquisition carrying amounts VND'000	Fair value adjustments VND'000	Recognised value on acquisition VND'000
Cash and cash equivalents	1,747,492	-	1,747,492
Other current assets	1,610,989	-	1,610,989
Tangible fixed assets	12,081,860	12,864,000	24,945,860
Intangible fixed assets	53,232	294,522,000	294,575,232
Construction in progress	832,103	-	832,103
Long-term prepayments	14,410	-	14,410
Deferred tax liabilities	-	(62,168,549)	(62,168,549)
Total net identifiable assets acquired	16,340,086	245,217,451	261,557,537
Share of net assets acquired			261,552,306
Negative goodwill on acquisition			(213,962,708)
Total consideration			47,589,598
Consideration unpaid (Note 21)			(43,396,598)
Cash acquired			(1,747,492)
Net cash outflow			2,445,508

The excess of net identifiable assets and liabilities over the cost of the acquisition amounting to VND213,962,708,128 was included under in the Financial income (Note 28).

The acquisition was on 30 December 2013. Therefore the acquired business did not contribute any revenue and profit to the Group's results during the period from the acquisition date to 31 December 2013.

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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6. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Cash on hand	2,787,737	1,826,091	189,930	1,058,950
Cash in banks	37,903,644	67,025,939	6,235,638	16,652,158
Cash equivalents	4,127,537,944	3,314,732,981	2,233,700,000	853,500,000
Cash and cash equivalents in the statement of cash flows	4,168,229,325	3,383,585,011	2,240,125,568	871,211,108

Cash equivalents represent term deposits to banks with original terms to maturity of three months or less from their transactions dates. The term deposits are denominated in VND and USD, and earned interest at rates ranging from 6% to 8% per annum for term deposits in VND and from 0.25% to 0.5% per annum for term deposits in USD during the year (31/12/2012: 8% to 9% per annum for VND and 0.5% per annum for USD).

Cash equivalents as at 31 December 2013 included VND28,000 million (31/12/2012: Nil) pledged with banks as security for loans granted to the Group (Note 23).

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

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

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Amounts due from subsidiaries				
Trade	-	-	19,025,123	9,472,110

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

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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Other short-term receivables comprised:

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Non-trade amounts due from Ma San Group Corporation, the parent company				
▪ Loans receivable	2,123,200,000	-	2,123,200,000	-
▪ Accrued facility fee receivable	761,256,494	-	761,256,494	-
▪ Accrued interest receivable	142,225,315	-	142,225,315	-
Non-trade amounts due from subsidiaries				
▪ Dividends receivable	-	-	2,029,395,881	1,962,010,262
▪ Loans receivable	-	-	-	2,055,330,695
▪ Accrued interest receivable	-	-	-	79,073,011
▪ Deposit interest income receivable	-	-	5,423,453	-
▪ Other receivables	-	-	18,061,994	-
Dividend receivable from Proconco	-	64,000,000	-	-
Accrued interest receivable from deposits at banks	50,653,431	79,694,131	46,167,832	58,312,208
Others	29,118,702	9,833,641	26,055,045	514,525
	<u>3,106,453,942</u>	<u>153,527,772</u>	<u>5,151,786,014</u>	<u>4,155,240,701</u>

The short-term loans receivable from the parent company was unsecured and bore interest at 15% per annum during the year.

The facility fee and interest receivable were charged at 15% per annum on undrawn amount of USD8 million (31/12/2012: USD108 million) and drawn down amount of USD100 million (31/12/2012: Nil), respectively. The drawdown amount of VND2,123,200 million, equivalent to USD100 million was made by Ma San Group Corporation in 2013.

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

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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Other long-term receivables comprised:

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Non-trade amounts due from Ma San Group Corporation, the parent company				
▪ Loans receivable	6,286,800,000	4,000,000,000	6,286,800,000	4,000,000,000
▪ Accrued interest receivable	1,725,360,445	964,420,124	1,725,360,445	964,420,124
▪ Facility fee receivable	-	482,583,082	-	482,583,082
Accrued interest receivable from deposits at banks	-	23,157,903	-	14,832,125
	8,012,160,445	5,470,161,109	8,012,160,445	5,461,835,331

The long-term loans receivable from Ma San Group Corporation as at 31 December 2013 include:

- Loans had original amount of VND4,000 billion (31/12/2012: VND4,000 billion). The loans were unsecured and bore interest at 13% per annum (2012: 13% per annum) during the year. The loans mature in 4 and 5 years from the drawdown date of each loan, which occurred in 2011. The interest is receivable on the maturity date of the loan agreement.
- Loan had amount of VND2,286 billion (31/12/2012: Nil). The loan was unsecured and bore interest at 10.5% per annum. The loan matures in 5 years from the drawdown date, which occurred in 2013. The interest is receivable on the maturity date of the loan agreement.

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

	<u>Group</u>		<u>Company</u>	
	2013 VND'000	2012 VND'000	2013 VND'000	2012 VND'000
Opening balance	377,768	1,083,816	-	824,837
Increase in allowance during the year	1,492,627	143,814	-	-
Allowance utilised during the year	(56,630)	(832,368)	-	(824,837)
Written back	(30,000)	(17,494)	-	-
Closing balance	1,783,765	377,768	-	-

As at 31 December 2013, certain trade receivables of the Company and Group were pledged with banks as security for loans granted to the Company, Ma San Industrial One Member Company Limited, Viet Tien Food Technology One Member Company Limited, Minh Viet Packaging One Member Company Limited and Ma San HD One Member Company Limited (See Notes 17 and 23).

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2013 (continued)

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8. Inventories

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Goods in transit	49,521,191	15,348,733	2,374,567	-
Raw materials	341,909,418	396,320,672	9,484,708	15,406,738
Tools and supplies	62,727,275	26,793,824	-	-
Work in progress	67,049,765	88,448,423	-	-
Finished goods	117,995,924	48,912,429	1,093,848	-
Merchandise inventories	19,837,558	22,030	16,724,301	22,031,629
Goods on consignment	2,390	-	-	-
	659,043,521	575,846,111	29,677,424	37,438,367
Allowance for inventories	(20,739,357)	(11,990,882)	(382,548)	(395,463)
	638,304,164	563,855,229	29,294,876	37,042,904

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

	<u>Group</u>		<u>Company</u>	
	2013 VND'000	2012 VND'000	2013 VND'000	2012 VND'000
Opening balance	11,990,882	12,900,974	395,463	753,290
Increase in allowance during the year	38,187,411	46,618,335	-	1,555,596
Allowance utilised during the year	(24,494,894)	(41,705,365)	(12,915)	(1,677,498)
Written back	(4,944,042)	(5,823,062)	-	(235,925)
Closing balance	20,739,357	11,990,882	382,548	395,463

As at 31 December 2013, certain inventories of the Group were pledged with banks as security for loans granted to Ma San Industrial One Member Company Limited, Viet Tien Food Technology One Member Company Limited, Ma San HD One Member Company Limited and Vinacafe Bien Hoa Joint Stock Company (see Notes 17 and 23).

Included in inventories at 31 December 2013 was VND14,521 million (31/12/2012: Nil) of finished goods carried at net realisable value.

