

Ma San Food Corporation and its subsidiaries

Financial Statements for the year ended

31 December 2009

**Ma San Food Corporation
Corporate Information**

Business Registration Certificate No 0302017440

22 December 2009

The Company's Business Registration Certificate have been amended several times, the most recent of which is dated 22 December 2009. The Certificate and its amendments were issued by the Ministry of Planning and Investment. The Business Registration Certificate was issued by the Ministry of Planning and Investment and is valid for 46 years from the date of the initial Business Registration Certificate No. 4103000082 dated 31 May 2000.

Board of Management

Mr Nguyen Dang Quang	Chairman
Mr Nguyen Thieu Quang	Member
Mr Nguyen Thieu Nam	Member (until 5 April 2009)
Ms Nguyen Hoang Yen	Member
Mr Truong Cong Thang	Member
Mr Ho Hung Anh	Member
Mr Damian Chok	Member (until 5 April 2009)
Mr Lars Kjaer	Member (from 5 April 2009)
Mr Madhur Mani	Member (from 5 April 2009)

Board of Directors

Mr Truong Cong Thang	General Director
Ms Nguyen Hoang Yen	Deputy General Director
Mr Nguyen Quoc Thuc	Deputy General Director

Registered Office

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

Auditors

KPMG Limited
Vietnam

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

The Board of Management is responsible for preparing the financial statements of Ma San Food Corporation (“the Company”) and its subsidiaries (collectively “the Group”) for the year ended 31 December 2009 in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and accounting principles generally accepted in Vietnam. In preparing those financial statements, the Board of Management is required to:

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

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

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

APPROVAL OF THE FINANCIAL STATEMENTS

I, Nguyen Dang Quang, being the Chairman of the Board of Management and on behalf of the Board of Management, do hereby approve the accompanying financial statements which give a true and fair view of the financial positions of the Company and the Group as of 31 December 2009 and of the results, changes in equity and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and accounting principles generally accepted in Vietnam.

On behalf of the Board of Management

Nguyen Dang Quang
Chairman

Ho Chi Minh City, Vietnam

INDEPENDENT AUDITORS' REPORT

**To the Shareholders
Ma San Food Corporation**

Scope

We have audited the accompanying balance sheet of Ma San Food Corporation (“the Company”) and the consolidated balance sheet of the Company and its subsidiaries (collectively “the Group”) as of 31 December 2009 and the related statements of income, changes in equity and cash flows for the year then ended and the explanatory notes thereto. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Audit opinion

In our opinion, the financial statements of the Company and the consolidated financial statements of the Group give a true and fair view of the financial positions of the Company and the Group, respectively, as of 31 December 2009 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 accounting principles generally accepted in Vietnam.

KPMG Limited

Vietnam

Investment Certificate No: 011043000345

Audit Report No: 09-01-542

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

Ho Chi Minh City,

Chong Kwang Puay
CPA No. N0864/KTV

Ma San Food Corporation and its subsidiaries
Balance sheets at 31 December 2009

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2009	31/12/2008	31/12/2009	31/12/2008
			VND'000	Restated VND'000	VND'000	VND'000
ASSETS						
Current assets	100		1,770,212,998	1,183,316,829	1,496,224,001	1,252,446,715
Cash and cash equivalents	110	4	759,331,977	96,974,988	689,816,382	37,542,022
Cash	111		159,331,977	96,974,988	89,816,382	37,542,022
Cash equivalents	112		600,000,000	-	600,000,000	-
Short-term investments	120	12	480,000,000	308,900,000	480,000,000	302,625,000
Short-term investments	121		480,000,000	308,900,000	480,000,000	302,625,000
Accounts receivable - short-term	130	5	273,862,831	561,536,375	273,604,638	862,424,085
Accounts receivable - trade	131		56,830,241	113,475,463	50,447,931	62,868,076
Prepayments to suppliers	132		68,713,392	35,916,485	6,818,574	1,960,046
Related-company receivables	133		517,195	410,930,939	68,485,298	796,952,088
Other receivables	135		149,693,745	1,728,027	148,534,852	643,875
Allowance for doubtful debts	139		(1,891,742)	(514,539)	(682,017)	-
Inventories	140	6	199,466,300	183,396,548	19,498,050	38,774,211
Inventories	141		237,288,614	190,419,984	19,498,050	38,774,211
Allowance for inventories	149		(37,822,314)	(7,023,436)	-	-
Other current assets	150		57,551,890	32,508,918	33,304,931	11,081,397
Short-term prepayments	151		3,949,896	8,213,258	-	-
Deductible value added tax	152		45,420,656	12,862,702	32,627,383	9,969,729
Taxes and other receivables from State Treasury	154	7	6,550,067	7,646,109	-	-
Other current assets	158		1,631,271	3,786,849	677,548	1,111,668

