

MASAN  
GROUP



# VIETNAM TOMORROW TODAY

Annual Report 2010

# MASAN GROUP TODAY

- Market capitalization of approximately US\$2 billion
- 3rd largest listed stock in Vietnam – largest for a private sector company<sup>1</sup>

## ABOUT US

Masan Group is one of Vietnam's largest listed private sector companies. We are focused on building market-leading businesses in industries that we aim to dominate over the long-term. Our entrepreneurial spirit and commitment to shareholder value has enabled us to develop Masan Consumer (formerly Masan Food), Techcombank and Masan Resources, into sector champions of consumer staples, financial services and resources, respectively.



87%<sup>2</sup>

- One of Vietnam's largest consumer companies in terms of sales
- #1 player in sauce category and #2 player in noodle category<sup>5</sup>
- Distribution into about 140,000 points of sale
- 2010 net revenue: VND5,586 billion
- 2010 EBITDA: VND1,425 billion



TECHCOMBANK

31%<sup>3</sup>

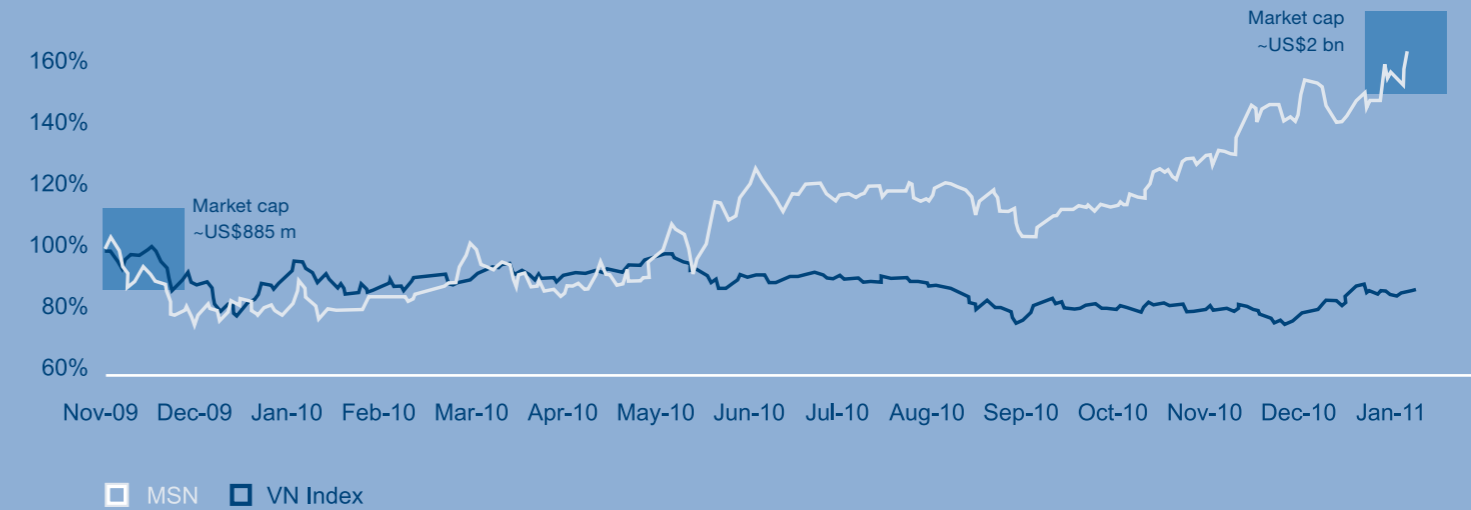
- 3rd largest private sector bank<sup>6</sup> with HSBC as a strategic partner
- 1.3 million retail and 45 thousand corporate customers
- Leadership position in retail deposits
- 282 branches, 1,021 ATMs
- 2010 assets: VND150,291 billion
- 2010 net income: VND2,073 billion



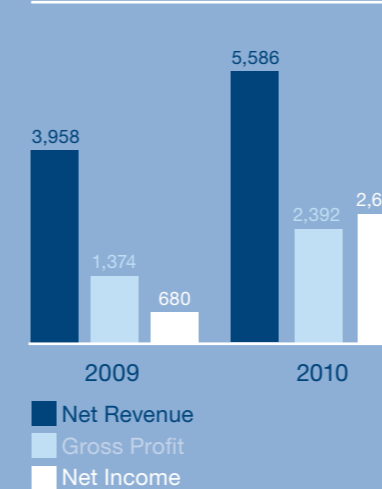
80%<sup>4</sup>

- Owns 100% of Nui Phao, a polymetallic mine with tungsten, fluorspar, bismuth & copper
- Among the largest tungsten, fluorspar deposit in the world
- Expected production: end of 2012 or early 2013
- Expected annual revenue after ramp up: over US\$400 million
- Expected annual EBITDA after ramp up: US\$250-\$300 million

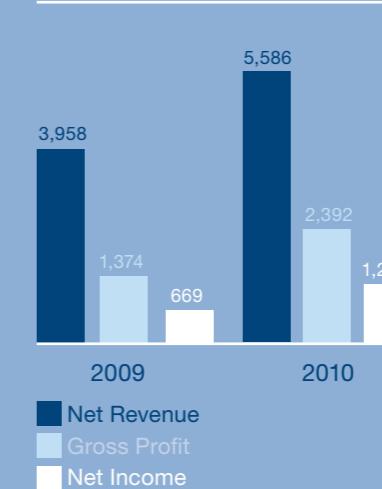
MASAN GROUP SHARE PRICE PERFORMANCE SINCE LISTING<sup>7</sup>



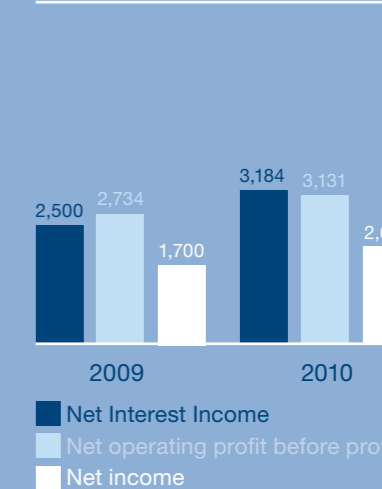
MASAN GROUP FINANCIAL PERFORMANCE  
VND billion



MASAN CONSUMER FINANCIAL PERFORMANCE  
VND billion



TECHCOMBANK FINANCIAL PERFORMANCE  
VND billion



1 Market capitalization as of December 31, 2010 (for Masan Group, 546 million basic shares outstanding assuming TPG convertible bonds are converted); VND/USD exchange rate of 21,000; Private sector defined as companies with no major state ownership or origins as a state-owned enterprise.  
 2 As of December 31, 2010  
 3 As of the date of this publication, 31% economic interest includes Masan Group's partial ownership in Techcombank's VND3,000 billion subordinated debt offering issued in December 2010.  
 4 Includes Masan Group's call option on Dragon Capital's 20% interest in Masan Resources.  
 5 Source: Nielsen  
 6 Among joint-stock commercial banks, in terms of total assets.

7 Source: Ho Chi Minh Stock Exchange; 546 million basic shares outstanding assuming TPG convertible bonds are converted; VND/USD exchange rate of 21,000.

# Risk Management & Capital Allocation

## Local Access & Execution

## Professional Management & Reputable Partners

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VIETNAM  
TOMORROW  
TODAY



# CHAIRMAN'S LETTER

Dr. Nguyen Dang Quang, Chairman

## DEAR SHAREHOLDERS,

2010 was a transformative and successful year for Masan Group. We outperformed our peers and the overall market with disciplined strategies for where to compete and how to win. As a result, today we have a best-in-class business building platform with three underlying operating market leaders in their respective sectors, namely Masan Consumer (formerly Masan Food), Techcombank and Masan Resources.

Our achievements in 2010 are validated by our share price performance, rising from VND34,200 at the end of 2009 to VND75,000 at the end of 2010. We are now the largest private sector company in Vietnam by market capitalization<sup>1</sup> with a demonstrated track record of delivering strong shareholder returns.

2010 was a challenging year for Vietnam's economy. The country experienced persistent concerns over high inflation, currency depreciation and negative sovereign credit outlook. It was a particularly challenging year for Vietnam's private sector, where many local companies experienced difficulties raising long-term capital for growth and achieving strong growth in financial results. In this environment, Masan Group was able to outperform on multiple fronts.

A few 2010 milestones I would like to highlight include:

- In May, International Finance Corporation (IFC), a member of the World Bank, provided Masan Group a six-year US\$40 million partial convertible loan;
- In May, the companies and funds owned and/or managed by Dragon Capital, an investment group with exclusive focus on Vietnam, announced an agreement to sell their interest

- in Nui Phao Mining Joint Venture Company Ltd to Masan Resources, a newly established subsidiary of Masan Group;
- In July, Techcombank was awarded "Best Bank in Vietnam 2010" by Euromoney;
- In October, a group-wide Management Intelligence System (MIS) was implemented to enhance our reporting, risk management and business analytics platform;
- In October, Masan Group completed a private placement to Orchid Fund Pte Ltd, a wholly owned investment fund of R.F. Chandler;
- In November, Goldman Sachs invested US\$30 million in Masan Group through a five-year convertible loan;
- In December, Masan Group increased our economic interests in Masan Food and Techcombank from 72.8% to 86.6% and from 19.99% to 28.94%<sup>2</sup>, respectively;
- In December, Mount Kellett signed definitive agreements to invest US\$100 million in Masan Resources for a 20.0% equity stake and Vietnam Development Bank signed agreements to provide the Nui Phao project a VND2,377 billion credit facility; and
- In December, Masan Group began the corporate restructuring of Masan Food into Masan Consumer, creating a scalable fast moving consumer goods (FMCG) platform for entry into other consumer categories.

In particular, I would like to highlight the acquisition of Nui Phao Mining Joint Venture Company Ltd, which was then restructured into Nui Phao Mining Company Ltd (together, "Nui Phao"). The acquisition was 2010's largest M&A deal to close in Vietnam and was also shortlisted as Asia's "Restructuring Deal of the Year" by International Finance Law Review (IFLR) for its innovative structure, which was completely cashless. More important than demonstrating our ability to execute deals, Masan Group

<sup>1</sup> Market capitalization as of December 31, 2010 (for Masan Group, 546 million basic shares outstanding assuming TPG convertible bonds are converted); VND/USD exchange rate of 21,000; Private sector defined as companies with no major state ownership or origins as a state-owned enterprise.

<sup>2</sup> As of the date of this publication, Masan Group has further increased its economic interest in Techcombank to 30.84% by purchasing additional convertible subordinated debt of Techcombank.

has successfully demonstrated the strength of our business building and risk management platform. In approximately six months, Masan Group was able to significantly de-risk the mining project by hiring a new professional management team with extensive experience in developing scale mining projects in Asia, accelerating the compensation and resettlement process, renewing key permits and licenses and providing the Nui Phao project with financial assurance. I am now confident in saying Masan Resources is on track to become one of the largest mining companies in Vietnam once production begins in the Nui Phao mine.

In addition to the Nui Phao acquisition, Masan Group increased its economic interest in our existing businesses, namely Masan Consumer and Techcombank. This is a testament to our underlying belief in our operating companies and their growth potential.

Financially, we experienced growth in all of our businesses. Driven by increased market share in our key categories, our net sales grew from VND3,958 billion in 2009 to VND5,586 billion in 2010, representing a 41.1% increase. On a consolidated basis, our net profit after tax increased from VND680 billion in 2009 to VND2,629 billion in 2010, representing a 286.9% increase. Normalized to take into account the earnings we achieved from the negative goodwill as a result of the acquisition of Nui Phao and adjusted to reflect our year-end ownership percentage of our businesses over the comparable periods, our pro forma 2010

net profit after tax increased from VND1,124 billion in 2009 to VND1,829 billion in 2010, representing a 62.8% increase. Net profits after tax as of December 31, 2010 for Masan Consumer and Techcombank were VND1,253 billion and VND2,073 billion, representing increases of 88.6% and 21.9% from 2009, respectively. Despite a challenging capital raising environment, we successfully raised a significant amount of new capital on a consolidated basis from reputable foreign investors such as IFC, Goldman Sachs and Mount Kellett. Our equity has grown from VND4,762 billion as of December 31, 2009 to VND10,624 billion as of December 31, 2010.

As of December 31, 2010	
Cash & cash equivalents (VND billion) <sup>3</sup>	3,885
Total debt (VND billion) <sup>4</sup>	3,269
Book value of equity (VND billion)	10,624
Total assets (VND billion)	21,130

Operationally, Masan Group further enhanced our management team with key hires. Both the Business Development and Legal teams have been enlarged to support our business growth. We have expanded the Finance and Accounting team with professionals with Big 4 backgrounds. I am also proud to announce that Masan Group has successfully implemented a new group-wide MIS and reporting platform that allows us to analyze the performance of our businesses with greater

frequency. Altogether, our execution and risk management capabilities have been strengthened by investment in talent and corporate infrastructure.

While there is uncertainty over the sustainability of the global economic recovery and Vietnam's current macroeconomic situation, Vietnam's underlying growth story remains compelling. Vietnam's underpenetrated markets and untapped potential give us much reason for optimism. In addition, Masan Group is well positioned to capture an outsized share of Vietnam's growth as a scale market leader with an unrivaled platform for building businesses. With our "can do" attitude and a focus on doing a few things but doing them right, Masan Group expects our existing businesses to continue achieving 30-50% growth in net profit in 2011.

I would like to express my gratitude to our valued customers, employees, partners and other stakeholders for their tremendous support over the past year. Our ability to generate strong returns and manage risk relies on a partnership model where everyone contributes and wins together. In addition, the Board and I would like to welcome Masan Group's newest partners. We look forward to working together with all our stakeholders to achieve a successful 2011.

Yours sincerely,



Nguyen Dang Quang  
Chairman of the Board  
April 10, 2011

## 2010 SELECTED FINANCIAL INFORMATION

As of December 31, 2010	Audited	Pro forma <sup>5</sup>
Net sales (VND billion)	5,586	5,586
Net sales growth rate	41.1%	41.1%
Net profit (VND billion)	2,629	1,829
Net profit growth rate	286.9%	62.8%

<sup>3</sup> Cash and cash equivalents include cash and cash equivalents, and short-term investments.

<sup>4</sup> Total debt equals short-term and long-term financial borrowings excluding promissory notes. The promissory notes of VND2,856 billion will be extinguished in the event the options to purchase primary shares in Masan Group are exercised with payments in the form of said promissory notes in lieu of cash. The options were granted as part of the Nui Phao acquisition and are currently "in the money" as of December 31, 2010.

<sup>5</sup> Pro forma is our unaudited financial numbers that are derived from our audited results with adjustments made to reflect normalized earnings. These adjustments include applying Masan Group's 2010 year-end economic interest percentage in our subsidiaries and affiliates as of the beginning of 2009, adding back the amortization of goodwill from the restructuring of our ownership in Techcombank and reversing the recognition of negative goodwill in connection with the acquisition of Nui Phao.



STANDARDKESSEL  
Germany

STANDARDKESSEL  
Germany

SAACKE

SAACKE

DUONG ONG GAS

N 0740

PETROVIETNAM  
GAS

# GLOBAL STANDARDS

*World-class, environment-friendly and energy-saving compressed natural gas (CNG) fueled steam boilers at Masan Consumer's manufacturing plant*



EXECUTION





# VISION AND STRATEGY

Our vision and strategy is based on our view of Vietnam's growth story and the country's macroeconomic and structural challenges. As Vietnam converges with the rest of the world, the country is expected to rapidly transform. Underpenetrated sectors will develop; capital will enter; professional talent will emerge; and the competitive landscape will evolve with greater foreign participation.

Our vision is to be a private sector leader contributing to and benefiting from this transformation, whilst managing the country's risks and volatility. Through our disciplined sectorial strategy and execution strategy, we aim to be a convertible bond on the private sector in Vietnam, providing a vehicle for investors, partners and talent looking to access Vietnam's growth.

Our sectorial strategy is to enter into sizable opportunities where the path to achieving scale is clear and underpinned by cash flows. We believe in building businesses in sectors where a local private sector company can compete against state-owned enterprises and multinationals. This means entering sectors that are underserved by state-owned enterprises and sectors where there are regulatory and structural barriers to entry for multinationals.

As Vietnam converges with the rest of the world, we believe only local private sector businesses with scale and market leadership can compete in the long-term. Through scale, we are able to address local private sector challenges such as access to capital, recruitment of professional talent and competitiveness versus state-owned enterprises and multinational companies.

Our execution strategy is to only do a few things, but do them well to achieve market leadership. Execution is driven by the "Masan Way", a unique partnership model where different stakeholders collaborate as equals and play to their strengths to execute on scalable business building. At Masan Group, we place high value in 1) risk management and capital allocation, 2) local access and execution, and 3) professional management comprised of seasoned industry operators who are supported by our strategic partners. We believe that the combination of these three components of our execution platform is a unique and proven approach to successful business building in emerging and frontier markets.