Ma San Consumer Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2013 (continued)

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9. Tangible fixed assets

For the year ended 31 December 2013

Group	Buildings VND'000	Leasehold improvements VND'000	Office equipment VND'000	Machinery and equipment VND'000	Motor vehicles VND'000	Total VND'000
Cost						
Opening balance	453,710,454	7,441,071	35,564,219	1,453,022,198	21,063,832	1,970,801,774
Acquisition of subsidiaries	58,237,841	-	320,246	39,959,385	12,677,092	111,194,564
Additions	2,176,389	-	1,456,147	13,799,955	575,000	18,007,491
Transfer from construction in progress	115,473,959	-	11,972,225	135,822,569	2,210,499	265,479,252
Reclassification to short-term prepayments (*)	(36,868)	-	(845,659)	(3,153,191)	(19,648)	(4,055,366)
Reclassification to long-term prepayments (*)	(703,121)	-	(12,072,991)	(11,083,635)	(475,900)	(24,335,647)
Disposals	(265,639)	-	(451,054)	(28,518,561)	(194,987)	(29,430,241)
Closing balance	628,593,015	7,441,071	35,943,133	1,599,848,720	35,835,888	2,307,661,827
Accumulated depreciation						
Opening balance	53,956,756	6,673,656	17,661,469	381,217,850	13,512,339	473,022,070
Charge for the year	32,747,172	457,633	6,085,781	199,699,927	4,063,221	243,053,734
Reclassification to short-term prepayments (*)	(35,383)	-	(806,386)	(2,505,922)	(15,828)	(3,363,519)
Reclassification to long-term prepayments (*)	(608,960)	-	(6,942,480)	(7,420,728)	(245,964)	(15,218,132)
Disposals	(114,372)	-	(395,827)	(19,682,355)	(143,532)	(20,336,086)
Closing balance	85,945,213	7,131,289	15,602,557	551,308,772	17,170,236	677,158,067
Net book value						
Opening balance	399,753,698	767,415	17,902,750	1,071,804,348	7,551,493	1,497,779,704
Closing balance	542,647,802	309,782	20,340,576	1,048,539,948	18,665,652	1,630,503,760

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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For the year ended 31 December 2012

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

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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For the year ended 31 December 2013

<u>Company</u>	Buildings VND'000	Leasehold improvements VND'000	Office equipment VND'000	Machinery and equipment VND'000	Motor vehicles VND'000	Total VND'000
Cost						
Opening balance	1,431,411	7,441,071	11,111,596	10,674,211	10,583,885	41,242,174
Additions	-	-	851,242	86,726	-	937,968
Transfer from construction in progress	362,326	-	811,964	1,167,785	2,210,499	4,552,574
Reclassification to long term prepayments (*)	-	-	(4,617,232)	(473,100)	(22,524)	(5,112,856)
Disposals	-	-	(111,707)	(8,005,716)	(194,987)	(8,312,410)
Closing balance	1,793,737	7,441,071	8,045,863	3,449,906	12,576,873	33,307,450
Accumulated depreciation						
Opening balance	690,153	6,673,656	6,939,301	4,949,134	9,167,515	28,419,759
Charge for the year	386,558	457,633	1,881,225	465,591	1,209,847	4,400,854
Reclassification to long term prepayments (*)	-	-	(2,798,186)	(293,560)	(15,772)	(3,107,518)
Disposals	-	-	(56,480)	(4,264,567)	(143,532)	(4,464,579)
Closing balance	1,076,711	7,131,289	5,965,860	856,598	10,218,058	25,248,516
Net book value						
Opening balance	741,258	767,415	4,172,295	5,725,077	1,416,370	12,822,415
Closing balance	717,026	309,782	2,080,003	2,593,308	2,358,815	8,058,934

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

(*) The reclassification represents net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular 45, i.e. costing VND30 million or more. These assets are reclassified to long-term prepayments (Note 14) and short-term prepayments.

Included in the cost of tangible fixed assets of the Group and the Company were assets costing VND116,882 million and VND16,782 million, respectively, which were fully depreciated as of 31 December 2013 (31/12/2012: VND71,270 million and VND9,479 million), but which are still in active use.

As at 31 December 2013, the Group's tangible fixed assets with carrying value of VND676,017 million (31/12/2012: VND613,304 million) were pledged with banks as security for loans granted to the Group.

The carrying amount of the Group's tangible fixed assets retired from active use and held for disposal amounted to VND1,547 million as of 31 December 2013 (31/12/2012: VND24,138 million).

The carrying amount of the Group's temporarily idle equipment in tangible fixed assets amounted to VND48,573 million as of 31 December 2013 (31/12/2012: VND35,566 million).

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2013 (continued)

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10. Intangible fixed assets

For the year ended 31 December 2013

Group	Land use rights VND'000	Software VND'000	Brand name VND'000	Customer relationship VND'000	Mineral water resources VND'000	Total VND'000
Cost						
Opening balance	144,357,199	9,558,693	544,435,586	320,647,475	-	1,018,998,953
Acquisition of subsidiaries	27,201,037	333,126	158,430,589	54,462,960	305,335,825	545,763,537
Additions	2,245,854	2,587,840	-	-	-	4,833,694
Transfer from construction in progress	-	12,935,667	-	-	-	12,935,667
Reclassification to short-term prepayments (*)	-	(1,414,143)	-	-	-	(1,414,143)
Reclassification to long-term prepayments (*)	(11,365)	(404,538)	-	-	-	(415,903)
Closing balance	173,792,725	23,596,645	702,866,175	375,110,435	305,335,825	1,580,701,805
Accumulated amortisation						
Opening balance	15,920,168	6,968,787	63,927,508	74,817,745	-	161,634,208
Amortisation for the year	4,274,148	3,410,927	61,737,128	67,969,832	2,386,618	139,778,653
Reclassification to short-term prepayments (*)	-	(235,691)	-	-	-	(235,691)
Reclassification to long-term prepayments (*)	-	(161,305)	-	-	-	(161,305)
Closing balance	20,194,316	9,982,718	125,664,636	142,787,577	2,386,618	301,015,865
Net book value						
Opening balance	128,437,031	2,589,906	480,508,078	245,829,730	-	857,364,745
Closing balance	153,598,409	13,613,927	577,201,539	232,322,858	302,949,207	1,279,685,940

Ma San Consumer Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2013 (continued)

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For the year ended 31 December 2012

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

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2013 (continued)

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For the year ended 31 December 2013

<u>Company</u>	Software VND'000	Brand name VND'000	Total VND'000
Cost			
Opening balance	9,470,007	636,364	10,106,371
Additions	1,583,766	-	1,583,766
Reclassification to short-term prepayments (*)	(1,414,143)	-	(1,414,143)
Reclassification to long-term prepayments (*)	(293,638)	-	(293,638)
Closing balance	9,345,992	636,364	9,982,356
Accumulated amortisation			
Opening balance	6,885,248	484,266	7,369,514
Amortisation for the year	1,987,881	95,804	2,083,685
Reclassification to short-term prepayments (*)	(235,690)	-	(235,690)
Reclassification to long-term prepayments (*)	(69,232)	-	(69,232)
Closing balance	8,568,207	580,070	9,148,277
Net book value			
Opening balance	2,584,759	152,098	2,736,857
Closing balance	777,785	56,294	834,079

For the year ended 31 December 2012

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

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2013 (continued)

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(*) The reclassification represents net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular 45, i.e. costing VND30 million or more. These assets are reclassified to long-term prepayments (Note 14) and short-term prepayments.

Included in the cost of intangible fixed assets of the Group and the Company were assets costing VND4,793 million and VND4,408 million, respectively, which were fully amortised as of 31 December 2013 (31/12/2012: VND1,931 million and VND1,868 million), but which are still in use.

At 31 December 2013 land use rights of the Group with a carrying value of VND72,958 million (31/12/2012: VND53,659 million) were pledged with banks as security for loans granted to the Group (Note 17).

11. Construction in progress

	<u>Group</u>		<u>Company</u>	
	2013 VND'000	2012 VND'000	2013 VND'000	2012 VND'000
Opening balance	671,860,612	577,188,957	724,803	959,466
Acquisition of subsidiary	1,047,378	-	-	-
Additions during the year	316,636,832	874,241,502	4,949,387	2,719,310
Transfer to tangible fixed assets	(265,479,252)	(769,883,366)	(4,552,574)	(2,724,066)
Transfer to intangible fixed assets	(12,935,667)	(1,904,383)	-	(171,882)
Transfer to long-term prepayments	(9,159,362)	(7,782,098)	(89,640)	(58,025)
Closing balance	701,970,541	671,860,612	1,031,976	724,803

Major constructions in progress were as follows:

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Buildings	216,384,054	347,254,925	-	-
Leasehold improvements	-	724,803	-	724,803
Machinery and equipment	482,825,716	321,312,369	-	-
Other tangible fixed assets	697,022	2,568,515	108,701	-
Software	2,063,749	-	923,275	-
	701,970,541	671,860,612	1,031,976	724,803

As at 31 December 2013 constructions in progress of the Group with a carrying value of VND176,983 million (31/12/2012: Nil) were pledged with banks as security for loans granted to the Group (see Note 17).