The accompanying notes are an integral part of these financial statements

Ma San Food Corporation and its subsidiaries
Balance sheets at 31 December 2009 (continued)

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2009	31/12/2008	31/12/2009	31/12/2008
			VND'000	Restated VND'000	VND'000	VND'000
Long-term assets	200		655,436,468	359,572,048	613,867,395	447,345,403
Fixed assets	220		605,360,347	259,927,990	15,517,412	11,978,218
Tangible fixed assets	221	8	465,483,453	201,368,802	11,028,733	10,076,611
<i>Cost</i>	222		597,478,367	281,837,456	20,194,603	16,830,740
<i>Accumulated depreciation</i>	223		(131,994,914)	(80,468,654)	(9,165,870)	(6,754,129)
Finance lease tangible fixed assets	224	9	14,095,885	14,646,075	-	-
<i>Cost</i>	225		16,870,738	15,010,823	-	-
<i>Accumulated depreciation</i>	226		(2,774,853)	(364,748)	-	-
Intangible fixed assets	227	10	72,865,386	43,858,552	3,561,487	1,901,607
<i>Cost</i>	228		82,688,072	51,410,255	5,011,806	2,281,929
<i>Accumulated amortisation</i>	229		(9,822,686)	(7,551,703)	(1,450,319)	(380,322)
Construction in progress	230	11	52,915,623	54,561	927,192	-
Long-term investments	250	12	-	71,918,406	579,022,859	429,691,285
Investments in subsidiaries	251		-	-	579,022,859	357,772,879
Other long-term investments	258		-	71,918,406	-	71,918,406
Other long-term assets	260		50,076,121	27,725,652	19,327,124	5,675,900
Long-term prepayments	261	14	11,885,277	17,146,694	-	518,182
Deferred tax assets	262	15	25,419,650	5,697,850	12,508,351	5,157,718
Other long-term assets	268		8,603,475	118,000	6,818,773	-
Goodwill	269	16	4,167,719	4,763,108	-	-
TOTAL ASSETS	270		2,425,649,466	1,542,888,877	2,110,091,396	1,699,792,118

The accompanying notes are an integral part of these financial statements

Ma San Food Corporation and its subsidiaries
Balance sheets at 31 December 2009 (continued)

	Code	Note	<u>Group</u>		<u>Company</u>	
			31/12/2009	31/12/2008	31/12/2009	31/12/2008
			VND'000	Restated VND'000	VND'000	VND'000
RESOURCES						
LIABILITIES	300		1,296,975,704	702,594,195	736,933,785	630,898,237
Current liabilities	310		1,190,357,747	666,848,147	735,573,490	630,188,814
Short-term borrowings and liabilities	311	17	687,260,944	297,332,936	69,050,548	142,753,560
Accounts payable – trade	312		262,643,352	159,564,341	40,573,875	32,800,715
Advances from customers	313		11,267,260	4,599,048	11,256,495	3,759,098
Taxes payable to State Treasury	314	18	77,331,755	66,766,286	12,908,179	38,386,367
Payables to employees	315		146,978	9,119,881	-	-
Accrued expenses	316	19	147,620,766	27,154,621	52,067,161	22,902,588
Related-company payables	317	20	130,525	100,076,682	547,885,066	388,619,664
Other payables	319	21	3,956,167	2,234,352	1,832,166	966,822
Long-term borrowing and liabilities	330		106,617,957	35,746,048	1,360,295	709,423
Long-term borrowings and liabilities	334	22	104,723,121	34,312,644	-	-
Provision for severance allowance	336	23	1,894,836	1,433,404	1,360,295	709,423
EQUITY	400		1,127,511,001	839,278,624	1,373,157,611	1,068,893,881
Equity	410		1,127,511,001	839,278,624	1,373,157,611	1,068,893,881
Share capital	411	24	630,000,000	257,191,230	630,000,000	257,191,230
Capital surplus	412	24	8,907,940	368,975,220	8,907,940	368,975,220
Other reserves	418		(191,690,689)	(190,800,894)	-	-
Bonus and welfare funds	419		(3,434,656)	(2,658,122)	(3,406,416)	(1,374,279)
Retained profits	420		683,728,406	406,571,190	737,656,087	444,101,710
MINORITY INTERESTS	439		1,162,761	1,016,058	-	-
TOTAL RESOURCES	440		2,425,649,466	1,542,888,877	2,110,091,396	1,699,792,118