Our financial goals are to have a market capitalization equivalent to 5% of Vietnam's GDP and consolidated cash flows of US\$500 million in three years.

Through a transformation process, today we have a best-in-class risk management and capital allocation platform with three underlying market-leading operating platforms. In addition, we have considerable financial flexibility due to low leverage, long-term financing and strong cash flows.

Masan is ready to consolidate our position as Vietnam's premier private sector group in the coming years through a combination of organic growth and M&A.

Madhur Maini is the Chief Executive Officer of Masan Group and a member of the Board of Directors of Masan Group, Masan Consumer and Techcombank. Prior to joining Masan Group, Madhur spent 14 years building businesses in Merrill Lynch and Deutsche Bank, primarily in Asia. Madhur has a dual degree in Applied Sciences and Finance from the University of Pennsylvania, U.S.A.

# WHO WE ARE

Masan Group is one of Vietnam's largest private sector companies. We are focused on building market-leading businesses in industries that we aim to dominate over the long-term. Our entrepreneurial spirit and commitment to shareholder value has enabled the company to develop Masan Consumer, Techcombank and Masan Resources, into sector champions in consumer staples, financial services, and resources, respectively.



United by Shared Entrepreneurial Spirit

## SECTORIAL FOCUS

Masan Group's sectorial focus is driven by our view of Vietnam's opportunities and challenges for local private sector companies. As an underpenetrated market with untapped potential, we believe in the Vietnam growth story. However, in addition to its macroeconomic volatility, Vietnam presents many structural challenges for local private sector companies such as access to long-term capital, limited amount of professional talent, and competition from both state-owned enterprises and multinationals.

Our answers to these challenges are simple: scale and leadership. By being a market leader of size, Masan Group has been able to raise capital, attract the best local and global talent and remain competitive over the long-term. This applies to both Masan Group as a holding company and our individual underlying businesses.

To develop scale and leadership, our sectorial strategy focuses on:

- Sizable opportunities with a clear path to dominance;
- Areas where state-owned enterprises underserve or are uncompetitive

and where multinationals are at a structural disadvantage;

- Sustainable cash flow driven industries, not asset trading; and
- Sectors with a time horizon aligned with our ability and competitive advantage to develop leadership and scale versus our competitors.

Consumer products, financial services and resources fit within our sectorial focus.

## EXECUTION STRATEGY – THE MASAN WAY

We operate under a unique partnership model, the "Masan Way", where different stakeholders within Masan Group collaborate as equals and play to their strengths to execute on scalable business building. These different stakeholders are grouped into:

- Risk Management and Capital Allocation – a private equity platform with an appreciation for focus, risk

management and optimized capital allocation;

- Local Access and Execution – capabilities that allow us to source and execute on opportunities while effectively managing local risks;
- Professional Management – seasoned local and expatriate professionals who are best-in-class operators, augmented with reputable strategic partners.

United by a shared entrepreneurial spirit and mutual respect, these groups work together to create our execution platform. We believe this is a unique approach to succeed in emerging and frontier markets.

### Investing in Talent

We believe in attracting, hiring, developing and retaining the best global and local talent at all levels of our company. As part of our commitment to our partnership model, we incentivize our professionals and managers with equity, aligning interests and making them true partners.

### Stringent Capital Allocation

Stringent capital allocation is a risk management and execution strategy for Masan Group. Over the past 2 years, we have been the most successful local private sector company in terms of raising long-term capital to fund our growth. In 2010 alone, we raised over US\$220 million in cash in the form of equity and

equity-linked instruments from reputable global investors. In a buyers' market, we have used our cash stringently, primarily investing to increase our stakes in our underlying businesses. Our acquisition of Nui Phao resulted in a net cash inflow on a consolidated basis.

We believe in having a strong balance sheet and low leverage.

### Risk Management

Masan Group's risk management platform is based on applying best-in-class business practices, business focus, defined as doing a few things to achieve leadership, and robust reporting systems and business analytics. Our governance model is based on having strategic and reputable partners at all levels of our organization.

## 2010 – BUILDING ON OUR EXECUTION TRACK RECORD

In 2010, Masan Group succeeded in raising significant capital, executing on M&A transactions, building out our operations and businesses, and delivering growth in our financial results.

On a consolidated basis, Masan Group was one of the most prolific equity and equity-linked capital raisers in Vietnam for a local private sector company. In total, we raised over US\$220 million

in cash from the International Finance Corporation (IFC), Goldman Sachs, Mount Kellett and other globally reputable investors. In addition, Techcombank raised approximately VND3,000 billion through a convertible subordinated debt offering.

Masan Group closed Vietnam's largest M&A deal in 2010 with the acquisition of Nui Phao through our newly established subsidiary, Masan Resources. We also increased our economic interest in Masan Consumer and Techcombank, further consolidating our holdings in our businesses.

In 2010, we also invested heavily in building out the operations of our businesses to enhance our risk management platform and management teams. In October, we launched our group-wide Management Intelligence System, allowing for a more standardized flow of information and increasing our business analytics capabilities for risk management and informed business decision making. Throughout the year, professionals from leading financial firms, legal practices and Big 4 auditors and seasoned business operators have joined

the company, a testimony to both Masan Group's reputation and our emphasis on human capital. Most notably, we have hired a new leadership team for Masan Resources. Dominic Heaton, a mining executive with over 20 years of experience, joined in the latter half of the year and has since built out a team with multinational experience and a track record of delivering complex projects in Asia.

Financially, Masan Group experienced net sales growth of 41.1%, increasing from VND3,958 billion in 2009 to VND5,586 billion in 2010. Our consolidated net profit after tax grew from VND680 billion in 2009 to VND2,629 billion in 2010, representing an annual increase of 286.9%. Our consolidated equity grew from VND4,762 billion in 2009 to VND10,624 billion in 2010, representing an annual increase of 123.1%.

Our achievements in 2010 were acknowledged in the market by a 119% increase in our share price over the same period.



We believe in attracting, hiring, developing and retaining the best global and local talent at all levels of our company

## PROFESSIONAL MANAGEMENT TEAM



### Mr. Nguyen Thieu Nam

*Deputy Chief Executive Officer, member of the Board of Directors and the Management Board*

Thieu Nam is responsible for local relationships and execution. He was formerly with Da My JSC. He graduated from Vietnam University of Commerce, Hanoi, Vietnam.

### BUSINESS DEVELOPMENT TEAM

#### Mr. Michael Nguyen

*Executive Vice President*

Michael was formerly with J.P. Morgan. He graduated from Harvard University, Cambridge, U.S.A.

#### Mr. Preetinder S. Panjra

*Senior Vice President*

Preetinder was formerly with Deutsche Bank and Oracle. He graduated from INSEAD, France, and Thapar Institute of Engineering and Technology, Punjab, India.

#### Mr. Nguyen Bich Ha Nguyen

*Senior Vice President*

Nguyen was formerly with Binh Duong Department of Planning & Investment. He graduated from University of Economics, Ho Chi Minh City, Vietnam.

#### Mr. Samresh Kumar

*Senior Vice President*

Samresh was formerly with SUN Group, Accenture, and an investment bank. He graduated from Indian Institute of Management, Calcutta, and Indian Institute of Technology, Delhi, India.

#### Ms. Hanh Huynh

*Vice President*

Hanh was formerly with AllianceBernstein. She graduated from University of San Francisco, U.S.A.

#### Mr. Danny Le

*Vice President*

Danny was formerly with Morgan Stanley. He graduated from Bowdoin College, Maine, U.S.A.

#### Mr. Samuel Ooi

*Vice President*

Samuel was formerly with Macquarie Capital. He graduated from the London School of Economics, U.K.

#### Mr. Paritosh Gupta

*Senior Associate*

Paritosh was formerly with Lehman Brothers. He graduated from Indian Institute of Management, Bangalore, and Indian Institute of Technology, Bombay, India.

#### Ms. Nguyen Thao Anh

*Associate*

Thao Anh was formerly with KPMG Corporate Finance in Singapore. She graduated from Nanyang Business School, Singapore.

#### Mr. Huynh Tran Vy

*Senior Analyst*

Vy was formerly with Blackhorse Asset Management. He graduated from National University of Singapore and University of North Carolina - Chapel Hill, U.S.A.

#### Mr. Nguyen Dang Hieu

*Senior Analyst*

Hieu was formerly with BNP Paribas and TIM Investment Consulting. He graduated from National University of Singapore.

#### Ms. Nguyen Thi Hong Van

*Senior Analyst*

Van was formerly with Asset Management Consulting AG of Switzerland. She graduated from Banking Institute and University of Social Sciences and Humanities, Ho Chi Minh City, Vietnam.

#### Mr. Dang Van Duc

*Analyst*

Duc was formerly with Auditing and Accounting Services Company. He graduated from University of Economics, Ho Chi Minh City, Vietnam.

### LEGAL TEAM

#### Mr. Tran Quang Chuc

*Chief Legal Counsel*

Chuc was formerly with Allens Arthur Robinson and YKVN Lawyers. He graduated from University of Melbourne, Australia, and Hanoi Law School, Vietnam.

#### Mr. Kartick Maheshawri

*Vice President*

Kartick was formerly with AZB & Partners. He graduated from University of Pennsylvania Law school, U.S.A.

#### Mr. Dang Ngoc Ca

*Legal Officer and member of the Supervisory Board*

Ca was formerly with Allens Arthur Robinson and Luat Viet. He graduated from Ho Chi Minh City University of Law, Vietnam.

#### Ms. Do Thi Hoang Yen

*Legal Officer*

Yen was formerly with Ho Chi Minh City Housing Management and Trading Company. She graduated from Ho Chi Minh City University of Law, Vietnam.

### FINANCE & ACCOUNTING

#### Mr. Eric Chan Hong Wai

*Deputy Chief Financial Officer and member of the Management Board*

Eric was formerly with PricewaterhouseCoopers and Ernst & Young. He graduated from Sunway University College, Malaysia.

#### Ms. Ta Thi Thuy Trang

*Chief Accountant and member of the Management Board*

Trang was formerly with TUV SUD PSB Vietnam Company. She graduated from University of Economics, Ho Chi Minh City, Vietnam.

#### Mr. Nischay Saraf

*Vice President*

Nischay was formerly with PricewaterhouseCoopers. He graduated from Bangalore University and is a member of the Institute of Chartered Accountants of India.

#### Ms. Nguyen Thi Phuong Thao

*Senior Finance Manager*

Thao was formerly with PricewaterhouseCoopers. She graduated from University of Sydney, Australia.

#### Ms. Tran Cam Van

*Finance Manager*

Van was formerly with Citigroup, U.S.A., and PricewaterhouseCoopers, Vietnam. She graduated from University of Maine, Maine, U.S.A.

## PARTNERS & INVESTORS

Our partners and investors are global and reputable firms who we value as a key part of our business model. They provide us with a sounding board for our strategic ideas and give us greater access to opportunities, information and business experts.



### BANKINVEST

#### BANKINVEST

The BankInvest Group was founded in Denmark in 1969 and is one of the largest asset managers in Scandinavia with US\$30 billion under management, of which US\$6 billion has been invested in emerging markets.

In 2006, BankInvest launched the Private Equity New Markets (PENM) fund and currently has two funds with a capital of approximately US\$240 million. Through PENM, BankInvest provides capital and business know-how and focuses on medium-sized companies with high growth opportunities. Since 2007, BankInvest has officially become a strategic partner of 14 Vietnam enterprises including Masan Group.



#### DRAGON CAPITAL

Dragon Capital Group is an investment group with exclusive focus on Vietnam. Established in 1994, the Company manages assets of over US\$1.3 billion on behalf of private and public institutions from around the globe.



#### INTERNATIONAL FINANCE CORPORATION

International Finance Corporation (IFC), a member of the World Bank Group, is the largest global development institution focused on the private sector in developing countries. IFC creates opportunities for people to escape poverty and improve their lives. They do so by providing financing to help businesses employ more people and supply essential services, by mobilizing capital from others, and by delivering advisory services to ensure sustainable development. In a time of global economic uncertainty, IFC's new investments climbed to a record US\$18 billion in the fiscal year 2010.

In 2010, Masan Group on a consolidated basis raised over US\$220 million in cash capital. Some of our other investors include Goldman Sachs and Mount Kellett. For our underlying companies, House Foods is a partner of Masan Consumer, HSBC is a strategic partner of Techcombank and Mount Kellett is a partner of Masan Resources.



#### TPG GROWTH

TPG Growth is the middle market and growth equity investment platform of TPG, the global private investment firm. With more than US\$2.5 billion under management, TPG Growth targets investments in a broad range of industries and geographies, utilizing leveraged buyout, growth equity, and private investment in public equity structures. The firm is backed by the resources of TPG, with more than US\$48 billion of assets under management. TPG Growth has offices in the United States, China and India.



# MASAN CONSUMER

First Choice of Every  
Vietnamese Family

*The world's first fully automated fish sauce production line at Masan Consumer's manufacturing plant*

# MASAN CONSUMER

Masan Consumer is currently one of the largest diversified packaged food producers in Vietnam, with market leadership in a wide variety of products. Many of our products have been used by Vietnamese households for almost a decade and have become a staple for many consumers.



Vietnam is a consumption-driven economy supported by the rising affluence of its population. Consumer spending per head is expected to grow 14.0% in 2011, faster than nominal GDP per capita growth of 11.0%, according to the Economist Intelligence Unit. At the same time, per capita food spending in Vietnam is relatively low compared to other Asian economies, suggesting considerable room for growth in the industry, especially for branded goods.

At Masan Consumer, our vision is to become:

- Vietnam's leading consumer company by sales, profitability and brand recognition;
- The destination for top talent and recognition as the best workplace in Vietnam; and

- The symbol for quality and a source of pride among Vietnamese.

To realize this vision, Masan Consumer plans to build on the success of our food business to enter into other complementary businesses in the consumer product space, including beverages and home and personal care. We will leverage our understanding of the local market and our experience in brand-building to introduce products catering to Vietnamese tastes and to establish new readily identifiable umbrella-brands such as Chin-su and Omachi. Further, our unparalleled distribution platform is well-equipped to support our business expansion.

## WELL-RECOGNIZED AND HIGH QUALITY PRODUCTS

Our brands are among the most widely recognized consumer food brands in Vietnam. They are associated with quality, health and taste. In recent years, incidents of unbranded or lower-quality products that contain harmful substances have been discovered and reported in the media. In the aftermath of these incidents, many consumers have shifted their purchases to branded and packaged products. Our increased market share over the past years reflects the growing loyalty millions of consumers in Vietnam have to our products and their image as trusted brands. Our brand equity not only enables us to enjoy premium margins and sustainable cash flows, but also provides

a platform to enter into other consumer product categories.

In 2010, several new products were launched to grow our market share, including: Omachi 2-in-1 instant noodles (Vietnam's first two-in-one instant noodles), Chin-su pre-mixed fish sauce, Oh Ngon instant noodle, Omachi Spaghetti (Vietnam's first instant spaghetti product), Tam Thai Tu mixed soy sauce, Nam Ngu pre-mixed fish sauce and Chin-su cooking oil.

## EFFICIENT MANUFACTURING FACILITIES WITH THE HIGHEST QUALITY STANDARDS

Masan Consumer currently operates four production facilities at Binh Duong,

Tan Binh, Phu Quoc and Hai Duong, with a total of 23 production lines. These facilities are best-in-class operations that allow us to manufacture products with consistent taste and quality to strengthen and protect our brands. We are currently expanding our Binh Duong facility to accommodate the increase in sales volume and it will be the principal production facility in 2011. The initial phase of this expansion was completed in 2010 and was dedicated to automating the fish sauce production line. This facility conforms to GMP and HACCP processing standards, as well as the Class A Vietnam Standard for waste water treatment, and allocates 25% of its total area to green landscaping.

The current production capacity of our four facilities is 238 million liters of fish sauce, 78 million liters of soya sauce, 12 million liters of chili sauce and 1.63 billion packages of instant noodles per year.

## ONE OF THE DEEPEST DISTRIBUTION NETWORKS IN VIETNAM

Masan Consumer has developed a nationwide distribution network, covering approximately 140,000 points of sale in all 64 provinces of Vietnam as of December 31, 2010. We have developed strong relationships with distributors, wholesalers and retailers throughout the country. With Vietnam's strong economic growth, new markets for our products are developing rapidly and, in response, we have

continually adapted and improved our distribution network. We believe the depth and strength of our distribution network enables us to introduce new products and brands more efficiently and effectively than our competitors. This distribution network represents a significant barrier to entry for other domestic and international operators.