During the year, borrowing costs capitalised into construction in progress of the Group amounted to VND8,274 million (2012: VND33,156 million).

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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12. Investments

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Long-term investments				
Investments in subsidiaries	-	-	3,631,480,466	2,088,173,387
Investment in an associate	2,152,932,288	1,967,387,118	-	-
Other long-term investments	3,600,000	365,500,000	-	234,500,000
	<u>2,156,532,288</u>	<u>2,332,887,118</u>	<u>3,631,480,466</u>	<u>2,322,673,387</u>
Short-term investments				
Term deposits at banks	3,287,000,000	1,772,500,000	3,017,600,000	1,413,000,000

Details of investments in subsidiaries are as follows:

Name	31/12/2013 VND'000	31/12/2012 VND'000
Vinacafe Bien Hoa Joint Stock Company	1,209,140,528	1,209,140,528
Masan Food Company Limited	879,022,859	879,022,859
Masan Agri Corporation (formerly known as Hoa Muoi Gio Company Limited)	1,104,947,070	10,000
Vinh Hao Mineral Water Corporation	438,370,009	-
	<u>3,631,480,466</u>	<u>2,088,173,387</u>

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

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Term deposits at banks	-	365,500,000	-	234,500,000
Investment in Vinh Hao Seaweed Corporation	3,600,000	-	-	-
	<u>3,600,000</u>	<u>365,500,000</u>	<u>-</u>	<u>234,500,000</u>

At 31 December 2013, investments in subsidiaries of VND879,023 million (31/12/2012: VND879,033 million) were pledged with bank as security for loans granted to the Group.

Term deposits at banks represent deposits with original terms to maturity of more than three months from their transaction dates. The term deposits are denominated in Vietnam Dong and earned interest at rates ranging from 6% to 8% (2012: ranging from 9% to 11.5%) per annum during the year.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2013 (continued)

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13. Group entities

The following are the details of the consolidated subsidiaries and associate as at 31 December 2013:

Name	Address
Masan Food Company Limited	12 th Floor, Kumho Asiana Plaza Saigon – 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.
Ma San Industrial One Member Company Limited	Lot 6, Tan Dong Hiep A Industrial Park, Di An Ward, Binh Duong Province, Vietnam
Viet Tien Food Technology One Member Company Limited	Lot III-10-Industrial Group III, Tan Binh Industrial Park, Tan Phu District, Ho Chi Minh City, Vietnam
Minh Viet Packaging One Member Company Limited	Lot III-12-Industrial Group III, Tan Binh Industrial Park, Tan Phu District, Ho Chi Minh City, Vietnam
Ma San PQ Corporation	261 Nguyen Trung Truc, Ward 5, Duong Dong Town, Phu Quoc District, Kien Giang Province, Vietnam
Ma San HD One Member Company Limited	Lot 22, Dai An Industrial Zone, Hai Duong City, Hai Duong Province, Vietnam
Vinacafe Bien Hoa Joint Stock Company	Bien Hoa Industrial Zone I, Bien Hoa City, Dong Nai province, Vietnam.
Masan Agri Corporation (formerly known as Hoa Muoi Gio Company Limited)	12 th Floor, Kumho Asiana Plaza Saigon – 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.
Vinh Hao Mineral Water Corporation	346 Hai Thuong Lan Ong, Phu Tai Ward, Phan Thiet City, Binh Thuan Province, Vietnam.
KronFa., JSC	Km 37, Highway 27, Tan Son Town, Ninh Son District, Ninh Thuan Province, Vietnam.
Vietnamese-French Cattle Feed Joint Stock Company	Road No. 9, Bien Hoa 1 Industrial Zone, An Binh Ward, Dong Nai province.

Ma San Consumer Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2013 (continued)

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14. Long-term prepayments

For the year ended 31 December 2013

Group	Prepaid land costs VND'000	Printing axles VND'000	Tools and supplies VND'000	Arrangement fee VND'000	Total VND'000
Opening balance	2,286,310	708,638	15,919,337	-	18,914,285
Acquisition of subsidiary	-	-	6,075,067	-	6,075,067
Additions	-	4,039,040	10,061,266	284,452,010	298,552,316
Transfer from construction in progress	-	-	9,159,362	-	9,159,362
Reclassification from tangible fixed assets (*)	-	-	9,117,515	-	9,117,515
Reclassification from intangible fixed assets (*)	-	-	254,598	-	254,598
Amortisation for the year	(60,034)	(3,577,881)	(19,141,230)	(30,447,119)	(53,226,264)
Disposals	-	(73,095)	(270,030)	-	(343,125)
Transfer to short-term prepayments	-	-	(5,154,744)	-	(5,154,744)
Closing balance	2,226,276	1,096,702	26,021,141	254,004,891	283,349,010

For the year ended 31 December 2012

Group	Prepaid land costs VND'000	Printing axles VND'000	Tools and supplies VND'000	Total VND'000
Opening balance	2,346,344	564,167	3,463,962	6,374,473
Additions	-	3,376,642	4,179,517	7,556,159
Transfer from construction in progress	-	-	7,782,098	7,782,098
Transfers from tangible fixed assets	-	-	6,958,149	6,958,149
Amortisation for the year	(60,034)	(3,232,171)	(6,464,389)	(9,756,594)
Closing balance	2,286,310	708,638	15,919,337	18,914,285

Ma San Consumer Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2013 (continued)

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<u>Company</u>	Tools and supplies	
	2013 VND'000	2012 VND'000
Opening balance	341,919	142,493
Additions	4,439,071	494,227
Transfers from construction in progress	89,640	58,025
Transfer from tangible fixed assets (*)	2,005,338	-
Transfer from intangible fixed assets (*)	224,406	-
Amortisation for the year	(877,885)	(352,826)
Disposals	(23,337)	-
Transfer to short-term prepayment	(2,371,820)	-
Closing balance	3,827,332	341,919

(*) Reclassification from fixed assets represents the net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets, i.e. costing VND30 million or more, as regulated in Article 3 of Circular 45. These assets were reclassified from tangible and intangible fixed assets during the year (Notes 9 and 10). The remaining net book values of these assets are amortised on a straight line basis over their remaining estimated useful lives, but not exceeding three years.

15. Deferred tax assets and liabilities

<u>Group</u>	31/12/2013		31/12/2012	
	Deferred tax assets VND'000	Deferred tax liabilities VND'000	Deferred tax assets VND'000	Deferred tax liabilities VND'000
Accrued sales discounts	8,891,123	-	9,132,553	-
Accrued transportation costs	9,485,966	-	6,677,045	-
Accrued advertising and promotion expenses	57,986,503	-	14,193,438	-
Other accruals	9,755,069	-	4,040,962	-
Unrealised profit	1,453,493	-	1,990,946	-
Tangible fixed assets	-	(15,954,321)	-	(11,330,275)
Intangible fixed assets	-	(194,505,515)	-	(97,766,032)
Accrued interest receivable	-	(190,235,080)	-	-
	87,572,154	(400,694,916)	36,034,944	(109,096,307)

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2013 (continued)

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<u>Company</u>	31/12/2013		31/12/2012	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	VND'000	VND'000	VND'000	VND'000
Accrued sales discounts	6,372,941	-	9,132,553	-
Accrued transportation costs	7,545,566	-	6,311,888	-
Accrued advertising and promotion expenses	7,211,950	-	4,970,204	-
Other accruals	676,417	-	754,449	-
Accrued interest receivable	-	(190,235,080)	-	-
	21,806,874	(190,235,080)	21,169,094	-

16. Goodwill

	2013 VND'000	2012 VND'000
Cost		
Opening balance	284,728,173	284,728,173
Additions	236,216,715	-
Closing balance	520,944,888	284,728,173
Accumulated amortisation		
Opening balance	36,095,998	7,623,181
Charge for the period	47,729,563	28,472,817
Closing balance	83,825,561	36,095,998
Net book value		
Opening balance	248,632,175	277,104,992
Closing balance	437,119,327	248,632,175

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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17. Short-term borrowings and liabilities

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Short-term borrowings	1,993,524,428	1,540,393,217	921,035,862	758,686,221
Current portion of long-term borrowings (See Note 23)	181,894,813	143,053,637	2,123,200,000	-
	<u>2,175,419,241</u>	<u>1,683,446,854</u>	<u>3,044,235,862</u>	<u>758,686,221</u>

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

	Currency	Nominal interest rate (per annum)	<u>Group</u>		<u>Company</u>	
			31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Short-term borrowings						
Secured bank loans	VND	4.86% - 10.74%	1,705,812,477	1,540,393,217	856,035,862	758,686,221
Unsecured bank loans	VND	5.5% - 7.5%	287,711,951	-	65,000,000	-
			<u>1,993,524,428</u>	<u>1,540,393,217</u>	<u>921,035,862</u>	<u>758,686,221</u>

The secured bank loans of the Company are secured over certain trade receivables with a carrying amount of USD6.25 million, equivalent to VND131,750 million (31/12/2012: USD1.25 million, equivalent to VND26,000 million).