Prepared by:

Approved by:

Pham Dinh Toai
Chief Financial Officer

Truong Cong Thang
General Director

The accompanying notes are an integral part of these financial statements

Ma San Food Corporation and its subsidiaries
Statements of income for the year ended 31 December 2009

	Code Note		<u>Group</u>		<u>Company</u>	
			2009	2008	2009	2008
			VND'000	Restated VND'000	VND'000	VND'000
Total revenue	01	25	4,078,146,834	2,003,549,650	4,280,184,929	1,913,804,116
Less sales deductions	02	25	(120,333,127)	(81,461,708)	(119,551,800)	(73,810,908)
Net sales	10		3,957,813,707	1,922,087,942	4,160,633,129	1,839,993,208
Cost of sales	11	26	(2,583,875,209)	(1,324,167,126)	(3,938,858,948)	(1,684,524,769)
Gross profit	20		1,373,938,498	597,920,816	221,774,181	155,468,439
Financial income	21	27	146,010,957	134,435,943	802,300,909	470,916,629
Financial expenses	22	28	(59,390,212)	(58,289,561)	(11,632,600)	(18,767,702)
Selling expenses	24		(636,750,709)	(150,043,107)	(293,330,284)	(114,650,401)
General and administration expenses	25		(93,161,926)	(72,874,780)	(33,607,248)	(47,345,584)
Net operating profit	30		730,646,608	451,149,311	685,504,958	445,621,381
Results of other activities	40					
Other income	31	29	14,184,818	9,292,650	218,419	180,991
Other expenses	32	30	(22,769,787)	(5,684,311)	(4,243,861)	(7,403)
Profit before tax (carried forward to next page)	50		722,061,639	454,757,650	681,479,516	445,794,969

The accompanying notes are an integral part of these financial statements

Ma San Food Corporation and its subsidiaries
Statements of income for the year ended 31 December 2009 (continued)

	Code Note		<u>Group</u>		<u>Company</u>	
			2009	2008	2009	2008
			VND'000	Restated VND'000	VND'000	VND'000
Profit before tax (brought forward from previous page)	50		722,061,639	454,757,650	681,479,516	445,794,969
Income tax expense – current	51	31	(73,131,216)	(58,930,151)	(12,714,201)	(31,089,670)
Income tax expense – deferred	52	31	19,721,800	4,176,969	7,350,634	3,690,587
Net profit	60		668,652,223	400,004,468	676,115,949	418,395,886
Attributable to:						
Minority interests	61		4,282,055	(1,628,042)	-	-
Equity holders of the Company	62		664,370,168	401,632,510	676,115,949	418,395,886
Earnings per share						
Basic earnings per share (see Note 34)	70		10.651	6.564	10.840	6.838

Prepared by:

Approved by:

Pham Dinh Toai
Chief Financial Officer

Truong Cong Thang
General Director

The accompanying notes are an integral part of these financial statements

Ma San Food Corporation and its subsidiaries
Consolidated statement of changes in equity for the year ended 31 December 2009