#### FOCUS AREAS DRIVING OUR OUTPERFORMANCE

**Changing Consumer Behavior** – We have repositioned fish sauce from a pure dipping agent to a cooking and seasoning agent. In addition, we have continually influenced consumer behavior towards more convenient packaged food products with one of the largest television advertising budgets in the country.

**Consolidation of Brands Leading to Market Leadership** – We have developed Chin-su as an umbrella brand across our sauce categories, enabling us to become the market leader in fish, soya and chili sauces in less than two years. We also have developed Omachi as an umbrella brand for our convenience foods. Currently, Omachi is the market leader in terms of volume and retail value in the super-premium instant noodle segment according to Nielsen. We are able to leverage Omachi's brand equity to penetrate the mass market instant noodles segment and other high-growth convenience food segments.

**Deepening of Distribution** – We have established an unparalleled distribution network reaching over 140,000 points of sale, nationwide, with 168 distributors and 1,453 salespeople.

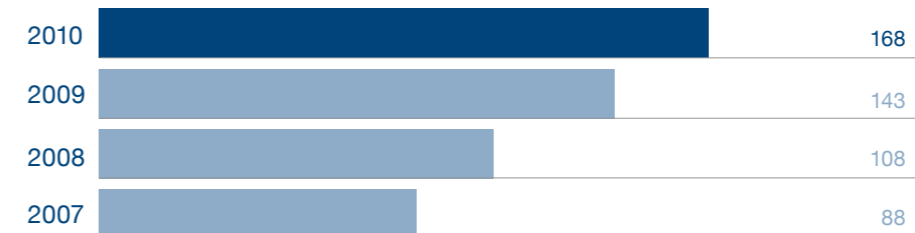
**Manufacturing Facilities** – We have automated production lines and adhere to GMP and HACCP standards post-expansion.

#### RECOGNITION

The Chin-su sauce brand was voted among the top 25 brands in Vietnam in a 2009 Nielsen survey and Omachi was the number one brand in the super-premium instant noodles segment in terms of retail value in 2010, according to Nielsen.

#### BUSINESS PERFORMANCE

##### Masan Consumer Distribution Network



(by number of distributors)

More than  
**140,000**  
points of sale

#### MASAN CONSUMER MARKET SHARE

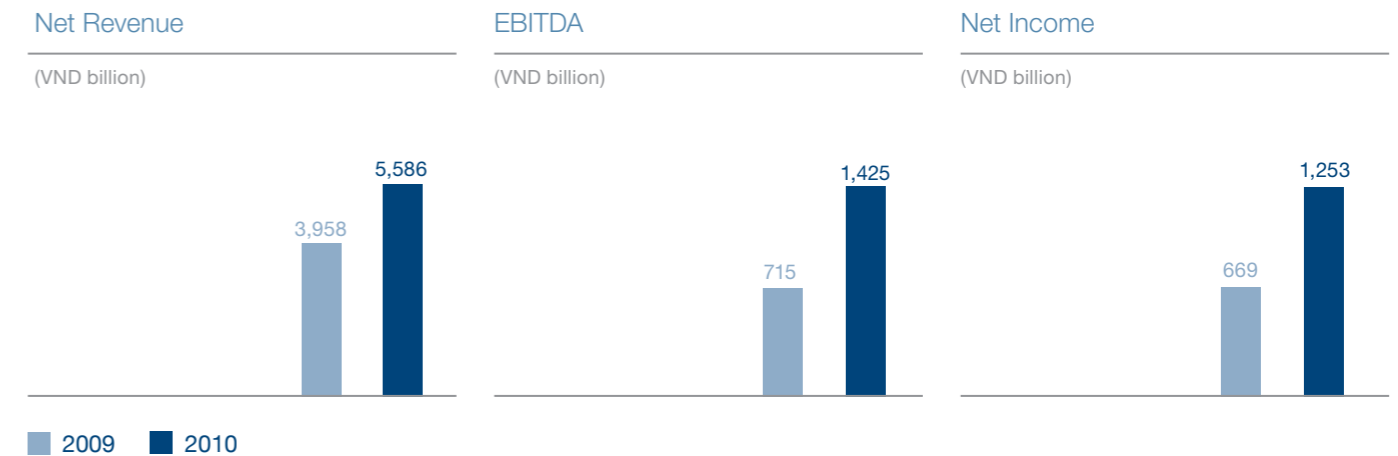
**74%**  
market share  
of fish sauce

**80%**  
market share  
of soy sauce

**40%**  
market share  
of premium  
instant noodles

Source: Nielsen

#### FINANCIAL PERFORMANCE





## MANAGEMENT TEAM & PARTNER

### MANAGEMENT TEAM

Our senior management team has extensive experience in the consumer product industry and comprehensive understanding of local market tastes, conditions and practices. Masan Consumer is able to achieve this unique balance of local knowledge and industry expertise by recruiting top local talent with backgrounds from leading multinational consumer products organizations, such as Procter & Gamble and Unilever.

#### Mr. Truong Cong Thang

*Chief Executive Officer*

Thang has over 15 years of experience in the fast moving consumer goods industry, including 6 years as Marketing Director with Procter & Gamble Vietnam. He graduated from Hanoi National Economics University, Vietnam.

#### Mr. Castillo Santos

*Chief Operation Officer*

Castillo is a production and supply chain expert with 31 years of experience, including 14 years with Unilever Vietnam. He has a Bachelor of Science in Chemical Engineering from the University of the Philippines.

#### Mr. Pham Trung Lam

*Director of Sales & Distribution*

Lam has over 15 years of experience in sales and distribution. He was formerly with Unilever and Nestle. He graduated from University of Economics, Ho Chi Minh City, Vietnam.

#### Mr. Pham Dinh Toai

*Chief Financial Officer*

Toai had over 20 years of experience in finance before joining Masan Consumer. He was formerly Finance and Accounting Operations Director in Unilever Vietnam. He graduated from University of Accounting and Finance and University of Technical Education, Ho Chi Minh City, Vietnam.

#### Dr. Pham Hong Son

*Manufacturing Director*

Son has over 10 years of production and manufacturing experience at Masan Consumer. He was formerly a lecturer at Ho Chi Minh City University of Technology. He has a Doctorate in engineering from Kansai University, Japan.

#### Mr. Nguyen Dinh Toan

*Chief Marketing Director*

Toan has over nine years of experience in marketing. He was formerly Customer Marketing Director for nine brands at Unilever. He graduated from the University of Economics, Ho Chi Minh City, Vietnam.

#### Ms. Le Thi Nga

*Director of Life Science*

Nga has over 10 years of experience in food sciences. She graduated from Moscow Technological Institute of Food Industry, Russia.

### PARTNER



Founded in 1913 and listed on both Tokyo and Osaka Stock Exchanges since 1971, House Foods' stable of products includes curry, seasonings, spices, packaged foods, pre-cooked foods, drinks, snacks and other products. It has offices, manufacturing facilities and research and development centers across Japan, China and Taiwan, as well as centers in the United Kingdom and the United States.

# TECHCOMBANK

Trusted Services Reaching Out  
to Every Corner of Vietnam

# TECHCOMBANK

*Vietnam's fastest growing ATM network, 3x faster than the top 3 private sector banks*

# TECHCOMBANK

Techcombank is currently one of the largest joint-stock commercial banks in Vietnam by total assets with a leading retail deposit and SME lending franchise. Over the past 17 years since our establishment, we have developed a well diversified range of financial products and services to cater to the financial needs of over 1.3 million retail and 45 thousand corporate customers in the country.



The Vietnam banking industry is still in a nascent stage of development and offers excellent opportunities for growth. From a macro perspective, financial penetration is still much lower than other emerging markets with an estimated 15 million bank accounts for a total population of approximately 87 million people, representing a penetration rate of approximately 17%.

The banking sector continues to grow at a faster rate than GDP on the back of the transition from a cash economy to a mainstream financial system.

With approximately 70% of the population under 40 years of age, Vietnam's young demographics are expected to drive continued high growth rates for the local banking industry. In addition, the

population's rising affluence means an increasing need and familiarity with banking products and services which bodes well for the sector.

The expected strong growth in business, manufacturing and trading activities, in particular, from SMEs, represents a significant opportunity for banks that are able to provide an appropriate suite of products, such as working capital financing, deposit accounts, trade finance, foreign exchange, cash management services and other banking products.

At Techcombank, our vision is to become:

- The preferred and most trusted financial partner of our corporate, SME and retail clients, providing them with a full range of financial products

and services through a personalized customer-centric relationship;

- A great working environment where our employees have multiple opportunities to develop, contribute and build a successful career; and
- The best bank and a leading business in Vietnam by 2014, with best-in-class risk management practices.

In order to realize this vision, Techcombank plans to further develop our leading SME-focused platform for both lending and deposit-taking. We also aim to establish Techcombank as a leading financial services platform to "affluent" and "mass affluent" customers. Further, we will utilize our extensive branch network, robust technology platform and corporate customer relationships to build a leading transaction banking business.

## FOCUS AREAS DRIVING OUR OUTPERFORMANCE

**Deepening of our Distribution** – We have developed the 2<sup>nd</sup> largest branch network amongst private sector banks with 282 branches and sub-branches and 1,021 ATMs in 35 cities and provinces. As the first joint-stock bank to become a member of the Smartlink-Banknetvn ATM network, our customers enjoy access to more than 9,350 ATMs nationwide.

**Strengthening of Risk Management Model** – We have rolled out our SME credit risk model and implemented a new qualitative credit assessment (QCA) tool to streamline our credit process. We recruited top-tier local and international talent to bolster the finance department, namely Chief Accountant, Head of ALM,

business analysts and Project Manager for Account Ownership Project. In addition, we designed a new market risk policy and established the Operations Risk Working Group.

**Upgrading Systems** – We have redesigned all management reporting dashboards to ensure that our business results are provided to management and stakeholders in a more user-friendly, effective and timely fashion. The bank has also improved our MIS and standardized reporting across all departments.

**Bolstering Mid-level Management** – We have strengthened mid-level management by recruiting professionals from global financial firms such as Citibank and Deutsche Bank.

## A MODERN AND EFFICIENT NETWORK PROVIDING TECHCOMBANK WITH A STRONG BUSINESS PLATFORM

Branches and sub-branches are our most important delivery channel in Vietnam with ATMs playing an increasingly important role in facilitating customer transactions. We have rapidly grown our branch network in order to increase our reach, expand our customer base, and improve our service platform. We have developed the 2<sup>nd</sup> largest branch network amongst private sector banks, expanding our branch and sub-branch network by 52% from 186 in 2009 to 282 as of December 31, 2010. We also have the largest network of ATMs amongst private sector banks in Vietnam as of December 31, 2010. Our ATM network has increased by

approximately 81% from 565 in 2009 to 1,021 ATMs in 2010.

### AN INNOVATIVE AND TECHNOLOGY-ORIENTED BANK

We are the first Vietnamese bank to implement T24 (Temenos), a world renowned core banking system and the first to upgrade to T24 R9 globally.

We are the first financial institution in Vietnam to select and implement a Business Process Management (BPM) platform for retail and SME credit application processes. We also are the first joint-stock commercial bank to become a member of the Smartlink-Banknetvn ATM network, which today provides our customers with access to

approximately 9,350 ATMs throughout Vietnam. In 2010, we implemented a Data Warehouse Model, provided by Oracle, to streamline and improve our business operations and decision-making process. In addition, we are also the first financial institution in Vietnam to adopt an automated front- and middle-office treasury solution.

### MARKET LEADERSHIP<sup>1</sup>

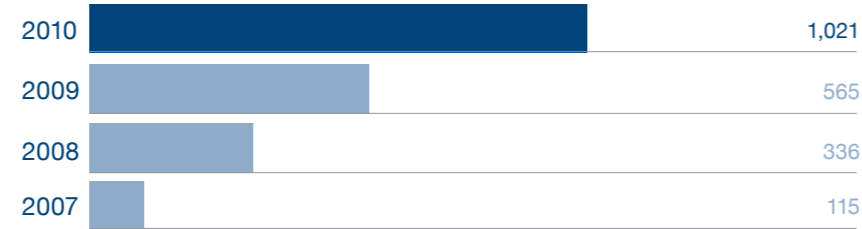
- Ranked #1 in terms of branches opened
- Ranked #1 in terms of new ATMs
- Ranked #2 in terms of profit before tax
- Ranked #2 in terms of total deposits
- Ranked #3 in terms of total assets

### RECOGNITION

- Named the “Best Bank in Vietnam in 2010” by Euromoney, a UK financial publication
- Officially named a “National Brand 2010” by the National Brand Association, Vietnam
- Received an award for “Most Dynamic Trade-Support Bank - East Asia”, from the International Finance Corporation (IFC), a member of the World Bank
- Received “International Star” for Leadership in Quality Award from B.I.D.

### BUSINESS PERFORMANCE

#### Techcombank ATM Network

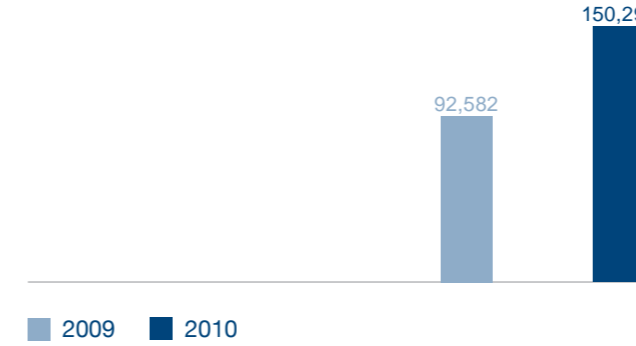


(by number of ATMs)

### FINANCIAL PERFORMANCE

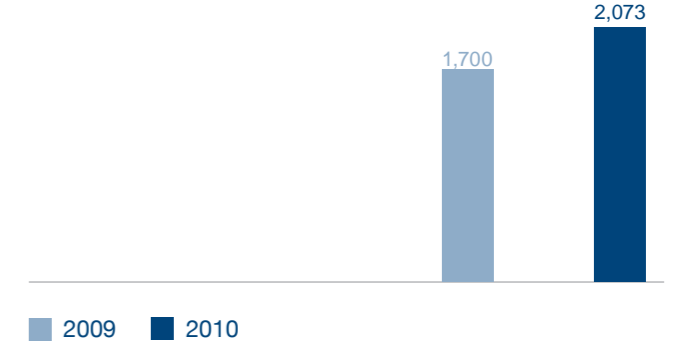
#### Total Assets

(VND billion)

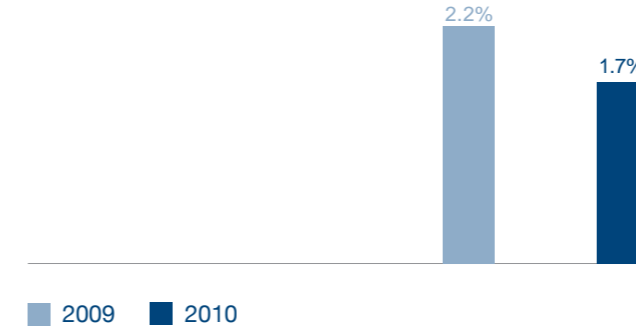


#### Net Income

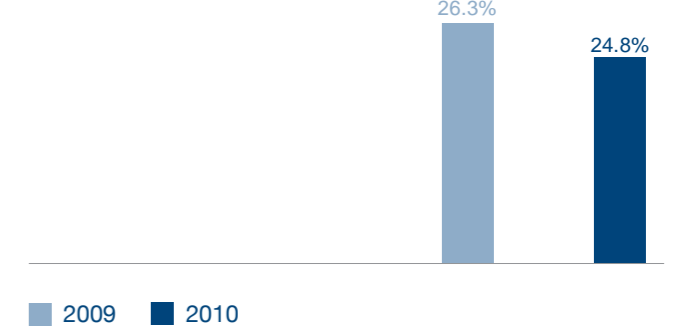
(VND billion)



#### ROAA



#### ROAE



ATM growth is  
**3x faster**  
than top 3  
private sector banks

<sup>1</sup> Performance metrics in 2010 amongst joint-stock commercial banks

# MANAGEMENT TEAM & PARTNER

## MANAGEMENT TEAM

We have a dynamic management team comprising of highly qualified professionals with diverse and extensive experience from leading multi-national bank organizations and local state-owned enterprises.

### Mr. Nguyen Duc Vinh

*Chief Executive Officer*

Vinh has over 10 years of experience as Chief Executive Officer. He graduated from HEC University, France and U.S.A.

### Mr. Phung Quang Hung

*Chief Technology and Operating Officer*

Hung has over 16 years of experience in banking. He was formerly with ABN AMRO Bank, Vietnam and National Australia Bank, London. He graduated from Washington State University, U.S.A.