The secured bank loans of the Group are secured over certain trade receivables and inventories with a carrying amount of VND165.5 million and USD30.5 million, equivalent to VND642,940 million (31/12/2012: USD26.25 million, equivalent to VND546,000 million) (See Note 7) and fixed assets with a carrying value of VND925,958 million (31/12/2012: VND666,963 million) (See Notes 9,10 and 11). Part of these fixed assets with carrying value of VND885,745 million (31/12/2012: VND632,006 million) was also used as security for long-term borrowings and accordingly, included in the amount of security disclosed in Note 23.

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2013 (continued)

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18. Accounts payables – trade

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

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Amounts due to subsidiaries				
Trade	-	-	2,377,378,755	2,228,471,324
Amounts due to other related companies				
Trade	-	6,336,536	-	4,993,289
	-	6,336,536	2,377,378,755	2,233,464,613

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

19. Taxes payable to State Treasury

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Value added tax	91,543,423	32,660,367	21,943,076	-
Import-export tax	3,331,819	11,230,283	-	431,369
Corporate income tax	333,966,247	513,890,172	7,750,237	273,163,504
Personal income tax	10,981,652	2,802,011	9,918,369	2,653,496
Other taxes	1,602,501	20,747	-	-
	441,425,642	560,603,580	39,611,682	276,248,369

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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20. Accrued expenses

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Transportation expenses	46,056,038	30,614,978	34,298,025	25,247,552
Bonus and 13th month salary	64,440,649	45,011,058	29,681,714	17,726,712
Advertising and promotion expenses	279,736,913	139,125,019	32,781,593	25,845,496
Sales discounts	49,652,696	41,187,829	28,967,911	36,530,214
Accrual interest expenses	9,808,022	68,028,786	1,444,125	1,191,344
Purchases not yet received invoices	16,252,333	28,138,649	73,071	-
Share issuing fee	11,586,579	-	11,586,579	-
Construction in progress	6,112,613	15,540,453	-	-
Extension fee	-	3,711,600	-	-
Others	41,639,778	23,289,746	3,074,627	-
	525,285,621	394,648,118	141,907,645	106,541,318

21. Other short-term payables

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Non-trade amounts due to Ma San Group Corporation, the parent company				
▪ Deposit interest income payables	20,197,328	-	20,197,328	-
Non-trade amounts due to subsidiaries				
▪ Facility fee payable	-	-	211,030,852	-
▪ Accrued interest payable	-	-	142,225,315	-
Purchase shares in a subsidiary	43,396,598	-	-	-
Trade union fees	3,642,061	1,201,954	2,495,457	-
Social and health insurance	-	233,460	-	148,095
Short-term deposits from customers	1,509,170	480,000	-	-
Others	903,707	29,433,635	-	19,614
	69,648,864	31,349,049	375,948,952	167,709

The non-trade amounts to the parent company and subsidiaries were unsecured, interest free and are payable in 2014.

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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22. Other long-term liabilities

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Non-trade amounts due to Ma San Group Corporation, the parent company				
▪ Deposit interest income payables	-	14,582,966	-	14,582,966
Long-term deposits	16,516,594	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	16,516,594	14,582,966	-	14,582,966
	<hr/>	<hr/>	<hr/>	<hr/>

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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23. Long-term borrowings and liabilities

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Long-term borrowings	4,079,279,473	2,664,997,057	2,123,200,000	-
Repayable within twelve months (Note 17)	(181,894,813)	(143,053,637)	(2,123,200,000)	-
Repayable after twelve months	3,897,384,660	2,521,943,420	-	-

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

	Currency	Nominal interest rate (per annum)	Year of maturity	<u>Group</u>		<u>Company</u>	
				31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Long-term borrowings							
▪ Secured bank loans	VND	10% - 14.5%	2014-2017	390,279,473	418,597,057	-	-
▪ Secured bank loans	USD	Libor + 3.5% - Libor + 4.5%	2016	3,689,000,000	2,246,400,000	-	-
▪ Unsecured loan	VND	15%	2014	-	-	2,123,200,000	-
				4,079,279,473	2,664,997,057	2,123,200,000	-

The secured bank loans denominated in VND amounting to VND390,279 million (31/12/2012: VND418,597 million) were secured over certain fixed assets with a carrying amount of VND885,745 million as of 31 December 2013 (31/12/2012: VND632,006 million) (Note 17) and certain term deposits at banks with amount of VND28,000 million (31/12/2012: Nil) (Note 6).

The secured bank loans denominated in USD amounting to USD175 million, equivalent to VND3,689,000 million (31/12/2012: USD108 million, equivalent to VND2,246,400 million), were secured by Masan Food Company Limited's investments in subsidiaries amounting to VND879,023 million (31/12/2012: Masan Food Company Limited's investments in subsidiaries and the Company's investment in a subsidiary amounting to VND879,033 million). USD150 million of the loans, equivalent to VND3,162,000 million was insured by Multilateral Investment Guarantee Agency ("MIGA"), a member of the World Bank (31/12/2012: Nil). The USD150 million and USD25 million loans bore interest at LIBOR + 3.5% and LIBOR + 4.5%, respectively, if they are guaranteed by Ma San Group Corporation, the parent company, otherwise they will bear interest at LIBOR + 4.5% and LIBOR + 5.5%, respectively. The outstanding balances at 31 December 2013 are repayable in one instalment on the maturity date, which is on 15 August 2016.

The unsecured loan of the Company denominated in VND amounting to VND2,123,200 million (31/12/2012: Nil) is related to loan from Ma San Industrial One Member Company Limited.

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

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2013 (continued)

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24. Changes in owners' equity and minority interests