Group	Share capital VND'000	Capital surplus VND'000	Other reserves VND'000	Bonus and welfare funds VND'000	Retained profits VND'000	Equity attributable to equity shareholders of Company VND'000	Minority interests VND'000	Total VND'000
Balance at 1 January 2008 – as previously stated	138,395,360	396,654,000	-	(452,046)	77,821,185	612,418,499	34,697,487	647,115,986
Impact of change in accounting policy (Note 36)	-	-	(68,467,604)	(60,694)	4,034,585	(64,493,713)	112,659	(64,381,054)
Balance at 1 January 2008 – as restated	138,395,360	396,654,000	(68,467,604)	(512,740)	81,855,770	547,924,786	34,810,146	582,734,932
Share capital issued	15,000,000	-	-	-	-	15,000,000	-	15,000,000
Share dividends from capital surplus	27,678,780	(27,678,780)	-	-	-	-	-	-
Share dividends from retained earnings	76,117,090	-	-	-	(76,117,090)	-	-	-
Net profit/(loss) for the year	-	-	-	-	401,632,510	401,632,510	(1,628,042)	400,004,468
Appropriation to bonus and welfare funds	-	-	-	800,000	(800,000)	-	-	-
Utilisation of bonus and welfare funds	-	-	-	(2,945,382)	-	(2,945,382)	-	(2,945,382)
Additional payable on finalisation of purchase price on acquisition of interests in subsidiaries	-	-	(100,000,000)	-	-	(100,000,000)	-	(100,000,000)
Effect of treasury shares bought back by subsidiary	-	-	(43,104)	-	-	(43,104)	(1,770,967)	(1,814,071)
Acquisition of minority interest by the Group	-	-	(22,290,186)	-	-	(22,290,186)	(31,495,079)	(53,785,265)
Increase in minority interests in subsidiaries	-	-	-	-	-	-	1,100,000	1,100,000
Balance at 1 January 2009	257,191,230	368,975,220	(190,800,894)	(2,658,122)	406,571,190	839,278,624	1,016,058	840,294,682

The accompanying notes are an integral part of these financial statements

Ma San Food Corporation and its subsidiaries
Consolidated statement of changes in equity for the year ended 31 December 2009 (continued)

Group	Share capital VND'000	Capital surplus VND'000	Other reserves VND'000	Bonus and welfare funds VND'000	Retained profits VND'000	Equity attributable to equity shareholders of Company VND'000	Minority interests VND'000	Total VND'000
Balance at 1 January 2009	257,191,230	368,975,220	(190,800,894)	(2,658,122)	406,571,190	839,278,624	1,016,058	840,294,682
Share capital issued	12,741,490	-	-	-	-	12,741,490	-	12,741,490
Share dividends from capital surplus	360,067,280	(360,067,280)	-	-	-	-	-	-
Net profit for the year	-	-	-	-	664,370,168	664,370,168	4,282,055	668,652,223
Dividend declared in the form of convertible bonds issued by Ma San Corporation and cash	-	-	-	-	(382,561,571)	(382,561,571)	-	(382,561,571)
Appropriation to bonus and welfare funds	-	-	-	4,651,380	(4,651,380)	-	-	-
Utilisation of bonus and welfare funds	-	-	-	(5,427,915)	-	(5,427,915)	(25,167)	(5,453,082)
Acquisition of minority interest by the Group	-	-	(889,795)	-	-	(889,795)	(5,110,205)	(6,000,000)
Increase in minority interests in subsidiaries	-	-	-	-	-	-	1,000,020	1,000,020
Balance at 31 December 2009	630,000,000	8,907,940	(191,690,689)	(3,434,657)	683,728,406	1,127,511,001	1,162,761	1,128,673,762

The accompanying notes are an integral part of these financial statements

Ma San Food Corporation and its subsidiaries
Statement of changes in equity for the year ended 31 December 2009