### Mr. Le Xuan Vu

*Head of Strategy & Development*

Vu joined Techcombank in 1997 and has held various senior positions. He graduated from Northcentral University, U.S.A.

### Mr. Suleman Chhagla

*Head of Risk Management*

Suleman has 28 years of experience in banking. He was formerly Head of Risk Management of the State Bank of Karachi. He graduated from Karachi Commerce University, Pakistan.

### Mr. Anthony Guerrier

*Head of Finance & Planning*

Anthony has over 18 years of experience in finance and banking, including 7 years with HSBC, France. He graduated from ESCF University, France.

### Mr. Nguyen Canh Vinh

*Head of Sales & Distribution*

Vinh has joined Techcombank in 1994 and held various senior positions with Techcombank. He graduated from La Trobe University, Vietnam.

### Mr. Pham Quang Thang

*Head of SME Banking*

Thang joined Techcombank in 1994 and has held various senior positions. He graduated from Swinburne University of Technology, Australia.

### Ms. Dang Tuyet Dung

*Head of Personal Financial Services*

Dung has over 17 years of experience in banking, including 15 years with Citibank, Vietnam. She graduated from National Economics University, Hanoi, Vietnam.

### Mr. Nguyen Cong Thanh

*Head of Corporate Banking*

Thanh has over 11 years of experience in banking and investment. He was formerly with Natixis Bank, ABN-AMRO Bank and Temasek Holdings. He graduated from University of Economics, Ho Chi Minh City, Vietnam.

### Mr. Phan Thanh Son

*Head of Treasury & Financial Markets*

Son has 13 years of experience in banking. He was formerly with Tien Phong Bank. He graduated from National Economics University, Hanoi, Vietnam.

### Ms. Bach Thuy Ha

*Head of Transaction Banking*

Ha has over 17 years of experience in banking. She was formerly with Citibank Vietnam and Deutsche Bank. She graduated from University of Technology, Australia, and Leuven University, Belgium.

## PARTNER



The HSBC Group is one of the largest banking and financial services organizations in the world and the largest foreign bank in Vietnam in terms of investment capital, network, product range, staff and customer base. In September 2008, HSBC became the first foreign bank to obtain official approval from the State Bank of Vietnam to set up a wholly foreign-owned bank in Vietnam.

# MASAN RESOURCES

Building a Premier Vietnamese  
Private Sector Resources Company



# MASAN RESOURCES

Masan Resources is one of the largest private sector natural resource companies in Vietnam, currently developing the world-class Nui Phao polymetallic project in northern Vietnam.



Vietnam is endowed with significant deposits of a variety of bulk and niche minerals, including bauxite, rare earths, tungsten, titanium, phosphate, coal and iron-ore. However, the mineral industry constitutes only 4.0% of the GDP of the country<sup>1</sup>, representing a large and untapped opportunity.

With Nui Phao as the flagship, we aim to acquire, develop and explore other assets to build the premier private sector resources company in Vietnam.

In order to realize this vision, the top priority of Masan Resources is to develop Nui Phao within time and budget. We will also develop and operate our projects with global best practices to ensure efficient operations, health and safety

of our employees, and protection of the environment. Further, Masan Resources plans to expand its portfolio by acquiring, developing and exploring projects of scale within Vietnam and surrounding regions.

## PROJECT HIGHLIGHTS

Nui Phao represents the ideal platform to build Masan Resources into Vietnam's leading private-sector resource company.

**Unique Asset of Scale** – Nui Phao is a unique mine with one of the world's largest deposits of tungsten, fluorspar and bismuth, as well as deposits of copper with trace amounts of gold. When in full production, Nui Phao is expected to generate over US\$400 million in revenue annually<sup>2</sup>.

**The Right Commodities** – A distributed revenue base provides the project stability in a volatile environment for commodities. In addition, given the concentration of supply for tungsten, fluorspar and bismuth and the prospects for copper linked to emerging markets growth, the view on future prices for these commodities is very favorable.

**Low Cost Operations** – As an open-pit mine with a low strip ratio, Nui Phao will be one of the lowest cost producers of tungsten in the world. Cash costs on a tungsten basis are projected to be negative, which will help the project withstand commodity price fluctuations.

**Significant Progress** – Over US\$130 million had already been invested into the project prior to Masan Group's acquisition, with resources and reserves established, feasibility study completed and significant amount of long lead-time equipment already on site. This significantly reduces the risk for Masan Group in developing this project and also reduces time to revenue generation.

**Infrastructure Availability** – The project's location is advantageous with respect to availability of infrastructure. The project is located only 80 km from Hanoi, the capital city, and around 180 km and 240 km from the Hai Phong and Quang Ninh ports, respectively. Basic infrastructure such as roads, rail lines and access to power and water are in place, which allows for a shorter project development timeline.

## TRACK RECORD

After taking over Nui Phao, Masan Group focused on the critical areas that would help de-risk the project and aid successful development.

- Licenses and Approvals – Prior to closing of the transaction, Masan Group obtained a new Investment Certificate and Mining License for Nui Phao, immediately addressing key regulatory concerns.
- Management Team – Masan Group helped build out the management team at Masan Resources with the hiring of Dominic Heaton, a mining industry veteran with over 20 years of developing and operating mining projects.
- Compensation and Resettlement – Masan Group worked with the

provincial and local government authorities to accelerate the compensation and resettlement (C&R) process for the project. With a team of over 40 people working on C&R, we were able to accelerate the process by over half a year. As of December 31, 2010, we had obtained approvals for the compensation plan for 93% of the land required immediately for the project, as opposed to only 30% before acquisition, and made payments for over 80% of this land. Apart from making land available for construction, accelerating the C&R process also helped demonstrate visible progress on the project to the people of Thai Nguyen and built confidence that after numerous

<sup>1</sup> Estimated GDP for 2010 at constant 1994 prices (General Statistics Office, Vietnam).

<sup>2</sup> Using commodity prices as of March 1, 2011.

delays prior to our ownership, Masan Group will build this project.

- Financing – Soon after acquiring the project, Masan Group forged ahead with conversations with potential partners for the project. In December 2010, Masan Group signed a deal with Mount Kellett, a global private equity firm, for an equity investment of US\$100 million into Masan Resources. As a subsequent event to 2010, Masan Group signed agreements with Vietnam Development Bank and with a syndication of local banks for approximately US\$200 million for the development of the project.

#### TRANSACTION SUMMARY

In the second half of 2010, we acquired a 100% economic interest (including a call option to acquire additional economic interest from minority shareholders), in Nui Phao from the funds and companies managed and/or owned by Dragon Capital (together, “Dragon Capital”), a Vietnam-focused asset manager, and from minority investors. The transaction was structured with minimal cash consideration and with the aim to reduce Nui Phao’s existing financial liabilities to accommodate the mining project’s expected capital requirements.

In exchange for its interest in Nui Phao, Dragon Capital received a call option to purchase primary shares of Masan Group and seven-year promissory notes that can be used in lieu of cash consideration to exercise said option. The option is exercisable between the third

and fifth anniversary of the transaction into 29,770,465 primary shares. The promissory notes were issued by Masan Horizon, a wholly owned subsidiary of Masan Group, and have no recourse to Masan Group. Dragon Capital retains a 20% ownership in Masan Resources, a subsidiary of Masan Horizon, established to hold a 100% economic interest in Nui Phao.

Dragon Capital’s 20% ownership can be adjusted to between 15% and 35% based on the price of ammonium paratungstate (tungsten intermediate) sold over the first two accounting years of tungsten production. A higher price would proportionately increase Dragon Capital’s ownership in Masan Resources and, conversely, a lower price would proportionately decrease Dragon Capital’s ownership in Masan Resources. The adjustment feature was included to provide Masan Group a hedge against lower tungsten prices by increasing our ownership in Masan Resources. In return, Dragon Capital achieves greater exposure to tungsten price appreciation.

We have a three year call option to acquire all of Dragon Capital’s ownership in Masan Resources for an initial cash amount of US\$61,280,000, increasing by US\$2,390,000 each quarter to a final price of US\$90,000,000 at the end of year three. All US\$ amounts are payable in VND at the exchange rate of VND19,000 per US\$1. In the event we do not exercise the call option by the end of year three, within one month, Dragon Capital has the option to put their stake

in Masan Resources to Masan Group in exchange for 25,942,505 shares of Masan Group. The call option provides us greater economic interest in Masan Resources and the put option provides Dragon Capital an opportunity to exit its investment.

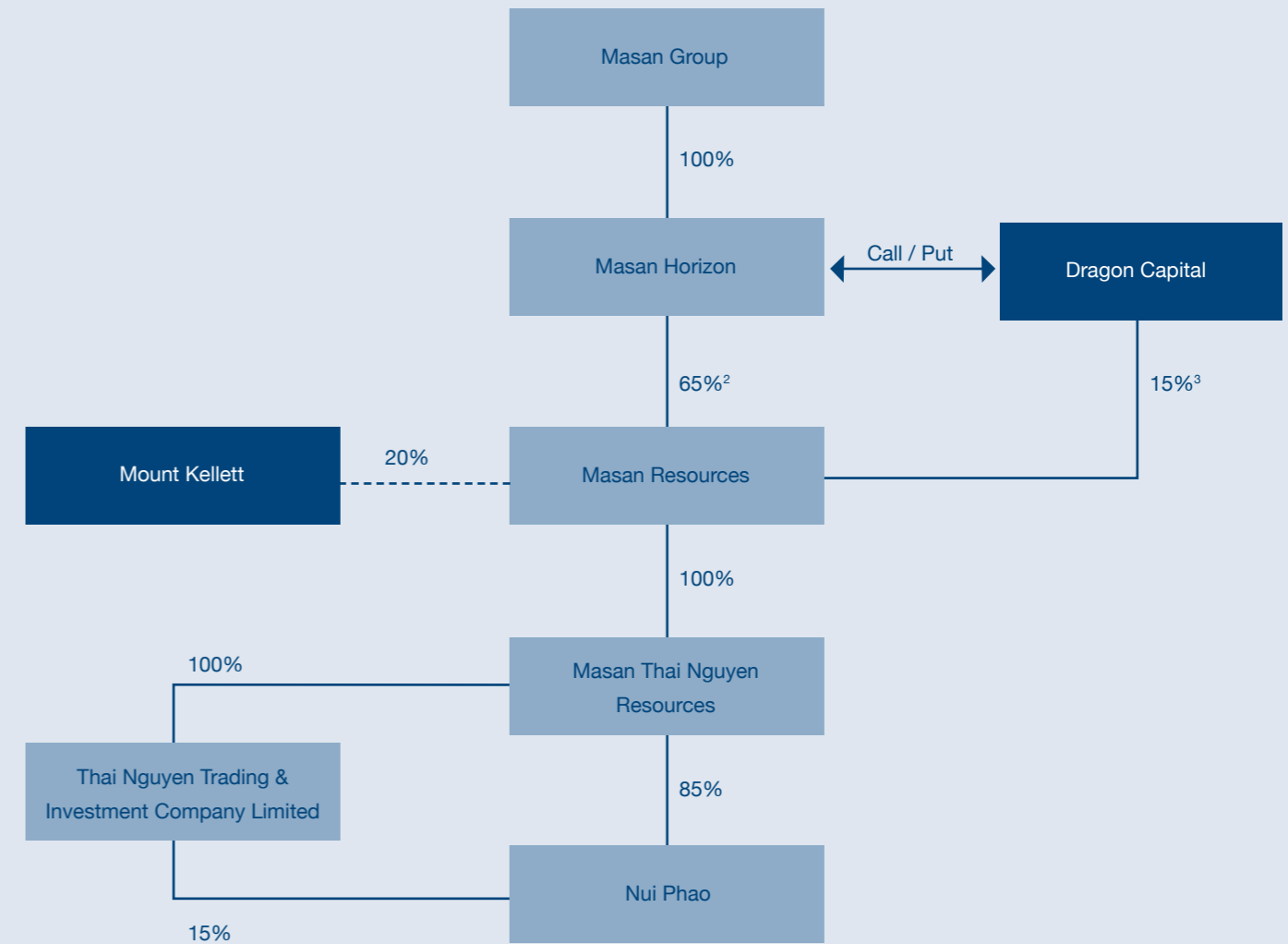
Other former owners of Nui Phao received instruments linked to Masan Group shares.

Altogether, the transaction was largely cashless, allowing for us to preserve capital to fund the project’s development and significantly strengthening the balance sheet of the project.

In December 2010, Mount Kellett signed definitive agreements to invest US\$100 million in Masan Resources for a 20% equity stake. The transaction closed in March 2010 and diluted the current shareholders of Masan Resources. Including our call option on the shares owned by Dragon Capital, we have an economic interest of 80% in Masan Resources after the Mount Kellett transaction.

The net impact of the acquisition created a gain on our income statement (negative goodwill) and a net cash inflow. Additionally, based on the implied valuation of Masan Resources using Mount Kellett’s subscription price, we have achieved significant unrealized gains.

#### OWNERSHIP STRUCTURE OF MASAN RESOURCES<sup>1</sup>



<sup>1</sup> As of the date of this publication.

<sup>2</sup> 80% as of December 31, 2010.

<sup>3</sup> 20% as of December 31, 2010.

--- Economic interest after December 31, 2010.



# MANAGEMENT TEAM & PARTNER

## MANAGEMENT TEAM

Under Dominic Heaton's leadership, Masan Resources has assembled a team of mining industry professionals who have extensive experience in building and operating projects in the region with international best practices. We believe we have the right team to not only build Nui Phao successfully but also develop Masan Resources into Vietnam's leading resources company.

### Mr. Dominic Heaton

*Chief Executive Officer*

Dominic has over 20 years of experience in the mining industry. He was formerly Director of OZ Minerals and General Manager of the Sepon Gold and Copper Mine in Lao PDR. He graduated from James Cook University and La Trobe University, Australia.

### Mr. Vu Hong

*First Deputy General Director / Director of External Relations*

Hong has over 30 years of experience, including with the World Bank, working mainly in South East Asia on infrastructure and development products.

### Mr. Craig Bradshaw

*General Manager*

Craig has close to 20 years of experience in the commercial and administrative verticals of mining. He was formerly Senior Commercial Manager for Sepon Project of Lane Xang Minerals Limited (LXML), a subsidiary of Minerals and Metals Group (MMG), Laos. He graduated from University of Southern Queensland, Australia.

### Mr. Dale Smith

*Construction Director*

Dale has over 23 years of experience in the mining industry with over 10 years of experience in project development. He

was formerly Project Director at Sepon Project of Lane Xang Minerals Limited (LXML), a subsidiary of Minerals and Metals Group (MMG), Laos. He graduated from University of Queensland, Australia.

### Mr. Wilson Soon

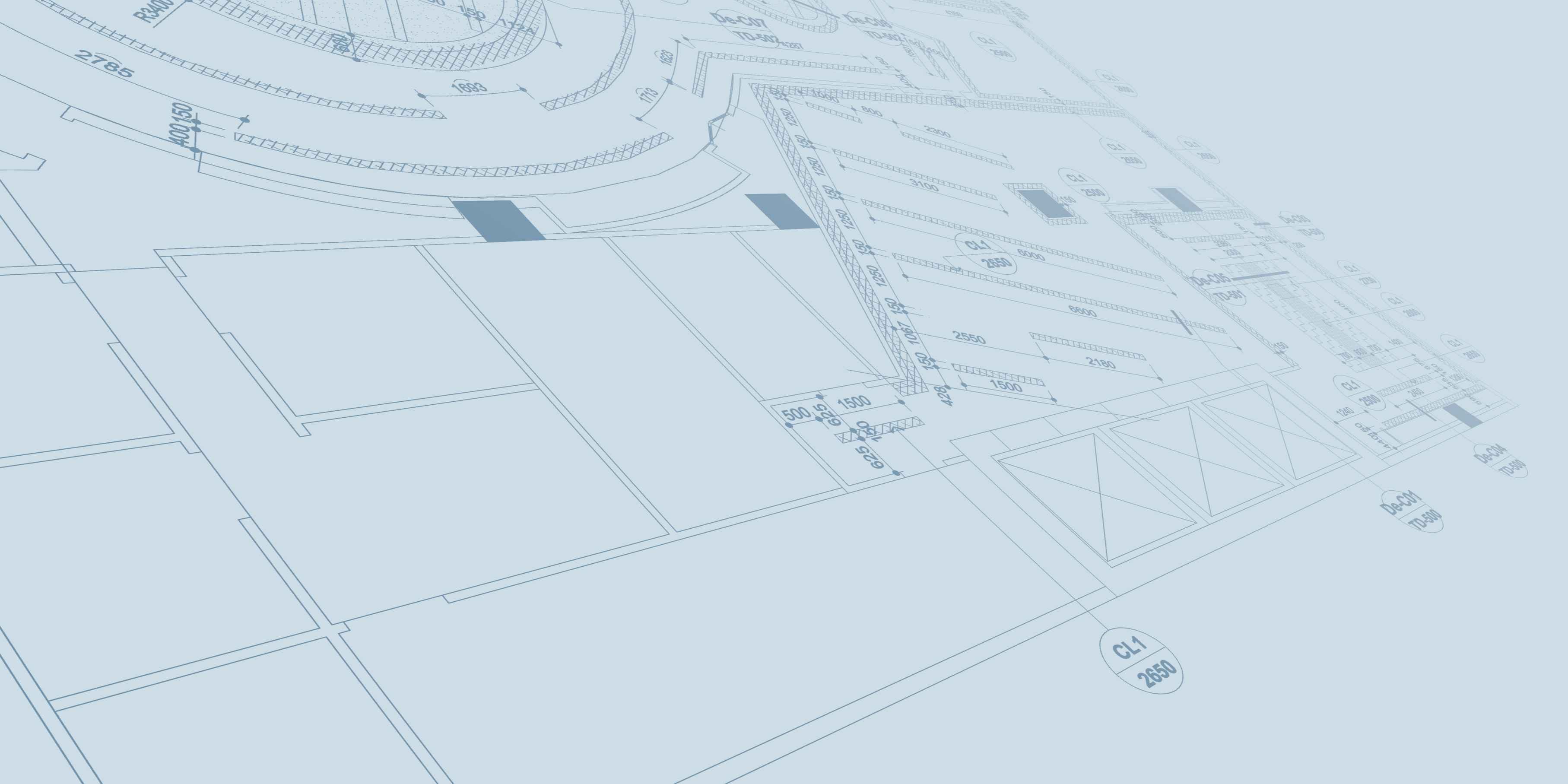
*Deputy Chief Financial Officer*

Wilson has over 6 years of experience as an auditor with Big 4 accounting firms. He was formerly with PricewaterhouseCoopers and KPMG China, Hong Kong. He graduated from London School of Economics, U.K., and is a member of the Association of Chartered Certified Accountants.