<u>Group</u>	<u>Share capital</u> VND'000	<u>Capital surplus</u> VND'000	<u>Other reserves</u> VND'000	<u>Investment development funds</u> VND'000	<u>Financial reserve funds</u> VND'000	<u>Retained profits</u> VND'000	<u>Total owner's equity</u> VND'000	<u>Minority interests</u> VND'000	<u>Total</u> VND'000
Balance at 1 January 2012	2,500,000,000	3,111,514,809	(191,690,689)	-	-	2,517,269,214	7,937,093,334	802,243,135	8,739,336,469
Share capital issued (Note 25)	12,500,000	-	-	-	-	-	12,500,000	-	12,500,000
Share dividends (Note 25)	2,512,500,000	-	-	-	-	(2,512,500,000)	-	-	-
Dividends	-	-	-	-	-	-	-	(25,988,156)	(25,988,156)
Appropriation to equity funds	-	-	-	18,324,741	4,407,232	(22,731,973)	-	-	-
Appropriation to bonus and welfare funds	-	-	-	-	-	(15,726,702)	(15,726,702)	(7,601,733)	(23,328,435)
Payment for Board of Management fees of subsidiary	-	-	-	-	-	(1,778,972)	(1,778,972)	(1,760,863)	(3,539,835)
Net profit for the year	-	-	-	-	-	2,764,147,059	2,764,147,059	86,162,000	2,850,309,059
Acquisition of subsidiary – common control transaction	-	-	(17,919,600)	-	-	-	(17,919,600)	-	(17,919,600)
Acquired further equity interest of subsidiary	-	-	(73,663,988)	-	-	-	(73,663,988)	(48,380,464)	(122,044,452)
Balance at 1 January 2013	5,025,000,000	3,111,514,809	(283,274,277)	18,324,741	4,407,232	2,728,678,626	10,604,651,131	804,673,919	11,409,325,050
Share capital issued (Note 25)	248,359,100	1,976,541,586	-	-	-	-	2,224,900,686	-	2,224,900,686
Dividends	-	-	-	-	-	-	-	(24,876,448)	(24,876,448)
Appropriation to bonus and welfare funds	-	-	-	-	-	(23,236,429)	(23,236,429)	(10,824,228)	(34,060,657)
Payment for Board of Management fees of subsidiary	-	-	-	-	-	(1,813,479)	(1,813,479)	(1,595,121)	(3,408,600)
Net profit for the year	-	-	-	-	-	3,095,773,602	3,095,773,602	174,558,661	3,270,332,263
Minority interest at acquisition date (Note 5)	-	-	-	-	-	-	-	116,144,174	116,144,174
Disposals of shares in subsidiaries	-	-	44,665,311	-	-	-	44,665,311	1,017,196,587	1,061,861,898
Balance at 31 December 2013	5,273,359,100	5,088,056,395	(238,608,966)	18,324,741	4,407,232	5,799,402,320	15,944,940,822	2,075,277,544	18,020,218,366

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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<u>Company</u>	Share capital VND'000	Capital surplus VND'000	Retained profits VND'000	Total VND'000
Balance at 1 January 2012	2,500,000,000	3,111,514,809	2,528,555,065	8,140,069,874
Share capital issued (Note 25)	12,500,000	-	-	12,500,000
Share dividends (Note 25)	2,512,500,000	-	(2,512,500,000)	-
Appropriation to bonus and welfare funds	-	-	(2,825,402)	(2,825,402)
Net profit for the year	-	-	2,774,443,656	2,774,443,656
Balance at 1 January 2013	5,025,000,000	3,111,514,809	2,787,673,319	10,924,188,128
Share capital issued (Note 25)	248,359,100	1,976,541,586	-	2,224,900,686
Appropriation to bonus and welfare funds	-	-	(5,964,722)	(5,964,722)
Net profit for the year	-	-	2,931,089,314	2,931,089,314
Balance at 31 December 2013	5,273,359,100	5,088,056,395	5,712,797,911	16,074,213,406

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2013 (continued)

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25. Share capital and capital surplus

The Company's authorised and issued share capital are:

	31/12/2013		31/12/2012	
	Number of shares	VND'000	Number of shares	VND'000
Authorised share capital	527,335,910	5,273,359,100	502,500,000	5,025,000,000
Issued share capital				
Ordinary shares	527,335,910	5,273,359,100	502,500,000	5,025,000,000
Shares currently in circulation				
Ordinary shares	527,335,910	5,273,359,100	502,500,000	5,025,000,000
Capital surplus	-	5,088,056,395	-	3,111,514,809

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

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

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

	2013		2012	
	Number of shares	VND'000	Number of shares	VND'000
Balance at the beginning of the year	502,500,000	5,025,000,000	250,000,000	2,500,000,000
Shares issued during the year	24,835,910	248,359,100	1,250,000	12,500,000
Share dividends issued during the year	-	-	251,250,000	2,512,500,000
Balance at the end of the year	527,335,910	5,273,359,100	502,500,000	5,025,000,000

On 25 January 2013, the Company issued 22,840,909 shares to KKR Ma San Aggregator L.P., ("investor"), an affiliate of Kohlberg Kravis Roberts & Co. L.P. ("KKR"). In connection with the issuance, the Company entered into an agreement with the investor to issue additional shares based on certain valuation conditions derived from 2013 earnings.

However, after 31 December 2013, this requirement was waived by the investor.

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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26. Total revenue

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

Net revenue comprised:

	<u>Group</u>		<u>Company</u>	
	2013 VND'000	2012 VND'000	2013 VND'000	2012 VND'000
Total revenue				
▪ Sales of finished goods	12,014,693,738	10,575,020,585	9,723,216,036	8,767,253,662
▪ Services and other sales	91,295,268	228,960	84,052,825	7,351,077
Less revenue deductions				
▪ Sales discounts	(132,648,249)	(150,242,775)	(84,759,233)	(130,762,251)
▪ Sales allowances	(10,500)	-	-	-
▪ Sales returns	(30,797,441)	(35,592,120)	(6,834,585)	(26,987,925)
Net revenue	11,942,532,816	10,389,414,650	9,715,675,043	8,616,854,563

27. Cost of sales

	<u>Group</u>		<u>Company</u>	
	2013 VND'000	2012 VND'000	2013 VND'000	2012 VND'000
Total cost of sales				
▪ Finished goods sold	6,908,667,024	6,138,130,430	8,839,766,342	8,160,964,097
▪ Services provided	1,285,628	-	-	-
▪ Allowance for inventories	33,243,369	40,795,273	-	1,319,671
	6,943,196,021	6,178,925,703	8,839,766,342	8,162,283,768

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28. Financial income

	<u>Group</u>		<u>Company</u>	
	2013 VND'000	2012 VND'000	2013 VND'000	2012 VND'000
Interest income from deposits to banks	309,243,709	372,138,486	259,329,660	255,554,251
Interest income from loan to a subsidiary	-	-	120,679,890	61,175,144
Interest income from loans	-	17,897,867	-	17,897,867
Interest income from the parent company	903,165,636	568,281,220	903,165,636	568,281,220
Facility income from the parent company	278,673,412	356,861,850	278,673,412	356,861,850
Deposit interest income from subsidiary	-	-	5,423,453	10,616,990
Dividend income declared by subsidiaries	-	-	2,057,677,703	2,328,349,112
Foreign exchange gains	49,750,606	14,612,034	763,753	1,474,306
Negative goodwill on acquisition of subsidiaries	213,962,708	-	-	-
Other financial income	913,928	2,936,213	246,068	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,755,709,999	1,332,727,670	3,625,959,575	3,600,210,740

29. Financial expenses

	<u>Group</u>		<u>Company</u>	
	2013 VND'000	2012 VND'000	2013 VND'000	2012 VND'000
Interest expense from banks	383,139,374	416,467,623	35,074,889	45,838,765
Interest expense from subsidiary	-	-	142,225,315	-
Facility expense from subsidiary	-	-	211,030,852	349,785,726
Interest expense from loans from the parent company	-	60,898,436	-	60,898,436
Deposit interest expense from the parent company	5,614,362	10,616,990	5,614,362	10,616,990
Foreign exchange losses	34,185,750	6,512,301	65,208	1,099,363
Withholding tax on interest expense and extension fee	14,424,323	15,388,894	-	-
Swap cost	-	19,422,852	-	-
Other financial expense	257,383	2,684,314	217	-
	<hr/>	<hr/>	<hr/>	<hr/>
	437,621,192	531,991,410	394,010,843	468,239,280

Ma San Consumer Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2013 (continued)**

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30. Other income

	<u>Group</u>		<u>Company</u>	
	2013 VND'000	2012 VND'000	2013 VND'000	2012 VND'000
Proceeds from disposals of fixed assets	1,572,599	2,023,051	3,901,078	87,895
Proceeds from scrap sales	29,589,383	20,630,373	914,343	-
Import tax refund	19,289,452	18,977,397	-	-
Provision for severance allowance reversed	-	7,160,488	-	1,587,132
Others	3,417,160	3,417,943	1,201,617	1,050,871
	<hr/>	<hr/>	<hr/>	<hr/>
	53,868,594	52,209,252	6,017,038	2,725,898