## PARTNER



Mount Kellett Capital Management L.P. is a multi-strategy investment firm focused on global special situation and opportunistic investing. The firm closed its first fund, MKCP I, in December 2009 with approximately US\$3 billion in aggregate capital commitments and currently has over US\$4.1 billion in assets under management. Mount Kellett focuses on long-term value investing in multiple asset classes and geographies throughout the capital structure. Mount Kellett invests across North America, Asia and Europe.



# MANAGEMENT REPORT

## OVERVIEW

In the context of a global economic recovery in 2010, Vietnam recorded a year of mixed results, enjoying strong GDP growth of 6.8% but experiencing high inflation, fiscal and trade deficits and a currency under pressure. In this environment, Masan Group succeeded in raising significant capital, executing on merger and acquisition (M&A) transactions, building out our operations and businesses and delivering growth in our financial results. We raised over US\$220 million from reputable investors and partners such as the IFC, Goldman Sachs and Mount Kellett<sup>1</sup>, closed the largest M&A transaction of the year in Vietnam, increased our economic interest in our underlying businesses and grew our earnings by 286.9% versus 2009 to VND2,629 billion in 2010. This result was largely supported by better results from Masan Consumer, Techcombank and financial income derived from negative goodwill in connection with the acquisition of Nui Phao. The market acknowledged our achievements, with our share price significantly outperforming the VNIndex during this period. As of December 31, 2010, our market capitalization was approximately US\$2 billion, making us the largest listed private sector company<sup>2</sup> and a top-3 listed stock by market capitalization in Vietnam.

During 2010, we increased our economic interest in Masan Consumer (formerly known as Masan Food) by 16.0% to 86.6%. The additional economic interest was acquired in exchange for primary shares of Masan Group to be issued in 2014 and cash. Masan Consumer generated net sales of VND5,586 billion in 2010, a 41.1% increase from 2009. Net profit after tax was VND1,253 billion, an 87.4% increase from 2009 and exceeding its target of VND1,200 billion. The growth was driven by increased sales in each of our existing product lines as a result of our continued efforts to penetrate rural markets and by the introduction of new products.

We increased our economic interest in Techcombank to 28.94% in December 2010. The acquisition of the additional economic interest was transacted by subscribing to and purchasing mandatory convertible bonds in exchange for primary shares of Masan Group to be issued in 2012 and cash. Techcombank generated net interest income of VND3,184 billion in 2010, a 27.4% increase from 2009. Profit before tax was VND2,744 billion, a 21.8% increase from 2009 and exceeding the adjusted target of VND2,700 billion. Net profit after tax was VND2,073 billion, a 21.9% increase from 2009. Techcombank's growth was primarily driven by a 25.8% growth in loans to customers to VND52,317 billion and a 29.2% growth in customer deposits to VND80,551 billion.

In 2010, we acquired a 100% economic interest (including call options to acquire additional economic interest) in Nui Phao, a company that is developing the Nui Phao tungsten-polymetallic mine in northern Vietnam, through our newly established subsidiary, Masan Resources. The transaction substantially de-risked the mining project by restructuring a significant amount of the financial debt owed by Nui Phao. In addition, the total cash consideration paid to acquire control of Nui Phao was minimal, allowing more flexibility to finance and develop the mining project.

Masan Resources has achieved several significant milestones for the development of the Nui Phao project. Nui Phao has obtained a new Business Registration Certificate, Investment Certificate and mining license. It has also completed over 93% of the land compensation and resettlement process<sup>3</sup>, significantly ahead of the original schedule. In early 2011, Masan Resources also secured financing for the project through the investment of US\$100 million in equity from Mount Kellett and agreements with Vietnam Development Bank and a syndicate of local banks for senior secured debt facilities of up to approximately US\$200

million. After the closing of the transaction with Mount Kellett, our economic interest (including the call option to acquire additional economic interest) has been diluted to 80.0%.

Altogether, 2010 was a validation of our sectorial and execution strategy. Today we have developed three market leading operating platforms: Masan Consumer in branded consumer products, Techcombank in financial services, and most recently, Masan Resources, in minerals and mining. With our leading businesses and financial flexibility, we believe our current operating businesses are well positioned to deliver earnings growth of 30 to 50% in 2011. As a whole, Masan Group is well prepared to consolidate our position as Vietnam's premier private sector group in the coming years through a combination of organic growth and M&A.

## BUSINESS ENVIRONMENT

Our operations are focused on Vietnam and our performance and the quality of our assets depend substantially on the Vietnamese economy. The economic environment in Vietnam may be significantly impacted by a variety of external factors, including economic developments throughout Asia.

Macroeconomic factors that might have an impact on performance include personal expenditure and consumption, demand for products and services, debt service burden of consumers or businesses and general availability of credit, as well as factors such as the spread of diseases, large-scale acts of war, terrorism or any other adverse social, geographic or political incidents.

In 2011, Vietnam's economy is expected to continue expanding at a rapid pace, despite concerns regarding rising inflation and the country's trade deficit.

On the international front, there is a risk that the global economic recovery will be weaker than is currently expected. Not only would this damage exports, but it would also have a follow-on effect on consumer and business spending in Vietnam, inhibiting economic growth. Vietnam will continue to be vulnerable to movements in international commodity prices. Global fuel prices are expected to remain at a relatively high level throughout the forecast period. Strong demand-side pressure and the depreciation of the Vietnamese Dong against the US dollar are expected to make it more expensive to import goods, pushing up overall prices for goods and services.

## FACTORS AFFECTING OUR BUSINESS AND RESULTS OF OPERATIONS

We are a holding company whose material assets are the shares of the companies that we hold, primarily Masan Consumer, Masan Resources and Techcombank. Thus, risks which affect the businesses of these companies could also affect our business, financial condition, results of operations and prospects.

We have an 86.6% economic interest in Masan Consumer as of December 31, 2010 and consolidate the company as a subsidiary on our financial statements. Events which affect Masan Consumer's business, financial condition, results of operations and prospects will directly affect our business, financial condition, results of operations and prospects.

We have a 28.94% economic interest in Techcombank as of December 31, 2010 and have subsequently increased our economic interest to 30.84%. As we do not own a controlling stake in Techcombank, we account for our investment using the equity accounting method. Events which affect Techcombank's

<sup>1</sup> Masan Group entered into an agreement with Mount Kellett in December 2010. The transaction closed in March 2011.

<sup>2</sup> Market capitalization as of December 31, 2010 (for Masan Group, 546 million basic shares outstanding assuming TPG convertible bonds are converted); VND/USD exchange rate of 21,000; Private sector defined as companies with no major state ownership or origins as a state-owned enterprise.

<sup>3</sup> In reference to land required immediately for development of the project. Approval of compensation plans for over 93 % of this land has been received from the local government authority.

business and financial condition will in turn affect our net profit, impacting our business and financial condition.

We have a 100.0% economic interest in Masan Resources as of December 31, 2010. 80.0% of this economic interest is held through shares of our subsidiaries and we consolidate this percentage of the company as a subsidiary on our financial statements. The remaining economic interest is held in the form of a call option to purchase 20.0% of Masan Resources from a minority shareholder and is recorded as Minority Interest on our balance sheet. Events which affect Masan Resources' business, financial condition, results of operations and prospects will directly affect our business, financial condition, results of operations and prospects. As a subsequent event to December 31, 2010, Masan Resources has issued primary shares to Mount Kellet representing 20.0% of the company's enlarged equity interest. As a result, our economic interest has been diluted to 80.0%, of which 65.0% shall be consolidated as a subsidiary on our financial statements.

Risk factors that may affect our businesses and financial results include regulatory, business, competition and operational risks as well as other factors that may be beyond our control.

**Masan Group's subsidiaries and affiliates operate in industries that face significant competition and our market leading positions may be challenged if our competitors make significant strides to capture market share.**

Masan Consumer competes mainly on the basis of brand image, pricing, distribution network and product mix. The entrance of established foreign brands and companies has heightened the competitiveness of the basic foods market in Vietnam. Competition may cause competitors to significantly increase their advertising expenditures and promotional activities or to engage

in irrational or predatory pricing behavior. Masan Consumer may be required to make substantially greater investments in research and development, as well as promotions and marketing. Such expenditures may lower our profit margins and thereby adversely affect our results of operations.

Techcombank may face tougher competition from both local and foreign financial institutions as a result of Vietnam joining the World Trade Organization in 2007. The State Bank of Vietnam also allows foreign banks to operate in Vietnam through local branches. As the State Bank of Vietnam continues liberalizing the banking sector, Techcombank may also face greater competition from other local banks, which may result in a material adverse effect on our business, financial condition, results of operations and prospects.

It is expected that when Masan Resources commences operations of its Nui Phao project, a substantial portion of its revenues will be derived from exports. The company will compete with global producers of tungsten, fluorospar, bismuth, and copper in the world mineral markets, primarily on the basis of the quality, price, transportation cost and reliability of its supply. There can be no assurance that Nui Phao's competitors will not seek to sell higher-grade minerals, significantly reduce their prices to gain market share, discover more readily accessible mine sites or have a more reliable supply.

**Masan Group and its subsidiaries and affiliates are dependent on a continued ability to recruit or retain appropriately skilled personnel for its key management positions.**

Although Masan Group and its subsidiaries and affiliates are not dependent on any one member of its respective Boards of Directors, Supervisory Boards, Management Boards or senior

management teams, our success depends to a significant extent on their skills, capabilities and efforts, as well as our ability to recruit and retain them and other appropriately skilled personnel. Due to intense competition in Vietnam, Masan Group faces a continuing challenge in recruiting and retaining a sufficient number of skilled professionals. A loss of key personnel may have a material adverse effect on our business, financial condition, results of operations and prospects.

**Masan Group's business outlook is directly tied to the economic prospects of Vietnam.**

Our business outlook is directly tied to the economic prospects of Vietnam. Thus, if Vietnam should experience an economic recession, this will materially impact us.

CONSOLIDATED INCOME STATEMENT	2010	2009	2010	2009
Figures in VND million	Audited	Audited	Pro forma	Pro forma
Total Revenue	5,689,498	4,078,147	5,689,498	4,078,147
Less Sales Deductions	(103,211)	(120,333)	(103,211)	(120,333)
<b>Net Sales</b>	<b>5,586,287</b>	<b>3,957,814</b>	<b>5,586,287</b>	<b>3,957,814</b>
Cost of Sales	(3,194,617)	(2,583,876)	(3,194,617)	(2,583,876)
<b>Gross Profit</b>	<b>2,391,670</b>	<b>1,373,938</b>	<b>2,391,670</b>	<b>1,373,938</b>
Selling, General & Administrative Expenses	(1,164,997)	(742,038)	(1,164,997)	(742,038)
Financial Income	1,620,919	160,292	381,205	160,292
Financial Expenses	(270,277)	(103,130)	(270,277)	(103,130)
<b>Net Operating Profit</b>	<b>2,577,315</b>	<b>689,062</b>	<b>1,337,601</b>	<b>689,062</b>
Other Profit / (Loss)	8,208	(4,146)	8,208	(4,146)
Share of Profit in an Associate	160,598	48,010	599,855	492,029
<b>Profit Before Tax</b>	<b>2,746,121</b>	<b>732,926</b>	<b>1,945,664</b>	<b>1,176,945</b>
Tax	(116,904)	(53,408)	(116,904)	(53,408)
<b>Net Profit</b>	<b>2,629,217</b>	<b>679,518</b>	<b>1,828,760</b>	<b>1,123,537</b>

CONSOLIDATED BALANCE SHEET	December 31, 2010	December 31, 2009
Figures in VND million	Audited	Audited
<b>CURRENT ASSETS</b>	<b>4,626,838</b>	<b>2,441,831</b>
Cash	3,394,575	1,123,616
Short-term Investment	490,000	776,000
Net Operating Receivables	53,843	54,938
Other Receivables	260,366	227,998
Inventories	290,200	199,466
Other Current Assets	137,854	59,813
<b>LONG-TERM ASSETS</b>	<b>16,502,700</b>	<b>4,575,263</b>
Fixed Assets	8,261,999	605,360
Tangible Fixed Assets	561,229	465,483
Leasing Fixed Assets	11,686	14,096
Intangible Fixed Assets	72,564	72,865
Construction in Progress	7,616,520	52,916
Long term Investments	8,099,909	3,919,827
Other Long-term Assets	140,792	50,076
<b>TOTAL ASSETS</b>	<b>21,129,538</b>	<b>7,017,094</b>

CONSOLIDATED BALANCE SHEET	December 31, 2010	December 31, 2009
Figures in VND million	Audited	Audited
<b>CURRENT LIABILITIES</b>	<b>3,224,917</b>	<b>1,210,937</b>
Short-term Debt	1,124,674	687,260
Current Account Payables	443,583	267,168
Advance from Customers	7,997	11,267
Tax Payables	152,842	77,417
Payroll Payables	5,395	148
Accrued Expenses	502,838	163,590
Other Payables	987,588	4,087
<b>LONG TERM LIABILITIES</b>	<b>5,756,133</b>	<b>736,618</b>
Long-term Debt	5,000,560	734,723
Other Long-term Liabilities	755,573	1,895
<b>TOTAL LIABILITIES</b>	<b>8,981,050</b>	<b>1,947,555</b>
<b>EQUITY</b>	<b>10,623,685</b>	<b>4,762,088</b>
Chartered Capital	5,152,723	4,853,998
Capital Surplus	2,166,136	1,421,817
Other Capital	9,651,713	-
Differences in Forex Revaluation	3,189	-
Other Reserves	(9,062,082)	(1,947,256)
Retained Earnings	2,712,006	434,707
Other Funds	-	(1,178)
<b>MINORITY INTEREST</b>	<b>1,524,803</b>	<b>307,451</b>
<b>TOTAL RESOURCES</b>	<b>21,129,538</b>	<b>7,017,094</b>

## AUDITED RESULTS

### Revenue

Net sales increased by 41.1% from VND3,958 billion in 2009 to a record VND5,586 billion in 2010. The significant growth was primarily driven by Masan Consumer's increased sales in each of its existing product lines, particularly fish sauce and Omachi instant noodles, as a result of continuing efforts to penetrate rural markets, and the launch of several new product lines. This increase in sales was contributed in part by the continued expansion of Masan Consumer's sales network, which included an additional 25 distributors and 15,081 points of sale (POS) as of December 31, 2010, compared to December 31, 2009.

### Cost of Goods Sold

Cost of goods sold in 2010 was VND3,195 billion compared to that of VND2,584 in 2009, a 23.6% increase. Cost of goods sold as a percentage of net sales decreased from 65.3% in 2009 to 57.2% in 2010. This is mainly attributable to cost saving initiatives implemented by Masan Consumer's Research and Development team. Further, enhanced economies of scale in our instant noodle business, improved product mix and new initiatives in reducing packaging cost resulted in a decrease in production cost.