31. Other expenses

	<u>Group</u>		<u>Company</u>	
	2013 VND'000	2012 VND'000	2013 VND'000	2012 VND'000
Net book value of disposed fixed assets	9,094,155	6,931,723	3,847,831	11,345
Net book value of disposed long-term prepayment	343,125	-	23,337	-
Cost of scrap sales	25,089,212	15,758,613	863,600	-
Others	7,008,255	3,947,033	406,644	53,309
	<hr/>	<hr/>	<hr/>	<hr/>
	41,534,747	26,637,369	5,141,412	64,654

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32. Income tax

(a) Recognised in the statement of income

	<u>Group</u>		<u>Company</u>	
	2013 VND'000	2012 VND'000	2013 VND'000	2012 VND'000
Current tax expense				
Current year	587,185,168	601,604,877	106,972,797	273,224,034
(Over)/under provision in prior years	(19,571,166)	(7,746,816)	363,248	164,036
	<hr/>	<hr/>	<hr/>	<hr/>
	567,614,002	593,858,061	107,336,045	273,388,070
Deferred tax expense/(income)				
Origination and reversal of temporary differences	121,713,348	(124,578,798)	186,623,635	(124,013,698)
Effect of change in tax rate	4,696,016	-	2,973,664	-
	<hr/>	<hr/>	<hr/>	<hr/>
	126,409,364	(124,578,798)	189,597,299	(124,013,698)
	<hr/>	<hr/>	<hr/>	<hr/>
Income tax expense	694,023,366	469,279,263	296,933,344	149,374,372

(b) Reconciliation of effective tax rate

Group	2013		2012	
	%	VND'000	%	VND'000
Profit before tax		3,964,355,629		3,319,588,322
		<hr/>		<hr/>
Tax at the Company's income tax rate	25.00%	991,088,907	25.00%	829,897,081
Effect of incentive tax rates in subsidiaries	(6.13%)	(242,862,063)	(11.02%)	(365,780,556)
Tax exempt income	(2.50%)	(99,244,725)	(0.02%)	(638,822)
Non-deductible expenses	1.51%	59,916,397	0.41%	13,548,376
Over provision in prior years	(0.49%)	(19,571,166)	(0.23%)	(7,746,816)
Effect of change in tax rate	0.12%	4,696,016	0.00%	-
		<hr/>		<hr/>
	17.51%	694,023,366	14.14%	469,279,263

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2013 (continued)

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Company	2013		2012	
	%	VND'000	%	VND'000
Profit before tax (*)		3,228,022,658		2,923,818,028
Tax at the Company's income tax rate	25.00%	807,005,665	25.00%	730,954,507
Tax exempt income	(15.80%)	(514,419,426)	(19.91%)	(582,087,278)
Non-deductible expenses	0.00%	1,010,193	0.01%	343,107
Under provision in prior years	0.00%	363,248	0.01%	164,036
Effect of change in tax rate	0.09%	2,973,664	-	-
	9.20%	296,933,344	5.11%	149,374,372

(*) The Company's profit before tax included VND2,057,678 million (2012: VND2,328,349 million) dividend income which is not subject to tax.

(c) Applicable tax rates

Under the terms of its Business Registration Certificate, the Company has an obligation to pay income tax to the government at the rate of 25% of taxable profits.

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

On 19 June 2013, the National Assembly approved the Law on amendments and supplements to a number of articles of the Corporate Income Tax Law. Accordingly, the highest income tax rate shall be reduced from 25% to 22% for 2014 and 2015, and to 20% from 2016.

(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.

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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33. Significant transactions with related companies

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

<u>Group</u>	Nature of transaction	Transaction value		Balance outstanding as at	
		2013 VND'000	2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Related company					
Parent company					
Ma San Group Corporation	Interest income from loans	903,165,635	568,281,220	1,867,585,760	964,420,124
	Facility fee income receivable	278,673,412	356,861,850	761,256,494	482,583,082
	Interest expense from loans	-	(60,898,436)	-	-
	Deposit interest income payable	(5,614,362)	(10,616,990)	(20,197,328)	(14,582,966)
	Loan provided	(4,410,000,000)	-	8,410,000,000	4,000,000,000
	Acquired subsidiary	-	10,000	-	-
Associate					
Vietnamese-French Cattle Feed Joint Stock Company	Dividend income	-	64,000,000	-	64,000,000
Key management personnel	Remuneration to Key management personnel	12,813,704	1,804,005	-	-

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<u>Company</u>	Nature of transaction	Transaction value		Balance outstanding as at	
		2013 VND'000	2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Related company					
Ultimate Parent company					
Ma San Group Corporation	Interest income from loans	903,165,635	568,281,220	1,867,585,760	964,420,124
	Facility fee income receivable	278,673,412	356,861,850	761,256,494	482,583,082
	Interest expense from loans	-	(60,898,436)	-	-
	Deposit interest income payable	(5,614,362)	(10,616,990)	(20,197,328)	(14,582,966)
	Loan collected	-	2,028,000,000	-	-
	Loan provided	(4,410,000,000)	(2,028,000,000)	8,410,000,000	4,000,000,000
	Acquired subsidiary	-	10,000	-	-
Subsidiaries					
Masan Food Company Limited	Dividend income (*)	2,029,395,880	1,962,010,262	-	1,962,010,262
	Payables on behalf	-	-	280	280
Minh Viet Packaging One Member Company Limited	Sales of merchandise inventory	29,237	99,426	7,460	33,729
	Dividend income (*)	-	-	37,810,984	-
Ma San Industrial One Member Company Limited	Sales of flavour and mixing fee	305,775,218	264,802,146	-	-
	Sales of scrap	578,761	-	-	-
	Purchase of goods	(5,589,127,871)	(5,198,386,877)	(1,195,860,958)	(1,294,508,624)
	Facility fee charge	(211,030,852)	(349,785,726)	(211,030,852)	-
	Interest expense from loans	(142,225,315)	-	(142,225,315)	-
	Loan received	2,123,200,000	-	2,123,200,000	-
	Management fee and services charge income	-	4,391,377	-	-
	Deposit interest income receivable	5,423,453	10,616,990	5,423,453	-
	Sales of fixed assets	2,179,450	-	-	-
	Dividend income (*)	-	339,168,736	1,389,341,801	-

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<u>Company</u>	Nature of transaction	Transaction value		Balance outstanding as at	
		2013 VND'000	2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Viet Tien Food Technology One Member Company Limited	Purchase of goods	(1,091,431,497)	(1,076,275,732)	(549,534,491)	(406,320,299)
	Sales of flavour and mixing fee	17,133,672	21,108,871	-	-
	Management fee and services charge income	-	2,349,957	-	-
	Sales of fixed assets	1,154,134	-	-	-
	Dividend income (*)	-	-	414,447,799	-
Ma San HD One Member Company Limited	Sales of flavour and mixing fee	40,714,711	22,403,835	-	-
	Management fee and services charge income	52,825	606,137	-	-
	Rental charge	-	(967,680)	-	-
	Purchase of goods	(1,842,808,529)	(1,591,285,079)	(631,774,706)	(527,642,401)
	Sales of fixed assets	478,105	-	-	-
	Dividend income (*)	-	-	187,795,296	-
Ma San PQ Corporation	Sales of merchandise inventory	6,036	10,749	1,009	3,996
	Management fee and services charge income	-	3,606	-	-
	Loan receivables	-	-	-	27,330,695
Vinacafe Bien Hoa Joint Stock Company	Sales of merchandise inventory	817,219	2,715,016	-	234,039
	Share cost receivables	33,568,800	14,634,811	19,016,654	9,200,346
	Dividend income	28,281,823	27,170,114	-	-
Masan Agri Corporation (formerly known as Hoa Muoi Gio Company Limited)	Loan provided	-	2,028,000,000	-	2,028,000,000
	Interest income receivables	120,679,890	79,073,011	-	79,073,011
Vinh Hao Mineral Water Corporation	Purchase of goods	(189,636)	-	(208,600)	-

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<u>Company</u>	Nature of transaction	Transaction value		Balance outstanding as at	
		2013 VND'000	2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Related company					
Key management personnel	Remuneration to Key management personnel	12,813,704	1,804,005	-	-

(*) On 31 December 2013, the Chairman of Minh Viet Packaging One Member Company Limited, Ma San Industrial One Member Company Limited, Viet Tien Food One Member Company Limited and Ma San HD One Member Company Limited, the Company's subsidiaries, resolved to distribute all their profits for the year ended 31 December 2013 amounting to VND2,029,396 million to Masan Food Company Limited ("MSF"). At the same time, the Chairman of MSF resolved to distribute all dividends received to the Company and instructed those subsidiaries to pay dividends directly to the Company instead of MSF (31/12/2012: dividends amounting to VND2,301,179 million was distributed to MSF and the Chairman of MSF resolved to distribute dividends with the same amount to the Company, of which VND339,169 million was approved to distribute directly by Ma San Industrial One Member Company Limited to the Company).