### Gross Profit Margin

As a result of the foregoing, gross profit increased by 74.1% from VND1,374 billion in 2009 to VND2,392 billion in 2010. As such, the gross profit margin increased from 34.7% in 2009 to 42.8% in 2010 led by premium sauces and instant noodle products as well as costs saving initiatives.

### Selling Expenses

Selling expenses in 2010 was VND951 billion compared to VND637 billion in 2009. Selling expenses as a percent of net sales grew from 16.1% in 2009 to 17.0% in 2010. This was a result of Masan Consumer's continuing investment in branding

and marketing activities and the launch of new products in the sauces and instant noodle market.

### General & Administration Expenses

General & administration expenses in 2010 was VND214 billion compared to VND105 billion in 2009. General & administration expenses as a percentage of net sales increased from 2.7% in 2009 to 3.8% in 2010. This was a direct result of increased personnel expenses, which reflects the hiring of additional business development professionals and key management personnel, respectively, at the group and subsidiary levels.

### Financial Income

Financial income increased by VND1,461 billion, or 911.2%, to VND1,621 billion in 2010, from VND160 billion in 2009, derived primarily from the recognition of negative goodwill amounting to VND1,240 billion related to the acquisition of Nui Phao through Masan Resources. Interest income from bank deposits also increased due to our strong cash position.

### Financial Expenses

Financial expenses increased by VND167 billion or 162.1% to VND270 billion in 2010, from VND103 billion in 2009, driven mainly by the interest expenses accrued on the convertible bonds or loans from TPG, IFC and Goldman Sachs issues by or borrowed at Masan Group.

### Share of Profit in an Associate

Share of profit in an Associate represents Masan Group's share of Techcombank's profit for its equity interest amounting to VND161 billion in 2010, a 234.5% increase from the 2009. In 2009, we began recognizing our economic interest in Techcombank starting in September when our pre-IPO restructuring was completed. This allowed us to record four months of Techcombank's contribution to share of profit in

Associate. In 2010, we recognized our economic interest in Techcombank for the entire year. As a result, our share of profit in associate increased significantly. Moreover, Techcombank posted strong results with the net income growing by 21.9%.

### Net Profit

Net profit after tax was VND2,629 billion in 2010, representing a 286.9% increase from VND680 billion in 2009. This increase was contributed by the results of Masan Consumer, Masan Resources and Techcombank.

### Cash and Cash Equivalents

Masan Group had a strong cash position of VND3,395 billion as at December 31, 2010 as compared to VND1,124 billion in 2009, an increase of 202.1%, which will allow us to fund future growth opportunities. During the year, Masan Group raised a total VND2,388 billion in funds from the issuance of primary shares and convertible loans. We used some of the proceeds to acquire additional economic interest in Masan Consumer and Techcombank. The most significant issuance of primary shares occurred in October when we completed a private placement to Orchid Fund Pte Ltd., a wholly owned investment fund of R.F. Chandler. 19,872,449 shares were issued in exchange for VND974 billion in cash.

### Fixed Assets

As at December 31, 2010, fixed assets amounted to VND8,262 billion, increasing 14 times from VND605 billion as at December 31, 2009. The increase was mainly derived from the acquisition of Nui Phao Mining and expansion of the sauces and instant noodles factories in Masan Consumer. Masan Group acquired existing development costs of Nui Phao Mining amounting to VND2,009 billion and recognized mineral reserves of VND5,007 billion on business combination.

### Investments in an Associate

Investments in an Associate increased by 106.6% to VND8,100 billion as at December 31, 2010 from VND3,920 billion as at December 31, 2009. Masan Group increased its economic interest in Techcombank to 28.94% through the subscription and purchase of convertible bonds issued by Techcombank in December.

### Total Assets

Total assets increased by 201.1% from VND7,017 billion as at December 31, 2009 to VND21,130 billion as at December 31, 2010, resulting from increasing our economic interest in Techcombank, recognizing mineral reserves of Nui Phao and the increase in our cash balance.

### Borrowings

As at December 31, 2010, short-term and long-term borrowings amounted to VND6,125 billion, representing 29.0% of total assets. Borrowings were predominantly Masan Group's new issuance of convertible loans to IFC and Goldman Sachs, promissory notes arising from the acquisition of Nui Phao and loans at Masan Consumer to fund their operations and capital expenditures. The VND760 billion partial convertible loan from IFC is due in April 2016. IFC can exercise the option to convert VND190 billion of the principal amount into the primary shares of Masan Group from May 2011 to April 2016. The conversion price of the loan is based on Masan Group's earnings in 2010 and is subject to other adjustments described in the definitive agreements. The convertible loan from Goldman Sachs is a US\$ denominated loan with a principal amount of VND568 billion. This convertible loan can be converted into primary shares of Masan Group at any time after two years from December 2010 until the maturity date in December 2015.

#### Owners' Equity

Owners' equity as at December 31, 2010 was VND10,624 billion, as compared to VND4,762 billion as at December 31, 2009, representing a 123.1% increase year over year. The increase in owner's equity was mainly derived from our earnings, issuance of primary shares and shares to be issued as consideration for the increasing of our stakes in our businesses.

#### Minority Interest

Minority interest as at December 31, 2010 increased to VND1,525 billion from VND307 billion as at December 31, 2009, mainly due to our 20.0% minority stake at Masan Resources.

#### DISCUSSION ON AUDITED VS. PRO FORMA RESULTS

Pro forma is unaudited numbers that are derived from our audited results with adjustments made to reflect normalized earnings. These adjustments include applying Masan Group's 2010 year end economic interest percentage in our subsidiaries and affiliates as of the beginning of 2009, adding back the amortization of goodwill from the restructuring of our ownership in Techcombank and reversing the recognition of negative goodwill in connection with the acquisition of Nui Phao.

#### PRO FORMA FINANCIAL RESULTS

##### Financial Income

Pro forma financial income increased by 137.8% from VND160 billion in 2009 to VND381 billion in 2010, mainly derived from income from bank deposits as a result of our higher cash balance.

#### Share of Profit in an Associate

Pro forma share of associate's results were VND600 billion in 2010 and VND492 billion in 2009 based on the assumption that the Masan Group had owned 28.94% of Techcombank since January 1, 2009. During the year, Techcombank posted strong results with net income growth of 21.9%.

#### Net Profit After Tax

Pro forma net profit after tax was VND1,829 billion, representing a 62.8% increase from VND1,124 billion in 2009. This increase was contributed by the strong performance of Masan Consumer and Techcombank.

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FINANCIAL  
REPORT

# CORPORATE INFORMATION

The Financial Report was reviewed by our auditor, KPMG. In this section, "Board of Management" refers to our Board of Directors and "Masan Food Corporation" refers to Masan Consumer which was restructured and renamed in 2011. This section was prepared in British English, while other sections were prepared using American English.

## Business Registration Certificate No

0303576603

20 October 2010

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

## Board of Management

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

Chairman  
Vice chairman  
Member  
Member  
Member  
Member

## Registered Office

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

## Auditors

KPMG Limited  
Vietnam

# REPORT OF THE BOARD

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

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

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

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

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

## APPROVAL OF THE FINANCIAL STATEMENTS

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

On behalf of the Board of Management

  
\_\_\_\_\_  
Nguyen Dang Quang  
Chairman  
Ho Chi Minh City, Vietnam  
31 March 2011

# INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS  
MA SAN GROUP CORPORATION

## Scope

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

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

## Audit opinion

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

## KPMG Limited

Vietnam

Investment Certificate No: 011043000345

Audit Report No: 10-01-542

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

Ho Chi Minh City, 31 March 2011



\_\_\_\_\_  
Ha Vu Dinh  
CPA No. 0414/KTV

# BALANCE SHEETS

At 31 December 2010

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

The accompanying notes are an integral part of these financial statements

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

The accompanying notes are an integral part of these financial statements

# BALANCE SHEETS

At 31 December 2010 (continued)

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

Prepared by:

*Lahal*

Ta Thi Thuy Trang  
Chief Accountant

Approved by:



Nguyễn Đăng Quang  
Chairman

31 March 2011

The accompanying notes are an integral part of these financial statements

# STATEMENTS OF INCOME

For the year ended 31 December 2010

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

The accompanying notes are an integral part of these financial statements

# STATEMENTS OF INCOME

For the year ended 31 December 2010 (continued)

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

Prepared by:



Ta Thi Thuy Trang  
Chief Accountant

31 March 2011

Approved by:



Nguyễn Đăng Quang  
Chairman

The accompanying notes are an integral part of these financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

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

The accompanying notes are an integral part of these financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010 (continued)

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

The accompanying notes are an integral part of these financial statements

# SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

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

Prepared by:

*Lahal*

Ta Thi Thuy Trang  
Chief Accountant

Approved by:

*Nguyễn Đăng Quang*  
Chairman



31 March 2011

The accompanying notes are an integral part of these financial statements

# STATEMENTS OF CASH FLOWS

For the year ended 31 December 2010

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

The accompanying notes are an integral part of these financial statements

	Code	Note	Group		Company	
			2010	2009	2010	2009
			VND million	VND million	VND million	VND million
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Payments for additions to fixed assets and other long-term assets	21		(851,009)	(411,673)	(2,072)	-
Proceeds from disposals of fixed assets and other long-term assets	22		3,394	229	-	-
Collections on loans to Viet Capital Securities Joint Stock Company	23		50,000	250,000	-	-
Collections on loans to subsidiary's BOM member	23		-	5,000	-	-
Loans provided to related parties	23		(806,200)	(58,543)	-	-
Collections on loans to related parties	23		806,200	56,714	-	-
Loans provided to an individual	23		(130,250)	(105,915)	-	-
Collections on loans to an individual	23		130,250	105,915	-	-
Placements of term deposit to banks	24		(6,211,858)	(726,000)	-	(296,000)
Withdrawal of term deposit received	24		6,447,858	-	296,000	-
Payment for investments in associate	25		(596,449)	-	(596,449)	-
Net cash from acquisition of subsidiary	25	4	4,515	-	-	-
Payments for investments in subsidiaries and other entities	25		(1,000,000)	(331,000)	(1,000,356)	(225,000)
Proceeds from sales of other long-term investment	26		128,539	14,282	-	-
Receipts of interest and dividends	27		251,981	68,403	131,061	5,177
<b>Net cash used in investing activities</b>	<b>30</b>		<b>(1,773,029)</b>	<b>(1,132,588)</b>	<b>(1,171,816)</b>	<b>(515,823)</b>

The accompanying notes are an integral part of these financial statements



# STATEMENTS OF CASH FLOWS

For the year ended 31 December 2010 (continued)

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

The accompanying notes are an integral part of these financial statements

## NON-CASH INVESTING AND FINANCING ACTIVITIES

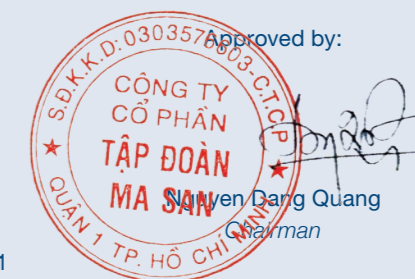
	Group		Company	
	2010	2009	2010	2009
	VND million	VND million	VND million	VND million
Cost of investment acquired by issuing debts	2,855,764	900,000	-	900,000
Cost of investments acquired by issuing equity instruments	9,651,713	-	9,651,713	-
Dividends paid by subsidiary in the form of exchangeable bonds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

Prepared by:

*Lahal*

Ta Thi Thuy Trang  
Chief Accountant

Approved by:



Nguyen Dang Quang  
Chairman

31 March 2011

The accompanying notes are an integral part of these financial statements

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

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

## 1. REPORTING ENTITY

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

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

The principal activities of the subsidiaries are described as follows:

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

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

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

## 1. REPORTING ENTITY (CONTINUED)

All the subsidiaries are incorporated in Vietnam.

The percentage of economic interests represents the effective percentage of economic interests of the Company both directly and indirectly in the subsidiaries.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of financial statement preparation

#### (i) General basis of accounting

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

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

#### (ii) Basis of consolidation

##### Common-control business combination

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (ii) Basis of consolidation (continued)

#### *Common-control business combination (continued)*

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

#### *Non-common control business combination*

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

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

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

### (iii) Subsidiaries

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (iv) Associates (equity accounted investees)

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

### (v) Minority interests

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

### (vi) Transactions eliminated on consolidation

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

### (b) Fiscal year

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

### (c) Foreign currency transactions

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Cash and cash equivalents

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

### (e) Investments

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

### (f) Accounts receivable

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

### (g) Inventories

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

The Group apply the perpetual method of accounting for inventory.

### (h) Tangible fixed assets

#### (i) Cost

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Tangible fixed assets (continued)

#### (ii) Depreciation

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

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

### (i) Finance lease tangible fixed assets

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

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

### (j) Intangible fixed assets

#### (i) Land use rights

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

#### (ii) Software

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

#### (iii) Brand name

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Construction in progress

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

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

### (l) Long-term prepayments

#### (i) *Pre-operating expenses*

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

#### (ii) *Prepaid land costs*

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

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

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

#### (iv) *Borrowing fees*

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

### (m) Goodwill

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

Goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over 10 years. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying value of the investment.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) Trade and other payables

Trade and other payables are stated at their cost.

### (o) Provisions

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

### (p) Taxation

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

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

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

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

### (q) Equity

#### (i) *Share capital and capital surplus*

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) Equity (continued)

#### (ii) Other capital

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

#### (iii) Other reserves

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

### (r) Revenue

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

### (s) Financial income and financial expenses

#### (i) Financial income

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (s) Financial income and financial expenses (continued)

#### (ii) Financial expenses

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

### (t) Operating lease payments

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

### (u) Earnings per share

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

### (v) Segment reporting

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

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

### (w) Related parties

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (x) Share – based payments

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

### (y) Off balance sheet items

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

## 3. SEGMENT REPORTING BY BUSINESS

### Business segments

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

## 3. SEGMENT REPORTING BY BUSINESS (CONTINUED)

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

### Geographical segments

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 4. BUSINESS COMBINATION AND TRANSACTIONS WITH MINORITY INTERESTS

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

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

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

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

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

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

## 4. BUSINESS COMBINATION AND TRANSACTIONS WITH MINORITY INTERESTS (CONTINUED)

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

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

	Pre-acquisition carrying amounts	Fair value adjustments	Recognised value on acquisition
	VND million	VND million	VND million
Cash and cash equivalents	7,027	-	7,027
Accounts receivable and other current assets	28,140	-	28,140
Fixed assets	5,327	-	5,327
Other current assets	8,174	-	8,174
Mineral reserve	2,009,395	5,006,805	7,016,200
Borrowings	(233,689)	-	(233,689)
Current liabilities	(53,703)	-	(53,703)
Deferred tax liability	-	(751,021)	(751,021)
<b>Total net identifiable assets acquired</b>	<b>1,770,671</b>	<b>4,255,784</b>	<b>6,026,455</b>

Share of net assets acquired	4,097,990
Consideration given	(2,858,276)
<b>Negative goodwill on acquisition</b>	<b>1,239,714</b>

Cost of acquisition comprised:	
Promissory notes issued (Note 20(j))	2,855,764
Cash paid	2,512
<b>Consideration given</b>	<b>2,858,276</b>

The excess of net identifiable assets acquired over the cost of acquisition amounting to VND1,239,714 million was included under financial income in the statement of income.

#### Cash flow implications comprised:

Cash acquired	7,027
Cash payment	(2,512)
<b>Net cash inflow</b>	<b>4,515</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 4. BUSINESS COMBINATION AND TRANSACTIONS WITH MINORITY INTERESTS (CONTINUED)

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

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

(iii) **Company primary share option** - the Company granted the majority vendor an option to purchase VND1,962 billion worth of the Company's shares at a price of VND65,915 per share, equaling 29,770,465 shares of the Company. The purchase can be exercised in cash or by extinguishing the promissory notes issued by MHC to the majority vendor (see Notes 4(a)(i) and 20j). The majority vendor shall have the right to exercise the option for the period commencing on the third anniversary following 23 September 2010 until the fifth anniversary. The Company is able to require conversion when the Company's share price reaches VND65,915 for 15 consecutive days, upon which the Company can either pay the promissory notes issued to the majority vendor or require the majority vendor to exercise the option.

(iv) **MR call and put option** – the majority vendor retained 20% of the ownership in MR after the transaction and has granted the Group a call option to purchase 100% of its shares in MR in cash within three years of the option date. The exercise prices are defined on a quarterly basis over the three year period and ranged from VND1,164 billion to VND1,710 billion. In return, the Company has granted the majority vendor a put option to put 100% of its shares in MR for the primary shares of the Company based on a valuation of VND1,710 billion during the period of one month after the lapse of the above three year period at VND65,915 per share.

(v) **MR ownership adjustment** - the Group has entered into an agreement with the majority vendor in which the Group will give the majority vendor up to 15% of its 80% shares in MR if the prices of tungsten-related products or commodities increase above the agreed set of ranges. In return, the majority vendor will give the Group up to 5% of its 20% shares in MR if the prices of tungsten-related products or commodities decrease below the agreed set of ranges. The option can be exercised at no cost during the 15 days following the availability of NPV's audited financial statements for the year after the year that NPV produces more than 300,000 metric ton units of contained tungsten trioxide. Any potential adjustment in the shareholding of MR will be included in the call option and put options as described in note 4(a)(iv), without any adjustments to the cost of the exercise prices of such options.

### (b) Acquisition of minority interests in NPV

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

## 4. BUSINESS COMBINATION AND TRANSACTIONS WITH MINORITY INTERESTS (CONTINUED)

### (b) Acquisition of minority interests in NPV (continued)

The acquisition has the following effects:

	VND million
Cost of acquisition	1,199,353
Net assets acquired	(722,931)
Differences recorded in other reserve	476,422

	VND million
Cost of acquisition comprised:	
Equity instruments issued	1,199,353

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

### (c) Subsequent events for MR and NPV

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 4. BUSINESS COMBINATION AND TRANSACTIONS WITH MINORITY INTERESTS (CONTINUED)

### (c) Subsequent events for MR and NPV (continued)

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

VND million

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

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

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

The acquisition has the following effects:

	VND million
Cost of acquisition	7,011,972
Net assets acquired	(386,747)
Differences recorded in other reserve	6,625,225

	VND million
Cost of acquisition comprised:	
Equity instruments issued	6,011,972
Cash paid	1,000,000
	7,011,972

## 4. BUSINESS COMBINATION AND TRANSACTIONS WITH MINORITY INTERESTS (CONTINUED)

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

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

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

### Other reserve movements were as follows

VND million

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

### (e) Transactions in 2009

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 5. CASH AND CASH EQUIVALENTS

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

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

## 6. ACCOUNTS RECEIVABLE

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

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

## 6. ACCOUNTS RECEIVABLE (CONTINUED):

Other receivable include the following amounts due from related parties:

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

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

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

Movements of allowance for doubtful debts were as follows:

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 7. INVENTORIES

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

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

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

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

## 8. TANGIBLE FIXED ASSETS

### Group

	Buildings and structures	Leasehold improvements	Office equipment	Machinery and equipment	Motor vehicles	Total
	VND million	VND million	VND million	VND million	VND million	VND million
<b>Cost</b>						
Opening balance	124,455	1,175	16,317	439,340	16,191	597,478
Acquisition on business combination	-	-	1,040	1,057	2,509	4,606
Additions	4,714	-	5,745	57,531	10	68,000
Transfers from construction in progress	54,506	6,399	599	51,757	-	113,261
Disposals	(601)	(926)	(234)	(4,198)	(118)	(6,077)
Reclassifications	(477)	-	(441)	1,616	(698)	-
Closing balance	182,597	6,648	23,026	547,103	17,894	777,268

### **Accumulated depreciation**

Opening balance	14,824	675	4,632	103,460	8,404	131,995
Charge for the year	9,616	2,239	4,611	67,440	2,290	86,196
Disposals	(477)	(746)	(70)	(764)	(95)	(2,152)
Reclassifications	(396)	-	(112)	448	60	-
Closing balance	23,567	2,168	9,061	170,584	10,659	216,039

### **Net book value**

Opening balance	109,631	500	11,685	335,880	7,787	465,483
Closing balance	159,030	4,480	13,965	376,519	7,235	561,229

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 8. TANGIBLE FIXED ASSETS (CONTINUED)

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

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

### **Company**

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

## 9. FINANCE LEASE TANGIBLE FIXED ASSETS

### **Group**

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

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

## 10. INTANGIBLE FIXED ASSETS

### **Group**

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

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

### **Company**

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 11. CONSTRUCTION IN PROGRESS

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

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

## 12. INVESTMENTS

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

## 12. INVESTMENTS (CONTINUED)

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

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

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

Name	Address
Hoa Bang Lang Consultant Company Limited	Suite 802, 8 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Orchid Consultant Company Limited	Suite 802, 8 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Gerbera Consultant Company Limited	6 <sup>th</sup> Floor, Me Linh Point Tower, 2 Ngo Duc Ke Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Dahlia Company Limited	6 <sup>th</sup> Floor, Me Linh Point Tower, 2 Ngo Duc Ke Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Thai Nguyen Trading and Investment Company Limited	8 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam
Ma San Food Corporation	12 <sup>th</sup> Floor, Kumho Asiana Plaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 12. INVESTMENTS (CONTINUED)

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

Name	Address
Masan Industrial Corporation	Lot 6, Tan Dong Hiep A Industrial Park, Di An District, Binh Duong Province, Vietnam
Viet Tien Food Technology Joint Stock Company	Lot III-10-Industrial Group III, Tan Binh Industrial Park, Tan Phu District, Ho Chi Minh City, Vietnam
Ma San HD Joint Stock Company	Lot 22, Dai An Industrial Zone, Hai Duong City, Hai Duong Province, Vietnam
Ma San PQ Corporation	261 Nguyen Trung Truc, Ward 5, Duong Dong Town, Phu Quoc District, Kien Giang Province, Vietnam
Minh Viet Packaging Joint Stock Company	Lot III-12-Industrial Group III, Tan Binh Industrial Park, Tan Phu District, Ho Chi Minh City, Vietnam
Ma San Horizon Corporation	Suite 802, 8 <sup>th</sup> Floor, Central Tower, 17 Le Duan Street, District 1, Ho Chi Minh City, Vietnam
Ma san Resources Corporation	Suite 802, 8 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, District 1, Ho Chi Minh City, Vietnam
Ma San Thai Nguyen Resources Company Limited	Suite 802, 8 <sup>th</sup> Floor, Central Plaza, 17 Le Duan Street, District 1, Ho Chi Minh City, Vietnam
Nui Phao Mining Company Limited	Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam

### (a) Investment in Techcombank's convertible subordinated bonds

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

## 12. INVESTMENTS (CONTINUED)

### (a) Investment in Techcombank's convertible subordinated bonds (continued)

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

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

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

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

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

### (b) Term Deposits

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 13. LONG-TERM PREPAYMENTS

### Group

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

### Company

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

## 14. DEFERRED TAX ASSETS AND LIABILITIES

### (i) Recognised deferred tax assets and liabilities

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

### Deferred tax liabilities:

Construction in progress	(751,021)	-	-	-
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### The tax losses expire in the following years

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



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 14. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(ii) *Unrecognised deferred tax assets*

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

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

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

## 15. GOODWILL

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

## 16. SHORT-TERM BORROWINGS AND LIABILITIES

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 16. SHORT-TERM BORROWINGS AND LIABILITIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 16. SHORT-TERM BORROWINGS AND LIABILITIES (CONTINUED)

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

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

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

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

- i) This loan is granted to Viet Tien Food Technology Joint Stock Company with a maximum facility of VND108,000 million. The loan is secured by tangible fixed assets with a carrying value as at 31 December 2010 of VND13,672 million (31/12/2009: VND15,346 million), land use right with net book value as at 31 December 2010 of VND4,397 million (31/12/2009: VND4,516 million) and trade receivables of Viet Tien Food Technology Joint Stock Company as at 31 December 2010 amounting to VND nil (31/12/2009: VND152,329). The loan is denominated in VND and bore interest at rates ranging from 10.50% to 14.26% (2009: 6.15% to 12.92%) per annum during the year.

- j) This loan is granted to Masan Industrial Corporation with a maximum facility of VND200,000 million and is secured by trade receivables of Masan Industrial Corporation due from Ma San Food Corporation as at 31 December 2010 amounting to VND498,100 million (31/12/2009: VND441,927 million). The loan is denominated in VND and bore interest at rates ranging from 12.00% to 14.50% (2009: 6.00% to 6.05%) per annum during the year.

- k) This loan is granted to Masan Industrial Corporation with a maximum facility of USD10 million or VND equivalent and is guaranteed by Ma San Food Corporation. The loan is also secured by inventories of Masan Industrial Corporation and trade receivables of the Company as at 31 December 2010 amounting to USD10,000,000. The loan is denominated in VND and bore interest at 14.50% (2009: nil) per annum during the year.

- l) This loan is granted to Masan Industrial Corporation with a maximum facility of VND200 billion or USD equivalent and is unsecured. The loan is denominated in USD and bore interest at rate 6.00% (2009: nil) per annum during the year.

- m) These are unsecured and interest free loans from the General Directors of Minh Viet Packaging Joint Stock Company and Masan Industrial Corporation. These loans have been fully repaid during the year.

- n) These borrowings were unsecured and bore interest from 0% to 15% per annum.

- o) On 1 December 2010, NPV entered into an agreement with the Group's parent, Ma San Corporation, for a credit line of USD15 million to finance land clearance, compensation and relocation activities. This loan is unsecured and bore interest at 15% per annum.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 17. TAXES PAYABLE TO STATE TREASURY

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

## 18. ACCRUED EXPENSES

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

## 19. OTHER PAYABLES

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

## 20. LONG-TERM BORROWINGS AND LIABILITIES

	Note	Group		Company	
		31/12/2010	31/12/2009	31/12/2010	31/12/2009
		VND million	VND million	VND million	VND million
<b>Long-term borrowings</b>					
Loans from Vietcombank					
Loan 1	(a)	14,000	19,600	-	-
Loan 2	(b)	1,073	1,381	-	-
Loan 3	(c)	28,000	12,009	-	-
Loan 4	(d)	6,750	7,733	-	-
Loan 5	(e)	12,393	15,033	-	-
Loan 6	(f)	86,337	-	-	-
Loan 7	(g)	60,763	5,815	-	-
Loan from ACB Bank					
Loan 1	(h)	5,616	7,751	-	-
Loan 2	(h)	7,301	8,638	-	-
Loan from Ocean Bank					
Promissory Notes (Note 4)	(i)	-	43,398	-	-
Convertible bonds issued to TPG	(k)	2,855,764	-	-	-
Convertible loan issued to International Finance Corporation	(l)	630,000	630,000	630,000	630,000
Convertible loan issued to Jade Dragon (Mauritius) Limited	(m)	760,000	-	760,000	-
		5,035,957	751,358	1,957,960	630,000
<b>Finance lease liabilities</b>					
	(n)	4,974	6,444	-	-
		5,040,931	757,802	1,957,960	630,000

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 20. LONG-TERM BORROWINGS AND LIABILITIES (CONTINUED)

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

(a) This loan is granted to Masan Industrial Corporation and is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND16,112 million (31/12/2009: VND23,067 million). The loan has a maximum facility of VND25 billion and bore interest at rates ranging from 14.3% to 16.4% (2009: 10.50% to 12%) per annum during the year. The outstanding balance as at 31 December 2010 is repayable in 5 equal semi-annual instalments of VND2,800 million each.

(b) This loan is granted to Masan Industrial Corporation. The loan is denominated in USD and the principal outstanding as at 31 December 2010 amounted to USD55,000 (31/12/2009: USD77,000). The loan is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND9,170 million (31/12/2009: VND1,594 million) and bore interest at a rate equal to 6-month Libor plus 2.50% (2010: 7.00% and 2009: 4.00% to 5.70% per annum during the year). The outstanding balance as at 31 December 2010 is repayable in 5 equal semi-annual instalments of USD11,000 each.

(c) This loan is granted to Masan Industrial Corporation and is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND63,266 million. The loan has a maximum facility of VND190 billion and bore interest at a rate of 12.00% (2009: 6.50%) per annum during the year. The outstanding balance as at 31 December 2010 is repayable in 16 equal quarterly instalments of VND1,750 million each.

## 20. LONG-TERM BORROWINGS AND LIABILITIES (CONTINUED)

(d) This loan is granted to Masan Industrial Corporation and is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND14,286 million. The loan has a maximum facility of VND45,350 billion and bore interest at rates ranging from 14.3% to 16.4% (2009: 6.50%) per annum during the year. The outstanding balance as at 31 December 2010 is repayable in 15 equal quarterly instalments of VND450 million each.

(e) This loan is granted to Masan Industrial Corporation and is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND19,899 million. The loan has a maximum facility of VND17.6 billion and bore interest at rates ranging from 14.3% to 16.4% (2009: 6.70%) per annum during the year. The loan is repayable in 13 equal quarterly instalments of VND880 million each and a final instalment comprising the remaining balance on 14 April 2014.

(f) This loan is granted to Masan Industrial Corporation and is secured by tangible fixed assets with carrying value as at 31 December 2010 of VND46,981 million. The loan has a maximum facility of VND310 billion and bore interest at rates ranging from 14.80% to 14.90% per annum during the year. As at 31 December 2010, the loan has not been fully withdrawn and there was no repayment schedule.

(g) This loan is granted to Ma San HD Joint Stock Company and is guaranteed by Ma San Food Corporation. The loan has a maximum facility of VND163 billion.

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

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

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

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

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

(i) This loan is granted to Ma San HD Joint Stock Company and is guaranteed by Ma San Food Corporation. The loan bore interest at 10.50% per annum during the year 2009. The loan has been fully paid on 8 November 2010.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 20. LONG-TERM BORROWINGS AND LIABILITIES (CONTINUED)

- (j) Ma San Horizon Corporation granted promissory notes to the majority vendor which are payable on 23 September 2016 and 23 September 2017 for VND237,980 million and VND2,617,784 million, respectively, in relation to the acquisition of NPV. These promissory notes were issued as consideration for acquisition of NPV (Note 4).
- (k) The long-term bonds issued to TPG consist of (i) three convertible bonds, with a principal of VND180 billion each, entered into with TPG Star Masan, Limited, TPG Star Masan II, Limited and TPG Star Masan III, Limited (collectively "TPG"); and (ii) a convertible bond with a principal of VND90 billion entered into with TPG Star Masan, Limited.

Among others the agreements provide the following:

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

Among others the agreement provides for the following:

- (i) Interest is charged at 8% per annum from disbursement date to 15 April 2012 and at 20.4% per annum from 15 April 2012 to the maturity date for the convertible portion. Interest is charged at 20.4% per annum for the non-convertible portion from 15 April 2013 to 15 April 2016. The loan matures on 15 April 2016.

## 20. LONG-TERM BORROWINGS AND LIABILITIES (CONTINUED)

- (ii) IFC can exercise the option to convert VND190 billion, at the maximum, of the principal amount and require the Company to list those converted shares. There are two available period for conversion: the first option period is the period commencing the date falling 12 months after 11 May 2010 and ending on the date falling 36 months after 31 May 2010, the second option period is the period commencing from the date falling thirty six months after 11 May 2010 and ending on 15 April 2016. Interest shall continue to accrue and payment premium remains payable on the convertible loan if IFC does not exercise its conversion option during the first option period.
- (iii) The conversion price was determined on a multiple of the Group's 2010 earnings and adjusted for any dilution, as defined in the agreement and subject to an external calculating agent's confirmation.
- (iv) Ma San Food Corporation guarantees this loan. The loan is secured by the Company's 2,800,000 shares in Ma San Food Corporation.
- (m) This loan represents a USD-denominated convertible loan, with a principal amount of VND567,960 million.