Ma San Consumer Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2013 (continued)

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34. Commitments

(a) Capital expenditure

As at 31 December 2013, 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>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Approved and contracted	486,732,452	449,529,404	-	-
Approved but not contracted	853,365,759	558,795,692	-	-
	<u>1,340,098,211</u>	<u>1,008,325,096</u>	<u>-</u>	<u>-</u>

(b) Leases

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

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Within one year	73,833,684	65,829,224	62,031,946	51,371,093
Within two to five years	32,838,253	61,125,854	29,826,253	51,546,576
	<u>106,671,937</u>	<u>126,955,078</u>	<u>91,858,199</u>	<u>102,917,669</u>

35. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share at 31 December 2013 was based on the profit attributable to ordinary shareholders of VND3,095,774 million (31/12/2012: VND2,764,147 million) and a weighted average number of ordinary shares outstanding of 524,847,751 (2012: 501,712,329), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	<u>Group</u>	
	2013 VND'000	2012 VND'000
Net profit attributable to ordinary shareholders	<u>3,095,773,602</u>	<u>2,764,147,059</u>

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(ii) Weighted average number of ordinary shares

	2013	Group	2012
Issued ordinary shares at the beginning of the year	502,500,000		500,000,000
Effect of shares issued during the year	22,347,751		1,712,329
Weighted average number of ordinary shares at the end of the year	524,847,751		501,712,329

(iii) Basic earnings per share

	2013	Group	2012
	VND		VND
Basic earnings per share	5,898		5,509

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2013 was based on the profit attributable to ordinary shareholders of VND3,095,774 million (2012: VND2,764,147 million) and a weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares of 546,124,115 (2012: 501,712,329), calculated as follows:

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

	2013	Group	2012
	VND'000		VND'000
Net profit attributable to ordinary shareholders (diluted)	3,095,773,602		2,764,147,059

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

	2013	Group	2012
Weighted average number of ordinary shares (basic)	524,847,751		501,712,329
Effect of contingently issuable shares	21,276,463		-
Weighted average number of ordinary shares (diluted) as at 31 December 2013	546,124,215		501,712,329

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(iii) Diluted earnings per share

	2013	Group	2012
	VND		VND
Diluted earnings per share	5,669		N/A

36. Share-based payment

The Company has an employee share-based payment plan in place which periodically rewards high performing employees with shares. As of 31 December 2012, the number of shares issued and issuable was 1,149,594 to employees and 131,521 to members of management for performance of 2011 and 2012. As of 1 January 2013, the plan was amended to award shares only on assessment of performance subsequent to the year end and upon approval of the shareholders at the AGM.

37. Risk management

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

- Credit risk
- Liquidity risk; and
- Market risk

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

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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(a) Credit risk

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

(i) Exposure to credit risk

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

	Note	<u>Group</u>		<u>Company</u>	
		31/12/2013	31/12/2012	31/12/2013	31/12/2012
		VND'000	VND'000	VND'000	VND'000
Cash in banks and cash equivalents	(ii)	4,165,441,588	3,381,758,920	2,239,935,638	870,152,158
Short-term investments	(ii)	3,287,000,000	1,772,500,000	3,017,600,000	1,413,000,000
Accounts receivable – short-term	(iii)	3,366,532,347	274,449,842	5,378,592,797	4,240,037,335
Accounts receivable – long-term	(iii)	8,012,160,445	5,470,161,109	8,012,160,445	5,461,835,331
Other long-term investments	(ii)	-	365,500,000	-	234,500,000
Guarantees issued	(iv)	-	-	452,652,117	170,654,454
		18,831,134,380	11,264,369,871	19,100,940,997	12,390,179,278

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

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

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

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

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

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

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

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

The Group and the Company believe that, apart from the amount provided for below, no further allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables as of 31 December 2013. The aging of trade and other receivables at year-end that were past due but not impaired is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2013</u>	<u>31/12/2012</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>VND'000</u>	<u>VND'000</u>	<u>VND'000</u>	<u>VND'000</u>
Not past due	11,358,554,003	5,717,991,132	13,381,955,118	9,690,399,328
Past due 0 – 30 days	16,472,238	18,762,683	7,974,165	10,898,417
Past due 31 – 180 days	2,715,783	3,433,539	792,959	574,921
Past due 181 – 365 days	793,834	1,894,220	31,000	-
Past due > 365 days	156,934	2,529,377	-	-
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	11,378,692,792	5,744,610,951	13,390,753,242	9,701,872,666

(iv) Guarantees

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

(b) Liquidity risk

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

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

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Notes to the financial statements for the year ended 31 December 2013 (continued)

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

Group	Carrying amount VND'000	Contractual cash flows VND'000	Within 1 year VND'000	1 – 2 years VND'000	2 – 5 years VND'000	Over 5 years VND'000
31 December 2013						
Short-term borrowings	1,993,524,428	(2,021,350,728)	(2,021,350,728)	-	-	-
Accounts payable – trade	595,598,790	(595,598,790)	(595,598,790)	-	-	-
Payables to employees	20,367,724	(20,367,724)	(20,367,724)	-	-	-
Accrued expenses	525,285,621	(525,285,621)	(525,285,621)	-	-	-
Other short-term payables	69,648,864	(69,648,864)	(69,648,864)	-	-	-
Other long-term liabilities	16,516,594	(16,516,594)	-	(16,516,594)	-	-
Long-term borrowings	4,079,279,473	(4,808,329,255)	(398,260,041)	(338,331,526)	(4,071,737,688)	-
	7,300,221,494	(8,057,097,576)	(3,630,511,768)	(354,848,120)	(4,071,737,688)	-
31 December 2012						
Short-term borrowings	1,540,393,217	(1,568,133,388)	(1,568,133,388)	-	-	-
Accounts payable – trade	505,190,383	(505,190,383)	(505,190,383)	-	-	-
Payables to employees	11,965,824	(11,965,824)	(11,965,824)	-	-	-
Accrued expenses	394,648,118	(394,648,118)	(394,648,118)	-	-	-
Other short-term payables	3,659,086	(3,659,086)	(3,659,086)	-	-	-
Other long-term liabilities	14,582,966	(14,582,966)	-	(14,582,966)	-	-
Long-term borrowings	2,664,997,057	(3,295,406,437)	(525,464,454)	(2,676,777,810)	(93,164,173)	-
	5,135,436,651	(5,793,586,202)	(3,009,061,253)	(2,691,360,776)	(93,164,173)	-

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<u>Company</u>	Carrying amount VND'000	Contractual cash flows VND'000	Within 1 year VND'000	1 – 2 years VND'000	2 – 5 years VND'000	Over 5 years VND'000
31 December 2013						
Short-term borrowings	921,035,862	(936,821,725)	(936,821,725)	-	-	-
Accounts payable – trade	2,491,154,083	(2,491,154,083)	(2,491,154,083)	-	-	-
Payables to employees	6,678	(6,678)	(6,678)	-	-	-
Accrued expenses	141,907,645	(141,907,645)	(141,907,645)	-	-	-
Other short-term payables	375,948,952	(375,948,952)	(375,948,952)	-	-	-
Long-term borrowings	2,123,200,000	(2,323,013,479)	(2,323,013,479)	-	-	-
	6,053,253,220	(6,268,852,562)	(6,268,852,562)	-	-	-
31 December 2012						
Short-term borrowings	758,686,221	(775,371,093)	(775,371,093)	-	-	-
Accounts payable – trade	2,317,038,316	(2,317,038,316)	(2,317,038,316)	-	-	-
Payables to employees	10,825	(10,825)	(10,825)	-	-	-
Accrued expenses	106,541,318	(106,541,318)	(106,541,318)	-	-	-
Other short-term payables	167,709	(167,709)	(167,709)	-	-	-
Other long-term liabilities	14,582,966	(14,582,966)	-	(14,582,966)	-	-
	3,197,027,355	(3,213,712,227)	(3,199,129,261)	(14,582,966)	-	-

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(c) Market risk

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

Currency risk

The Group and the Company are exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of Group entities which is VND. The currencies in which these transactions primarily are denominated are the United States dollar (USD) and Euro (EUR).