Among others, the agreement provides the following:

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 20. LONG-TERM BORROWINGS AND LIABILITIES (CONTINUED)

(n) The future minimum lease payments under non-cancellable finance leases were:

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

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

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

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

## 21. PROVISION FOR SEVERANCE ALLOWANCE

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

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

## 21. PROVISION FOR SEVERANCE ALLOWANCE (CONTINUED)

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

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

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

## 22. SHARE CAPITAL AND CAPITAL SURPLUS

The Company's authorised and issued share capital comprise:

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 22. SHARE CAPITAL AND CAPITAL SURPLUS (CONTINUED)

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

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

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

## 23. OTHER CAPITAL

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

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

## 24. TOTAL REVENUE

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

Net sales comprised:

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

## 25. COST OF SALES

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 26. FINANCIAL INCOME

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

## 27. FINANCIAL EXPENSES

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

## 28. OTHER INCOME

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

## 29. OTHER EXPENSES

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



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 30. SHARE OF PROFIT IN AN ASSOCIATE

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

## 31. INCOME TAX

(a) Recognised in the statement of income

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

## 31. INCOME TAX (CONTINUED)

(b) Reconciliation of effective tax rate

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

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

### Company

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 31. INCOME TAX (CONTINUED)

### (c) Applicable tax rates

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

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

### (d) Tax contingencies

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

## 32. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share at 31 December 2010 was based on the profit attributable to ordinary shareholders of VND2,283,039 million (2009: VND416,574 million) of the Group and a weighted average number of ordinary shares outstanding of 492,248,576 shares during the year (2009: 155,608,815 shares), calculated as follows:

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

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

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

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

## 32. EARNINGS PER SHARE (CONTINUED)

### (a) Basic earnings per share (continued)

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

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

### (b) Diluted earnings per share

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 33.SHARE BASED PAYMENT PLAN

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

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

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

## 34.SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

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

### Group

Related Party	Nature of transaction	2010	2009
		VND million	VND million
<b>Parent Company</b>			
Ma San Corporation	Interest expenses and tax shared by parent company	106,472	-
	Interest and loan repayment by parent company	-	76,370
	Purchase service	540	-
	Sales of merchandise inventory	44	-
	Loan provided to parent company	806,200	58,543
	Interest income from loan and expenses shared by parent company	10,012	-
	Acquisition of exchangeable bonds issued by parent company by setting off against loan receivable from parent company	-	400,000

## 34.SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

### Group

Related Party	Nature of transaction	2010	2009
		VND million	VND million
<b>Other related parties</b>			
Masan Information and Technology Company	Maintenance fee	4,115	915
	Purchase of computers	468	4,390
Masan Property Corporation	Service charge	3,754	16,198
	Construction	6,321	-
	Rental income	103	-
<b>Board of Management members</b>	Remuneration to a member of Board of Management	1,339	161
	Loan received and interest expenses	-	930,089
	Capital contributed	20,000	1,030,134

### Company

Related Party	Nature of transaction	2010	2009
		VND million	VND million
<b>Parent Company</b>			
Ma San Corporation	Interest expenses and tax shared by parent company	106,472	-
	Interest and loan repayment by parent company	-	76,370
	Loan provided to parent company	806,200	58,543
	Interest income from loan and expenses shared by parent company	10,012	-
	Acquisition of exchangeable bonds issued by parent company by setting off against loan receivable from parent company	-	400,000

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010 (continued)

## 34. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Company		2010	2009
Related Party	Nature of transaction	VND million	VND million
<b>Other related parties</b>			
Ma San Food Corporation	Loan received from subsidiary	806,200	-
	Interest expenses on loan	6,923	-
Masan Horizon Corporation	Loan provided to a subsidiary	447,381	-
Ma San Resources Corporation	Interest income from loan provided to a subsidiary	19,080	-
<b>Board of Management members</b>			
	Remuneration to a member of Board of Management	1,339	161
	Loan received and interest expenses	-	930,089
	Capital contributed	20,000	1,030,134

## 35. COMMITMENTS

### (a) Capital expenditure

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

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

## 35. COMMITMENTS (CONTINUED)

### (b) Leases

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

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

## 36. SUBSEQUENT EVENTS

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

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

Other subsequent events were disclosed in Notes 4 and 12.

Prepared by:

*Lahal*

Ta Thi Thuy Trang  
Chief Accountant

Approved by:

*Nguyen Dang Quang*

Nguyen Dang Quang  
Chairman



31 March 2011

GENERAL  
CORPORATE  
INFORMATION

# GENERAL CORPORATE INFORMATION

## CORPORATE INFORMATION

Our company's legal name is Ma San Group Corporation and was incorporated in November, 2004 under the name Ma San Shipping Corporation. We officially changed our name to Ma San Group Corporation in August 2009 and successfully listed on the Ho Chi Minh Stock Exchange on November 5, 2009. While the listed entity was formally incorporated in 2004, Masan Group, through our majority shareholder and our underlying operating businesses and their predecessor companies, has been in existence as a business group for over 15 years.

We are a holding company, with controlling stakes in Masan Consumer and Masan Resources representing an economic interest of 86.6% and 80.0%, respectively, as of December 31, 2010. After the closing of the Mount Kellett investment in the first quarter of 2011, our ownership in Masan Resources has been diluted to 65.0%. However, including the 3 year call option we have on Dragon Capital's shares in Masan Resources, our effective economic interest in Masan Resources is 80.0% at our discretion. We have an equity interest, through shares and mandatory convertible subordinated debt, in Techcombank of 28.94%, which has increased to 30.84% as a subsequent event to 2010.

As of December 31, 2010, we have 5,284 employees, including Masan Consumer, Masan Resources and Masan Group.

## CORPORATE GOVERNANCE

### Governance Structure

Approval	Annual General Meeting	
Validation	Board of Directors	Supervisory Board
Strategic Management	Management Board	
	<ul style="list-style-type: none"> <li>▪ Chief Executive Officer</li> <li>▪ Deputy Chief Executive Officer</li> <li>▪ Deputy Chief Financial Officer</li> <li>▪ Chief Accountant</li> </ul>	
Implementation	Business Development	Finance & Accounting, Legal & Administration

### Board of Directors

The Board of Directors (the "Board") is elected by shareholders to oversee the activities of Masan Group. Members of the Board of Directors meet regularly to discuss strategic decisions raised by the Management Board. Details on the responsibilities of the Board are presented in the Board of Directors section.

### Supervisory Board

The Supervisory Board oversees the activities of the Board of Directors and the Management Board to ensure compliance with our corporate charter and internal policies.

### Management Board

The Management Board's primary responsibilities include strategic management, resource allocation at the senior management level, financial accounting and controls, capital management, governance, and internal control.

### Business Development

The Business Development team is responsible for transaction execution, business analytics and subsidiary management.

### Finance & Accounting, Legal and Administration

Finance & Accounting, Legal and Administration are departments responsible for financial reporting, legal and regulatory compliance, and managing the administrative functions of the Company. Senior professionals from the Finance & Accounting and Legal departments play pivotal roles in transaction execution and post-deal follow up.

## BOARD OF DIRECTORS

### Board Responsibility and Delegation of Authority

The Board of Directors has two executive members, and four non-executive members. The Board of Directors is chaired by non-executive members. The roles of the Chairman and Chief Executive Officer are separate. During the year, there were no changes in the structure of the Board of Directors.

Members of the Board of Directors include:

- Dr. Nguyen Dang Quang, Chairman
- Mr. Ho Hung Anh, Vice Chairman
- Mr. Madhur Maini, member
- Mr. Nguyen Thieu Nam, member
- Ms. Nguyen Hoang Yen, member
- Mr. Lars Kjaer, member

The Chairman plays an important leadership role and is involved in:

- Chairing meetings of the Board and providing effective leadership to it;
- Maintaining dialogue with the Chief Executive Office and providing appropriate strategic input;
- Monitoring the performance of the Board; and
- Being a respected ambassador for Masan Group, including chairing meetings of shareholders, managing community issues and interacting with key stakeholders.

The Board is responsible for charting the direction, strategies and financial objectives of Masan Group and monitoring the progress in relation to such matters. It does not form committees under itself.

Non-executive members regularly communicate with our management to understand the progress and performance of the operations.

## Board Meetings

The Board regularly meets to discuss the direction, strategy and progress of the business. Typically, the topics at the Board meetings include:

- Reports on major projects and current business issues;
- Reports on financial performance;
- Specific business proposals;
- Minutes of the previous meeting and outstanding issues.

## Activities of the Board

In 2010 the Board's activities mainly included the discussion and approval of the following items:

- Acquiring Nui Phao through the newly established Masan Resources and restructuring the companies after the acquisition, including the acquisition of Masan Horizon, a major shareholder of Masan Resources;
- Issuing new ordinary shares to investors in the form of a private placement to less than 100 investors under the resolutions approved by the General Meeting of Shareholders in April, 2010;
- Raising capital;
- Issuing new ordinary shares to employees of the Company under the Employee Stock Ownership Plan approved by the General Meeting of Shareholders in April, 2010;
- Restructuring and increasing Masan Group's economic interests in our subsidiaries and affiliates; and
- Deciding business development plan and annual budget.

In 2010, the Board also approved the appointment of a new Deputy Chief Financial Officer, replacing the former Chief Financial Officer.

There were no separate meetings of non-executive Board members. Activities of the Board involved all members.

## MANAGEMENT BOARD

The Management Board is responsible for implementing our company's business development plan and business performance reporting. The Chief Executive Officer chairs the Management Board.

Currently, the Management Board is comprised of the two most senior executives at Masan Group, the Chief Executive Officer and the Deputy Chief Executive Officer, and the two most senior members of the Finance & Accounting team. In December 2010 our former Chief Financial Officer withdrew from the Management Board and the Deputy Chief Financial Officer was appointed. Members of the Management Board include:

- Mr. Madhur Maini, Chief Executive Officer
- Mr. Nguyen Thieu Nam, Deputy Chief Executive Officer
- Mr. Eric Chan Hong Wai, Deputy Chief Financial Officer
- Ms. Ta Thi Thuy Trang, Chief Accountant

Background of members of the Management Board is provided in Masan Group's Professional Management Team section, excluding the Chief Executive Officer, whose background can be found in the Vision & Strategy section.

## SUPERVISORY BOARD

Members of the Supervisory Board were appointed by the General Meeting of Shareholders.

The Supervisory Board is composed of the following members:

- Mr. Nguyen Quynh Lam – Head of Supervisory Board. Lam has more than 20 years of experience in managerial and accounting positions. He was formerly with Da My JSC and La Giang Commerce JSC. He graduated from University of Mining and Geology, Hanoi, Vietnam.
- Ms. Nguyen Thu Hien – Member. Hien has more than 20 years of experience in the banking and finance industry. She was formerly with Incombank (now known as VietinBank), Techcombank and Masan Consumer. She graduated from University of Economics, Baku City, the Union of Soviet Socialist Republics.
- Mr. Dang Ngoc Ca – Member. Please refer to Masan Group's Professional Management Team section.

## Activities of the Supervisory Board

The Supervisory Board oversees activities of the Board and the Management Board in compliance with the our Charter, our Internal Corporate Governance Regulations and relevant laws. Particularly, the Supervisory Board participates in regular and extraordinary meetings of the Board and shareholders' meetings.

## INTERNAL CORPORATE GOVERNANCE RULES

Our Internal Corporate Governance Rules were approved during a Shareholder Meeting held on October 9, 2009. Objectives of the Internal Corporate Governance Rules are to:

- Ensure an effective corporate governance plan;
- Ensure shareholders' rights;
- Ensure equal rights among shareholders;
- Ensure related party transactions are transacted at arm's length;
- Enhance transparency; and
- Monitor the performance of the Board and the Supervisory Board.

The Internal Corporate Governance Rules define responsibilities and delegation of authority of the Board of Directors, members of the Board of Directors, the Supervisory Board, and members of the Supervisory Board.

Nine out of eleven members of the Board, the Management Board and the Supervisory Board have qualifications in business administration.

## Remuneration of the Board, the Supervisory Board, and the Management Board

We are developing policies on remuneration for members of the Board and the Supervisory Board. Remuneration of the Management Board comprises a fixed component as well as a variable component.

## SHAREHOLDER INFORMATION

In 2010, we increased our charter capital from VND4,854 billion to VND5,153 billion through issuance of new shares and Employee Stock Ownership Plan. As of December 31, 2010, the total number of share held by foreign investors was 107,024,122, accounting for 20.7704% of the total number of issued shares.

	December 31, 2010		December 31, 2009	
	in shares	in %	in shares	in %
<b>Significant shareholders</b>				
Masan Corporation	250,421,247	48.5998%	250,421,247	51.5907%
Sunflower Construction Company Limited	99,817,804	19.3719%	99,817,804	20.5640%
BI Private Equity New Markets II K/S (BankInvest)	54,684,328	10.6127%	54,684,328	11.2658%
<b>State</b>	<b>0</b>	<b>0.0000%</b>	<b>0</b>	<b>0.0000%</b>
<b>Founding shareholders</b>				
Nguyen Dang Quang	10	0.0000%	10	0.0000%
Ho Hung Anh	21,768,269	4.2246%	21,768,269	4.4846%
<b>Significan foreign investors</b>				
BI Private Equity New Markets II K/S (BankInvest)	54,684,328	10.6127%	54,684,328	11.2658%

### Masan Corporation

Masan Corporation was incorporated on September 13, 2000. Its registered activities cover market research and commercial promotion; investment; management and technology transfer consulting; establishment and management of investment projects; office leasing and real-estate business.

### Sunflower Construction Company Limited

Sunflower Construction Company Limited was incorporated on August 10, 2009. Its registered activities cover civil work construction; construction and mining materials, equipment and machinery trading; goods consignee agent; market research; commercial promotion; management and investment consulting (excluding financial and accounting consulting).

### BI Private Equity New Markets II K/S (BankInvest)

Further information on BankInvest is provided in Masan Group's Partners section. BankInvest is located at room 1601, 16th Floor, Sun Wah Tower, 115 Nguyen Hue Blvd, District 1, Ho Chi Minh City, Vietnam.

### Founding shareholders

Nguyen Dang Quang was Chairman of Masan Group and Ho Hung Anh was Vice Chairman of Masan Group as of December 31, 2010. As of the date of this report, they are still in their positions.

### Significant foreign shareholders

During the year, our only significant foreign institutional shareholder was BankInvest. Further information on BankInvest is provided in Masan Group's Partners section.

## SHAREHOLDINGS AND CHANGES IN SHAREHOLDINGS OF THE BOARD DURING 2010

	December 31, 2010	December 31, 2009	Change
Nguyen Dang Quang, Chairman	0.0000%	0.0000%	0.0000%
Ho Hung Anh, Vice Chairman	4.2246%	4.4846%	-0.2600%
Madhur Maini, Chief Executive Officer	0.1166%	0.1238%	-0.0072%
Nguyen Thieu Nam, Deputy General Director	0.4096%	0.0227%	0.3869%
Nguyen Hoang Yen, Member	4.2268%	4.4869%	-0.2601%
Lars Kjaer, Member	0.0000%	0.0000%	0.0000%

## INFORMATION RELATED TO TRADING AND TRANSFER OF SHARES OF INTERNAL SHAREHOLDERS

In 2010, there were transactions in Masan Group shares conducted by internal shareholders and major shareholders. The table below sets out such transactions:

Trading/Transfer date	Related persons and relationship with the members of the Board and the Supervisory Board	Number of shares sold
August 18, 2010	Nguyen Thieu Quang, brother of Nguyen Thieu Nam – Deputy CEO	4,500,000
December 31, 2010	Madhur Maini – CEO	3,000

Changes in shareholdings of other members of the Board were not related to trading or transfer of shares.



## EQUITY INFORMATION

As of December 31, 2010	
Charter capital (VND billion)	5,153
Share price	75,000
52-week high share price (VND)	75,000
52-week low share price (VND)	33,600
Number of shares issued (share)	515,272,269
Number of ordinary shares (share)	515,272,269
Number of preference shares (share)	0
Number of treasury shares (share)	0
Dividend yield (%)	0
Number of convertible bonds (bond)	4
Principle amount of convertible bond (VND billion)	630

## FORWARD LOOKING STATEMENTS

This report contains information that may constitute “forward-looking statements”. Generally, the words “believe”, “expect”, “intend”, “aim”, “estimate”, “anticipate”, “project”, “will” and similar expressions identify forward-looking statements, which generally are not historical in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future – including statements relating to volume growth, share of sales and earnings per share growth, and statements expressing general views about future operating results – are forward-looking statements.

Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. Masan Group Corporation undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause audited results to differ materially from our company’s historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described elsewhere in this report and those described from time to time in our future reports filed with the Ho Chi Minh City Stock Exchange.

## GLOSSARY OF TERMS

ATM	Automatic Teller Machine
BankInvest	BankInvest Group
BPM	Business Process Management
C&R	Compensation and Resettlement
Dragon Capital	Dragon Capital Group and the funds and entities it manages or owns
EBITDA	Earnings Before Interest Tax Depreciation Amortization
ESOP	Employee Share Ownership Plan
House Foods	House Foods Corporation Inc
HSBC	The Hong Kong and Shanghai Banking Corporation
IFC	International Finance Corporation
M&A	Mergers and Acquisitions
Masan	a term referring to Masan Group, inclusive of Consumer, Masan Resources, Techcombank and their subsidiaries
Masan Consumer	Ma San Consumer Corporation, renamed from Masan Food Corporation
Masan Food	Ma San Food Corporation
Masan Group	Ma San Group Corporation
Masan Horizon	Ma San Horizon Corporation
Masan Resources	Ma San Resources Corporation
Masan Thai Nguyen Resources	Ma San Thai Nguyen Resources Company Limited
MIS	Management Information System
MNC	Multinational Company
Mount Kellett	Mount Kellett Capital Management L.P.
Nui Phao	Nui Phao Mining Limited Company, restructured from Nui Phao Mining Joint Venture Company Ltd as the result of the Nui Phao acquisition
ROAA	Return On Average Assets
ROAE	Return On Average Equity
SG&A	Selling, General and Administration
SME	Small and Medium Sized Enterprises
Techcombank	Vietnamese Technological and Commercial Joint Stock Bank
The Board	The Board of Directors
TPG	Texas Pacific Group
US\$	United States Dollar
VND	Vietnam Dong

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