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

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

31/12/2013	<u>Group</u>		<u>Company</u>
	EUR	USD	USD
Cash and cash equivalents	7,547	25,569,950	208,391
Accounts receivable – trade	-	1,116,984	57,780
Other receivables – short-term	-	141,913,397	141,913,397
Accounts payable – trade	-	(800,279)	(112,644)
Accrued expenses	-	(294,668)	-
Other short-term payables	-	(958,127)	(10,969,079)
Long-term borrowings	-	(175,000,000)	-
	7,547	(8,452,743)	131,097,845

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

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The followings were the significant exchange rates applied by the Group and the Company as at 31 December 2013 and 31 December 2012:

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND	31/12/2012 VND	31/12/2013 VND	31/12/2012 VND
USD 1	21,080	20,800	21,080	20,800
EUR 1	28,890	27,398	N/A	N/A

Below is an analysis of the possible impact on the net profit after tax of the Group and the Company as at 31 December 2013 after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at 31 December 2013.

	<u>Group</u>	<u>Company</u>
	Effect to net profit after tax as at VND'000	VND'000
31/12/2013		
USD (1% strengthening) – (decrease)/increase in net profit after tax	(1,469,838)	25,092,967
EUR (5% strengthening) – increase in net profit after tax	8,993	-
	<hr/>	<hr/>
	(1,460,845)	25,092,967
31/12/2012		
USD (1% strengthening) – increase in net profit after tax	2,077,985	3,490,596
EUR (1% strengthening) – decrease in net profit after tax	(132,473)	-
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	1,945,512	3,490,596

The opposite movement of the currencies would have the equal but opposite effect to the net profit after tax of the Group and the Company.

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Interest rate risk

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

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

	<u>Group</u>		<u>Company</u>	
	31/12/2013 VND'000	31/12/2012 VND'000	31/12/2013 VND'000	31/12/2012 VND'000
Fixed rate instruments				
Cash equivalents	4,127,537,944	3,314,732,981	2,233,700,000	853,500,000
Short-term investments	3,287,000,000	1,772,500,000	3,017,600,000	1,413,000,000
Other long-term investments	-	365,500,000	-	234,500,000
Loans to the parent company – short-term	2,123,200,000	-	2,123,200,000	-
Loans to the parent company – long-term	6,286,800,000	4,000,000,000	6,286,800,000	4,000,000,000
Loans to subsidiaries	-	-	-	2,028,000,000
Short-term borrowings	(1,446,817,077)	-	(898,000,000)	-
Long-term borrowings	-	-	(2,123,200,000)	-
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	14,377,720,867	9,452,732,981	10,640,100,000	8,529,000,000
Variable rate instruments				
Cash in banks	37,903,644	67,025,939	6,235,638	16,652,158
Short-term borrowings	(546,707,351)	(1,540,393,217)	(23,035,862)	(758,686,221)
Long-term borrowings	(4,079,279,473)	(2,664,997,057)	-	-
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	(4,588,083,180)	(4,138,364,335)	(16,800,224)	(742,034,063)

Sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates would have decreased the net profit after tax of the Group and the Company by VND49,613 million and VND126 million (31/12/2012: VND31,038 million and VND5,565 million) respectively.

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(d) Fair value

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

<u>Group</u>	31/12/2013		31/12/2012	
	Carrying amount VND'000	Fair value VND'000	Carrying amount VND'000	Fair value VND'000
Financial assets				
<i>Categorised as held-to-maturity investments:</i>				
▪ Cash equivalents	4,127,537,944	4,127,537,944	3,314,732,981	3,314,732,981
▪ Short-term investments	3,287,000,000	3,287,000,000	1,772,500,000	1,772,500,000
▪ Other long-term investments	-	-	365,500,000	(*)
<i>Categorised as loans and receivables:</i>				
▪ Cash in banks	37,903,644	37,903,644	67,025,939	67,025,939
▪ Trade and other receivables	3,366,532,347	3,366,532,347	274,449,842	274,449,842
▪ Accounts receivable – long-term	8,012,160,445	(*)	5,470,161,109	(*)
<i>Categorised as financial assets at fair value through profit or loss:</i>				
Guarantees received	-	(**)	-	-
	18,831,134,380	10,818,973,935	11,264,369,871	5,428,708,762
Financial liabilities				
<i>Categorised as liabilities at amortised cost:</i>				
▪ Short-term borrowings	1,993,524,428	(*)	1,540,393,217	(*)
▪ Accounts payable – trade	595,598,790	(*)	505,190,383	(*)
▪ Payables to employees	20,367,724	(*)	11,965,824	(*)
▪ Accrued expenses	525,285,621	(*)	394,648,118	(*)
▪ Other short-term payables	69,648,864	(*)	3,659,086	(*)
▪ Other long-term liabilities	16,516,594	(*)	14,582,966	(*)
▪ Long-term borrowings	4,079,279,473	(*)	2,664,997,057	(*)
	7,300,221,494		5,135,436,651	

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<u>Company</u>	31/12/2013		31/12/2012	
	Carrying amount VND'000	Fair value VND'000	Carrying amount VND'000	Fair value VND'000
Financial assets				
<i>Categorised as held-to-maturity investments:</i>				
▪ Cash equivalents	2,233,700,000	2,233,700,000	853,500,000	853,500,000
▪ Short-term investments	3,017,600,000	3,017,600,000	1,413,000,000	1,413,000,000
▪ Other long-term investments	-	-	234,500,000	(*)
<i>Categorised as loans and receivables:</i>				
▪ Cash in banks	6,235,638	6,235,638	16,652,158	16,652,158
▪ Trade and other receivables	5,378,592,797	5,378,592,797	4,240,037,335	4,240,037,335
▪ Accounts receivable – long-term	8,012,160,445	(*)	5,461,835,331	(*)
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	18,648,288,880	10,636,128,435	12,219,524,824	6,523,189,493
<i>Categorised as liabilities at amortised cost:</i>				
▪ Short-term borrowings	921,035,862	(*)	758,686,221	(*)
▪ Accounts payable – trade	2,491,154,083	2,491,154,083	2,317,038,316	2,317,038,316
▪ Payables to employees	6,678	6,678	10,825	10,825
▪ Accrued expenses	141,907,645	141,907,645	106,541,318	106,541,318
▪ Other short-term payables	375,948,952	375,948,952	167,709	167,709
▪ Other long-term liabilities	-	-	14,582,966	14,582,966
▪ Long-term borrowings	2,123,200,000	(*)	-	-
<i>Categorised as financial liabilities at fair value through profit or loss:</i>				
Guarantees issued	-	(**)	-	(**)
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	6,053,253,220	3,009,017,358	3,197,027,355	2,438,341,134

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction on the measurement date.

Fair values of the Group and Company's short-term financial assets and liabilities approximate their carrying values as at 31 December 2013 and 2012 due to the short-term maturity of these financial instruments.

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

(**) Guarantees received and issued are under the category of financial assets and financial liabilities at fair value through profit or loss but they are not recognised in the financial statements. Fair value of the guarantees received and issued have not been determined as information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System.

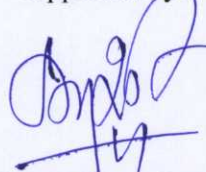
31 March 2014

Prepared by:



Pham Dinh Toai
Chief Financial Officer

Approved by:



Nguyen Dang Quang
Chairman