Company

	Share capital VND'000	Capital surplus VND'000	Bonus and welfare funds VND'000	Retained profits VND'000	Total VND'000
Balance at 1 January 2008	138,395,360	396,654,000	(650,716)	102,622,913	637,021,557
Issued share capital	15,000,000	-	-	-	15,000,000
Share dividends from capital surplus	27,678,780	(27,678,780)	-	-	-
Share dividends from retained earnings	76,117,090	-	-	(76,117,090)	-
Net profit for the year	-	-	-	418,395,886	418,395,886
Appropriation to bonus and welfare funds	-	-	800,000	(800,000)	-
Utilisation of bonus and welfare funds	-	-	(1,523,563)	-	(1,523,563)
Balance at 1 January 2009	257,191,230	368,975,220	(1,374,279)	444,101,709	1,068,893,880
Issued share capital	12,741,490	-	-	-	12,741,490
Share dividends from capital surplus	360,067,280	(360,067,280)	-	-	-
Dividend declared in the form of convertible bonds issued by Ma San Corporation and cash	-	-	-	(382,561,571)	(382,561,571)
Net profit for the year	-	-	-	676,115,949	676,115,949
Utilisation of bonus and welfare funds	-	-	(2,032,137)	-	(2,032,137)
Balance at 31 December 2009	630,000,000	8,907,940	(3,406,416)	737,656,087	1,373,157,611

Prepared by:

Approved by:

Pham Dinh Toai
Chief Financial Officer

Truong Cong Thang
General Director

The accompanying notes are an integral part of these financial statements

Ma San Food Corporation and its subsidiaries
Statements of cash flows for the year ended 31 December 2009

	Code Note	<u>Group</u>		<u>Company</u>	
		2009	2008	2009	2008
		VND'000	Restated VND'000	VND'000	VND'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax	01	722,061,639	454,757,650	681,479,516	445,794,969
Adjustments for					
Depreciation and amortisation	02	71,346,003	34,113,256	4,303,184	2,745,738
Allowances and provisions	03	39,528,613	4,498,403	682,017	-
Loss/(gain) on disposal of fixed assets	04	522,694	2,083,145	(95,238)	-
Gain from disposal of other long-term investments	04	(53,453,834)	-	(53,453,834)	-
Interest income and dividend income	05	(88,745,312)	(121,853,069)	(746,998,464)	(463,340,293)
Interest expense	06	45,236,593	50,968,074	10,305,515	17,000,032
Operating profit/(loss) before changes in working capital	08	736,496,396	424,567,459	(103,777,304)	2,200,446
Change in receivables and other current assets	09	3,130,499	(8,262,125)	295,897,830	8,246,258
Change in inventories	10	(54,221,162)	(61,338,162)	19,276,161	(29,634,024)
Change in payables and other liabilities	11	230,622,239	83,604,984	937,941,875	282,697,014
		916,027,972	438,572,156	1,149,338,562	263,509,694
Interest paid	13	(44,687,425)	(50,968,074)	(10,233,515)	(17,000,032)
Corporate income tax paid	14	(70,259,599)	(34,448,789)	(38,121,352)	(20,739,602)
Other payments for operating activities	16	(5,453,082)	(2,945,382)	(2,032,137)	(1,523,563)
Net cash generated from operating activities	20	795,627,866	350,209,911	1,098,951,558	224,246,497

The accompanying notes are an integral part of these financial statements

Ma San Food Corporation and its subsidiaries
Statements of cash flows for the year ended 31 December 2009 (continued)

	Code	Note	<u>Group</u>		<u>Company</u>	
			2009	2008	2009	2008
			VND'000	Restated VND'000	VND'000	VND'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments for additions to fixed assets and other long-term assets	21		(411,673,184)	(141,626,316)	(7,373,725)	(10,785,718)
Proceeds from disposals of fixed assets and other long-term assets	22		228,936	4,457,324	144,767	-
Loans provided to Viet Capital Securities, a shareholder	23		-	(300,000,000)	-	(300,000,000)
Collections on loans from Viet Capital Securities, a shareholder	24		250,000,000	-	250,000,000	-
Collections on loans subsidiary's BOM member	24		5,000,000	-	-	-
Loans provided to Ma San Corporation	23		(58,543,149)	(323,169,644)	(58,543,149)	(323,169,644)
Collections on loans from Ma San Corporation	24		56,713,831	301,283,710	56,713,831	301,283,710
Loans provided to an individual	23		(105,914,779)	-	(105,914,779)	-
Collection on loans to an individual	24		105,914,779	-	105,914,779	-
Term deposit to banks	23		(430,000,000)	-	(430,000,000)	-
Term deposit received	24		-	110,000	-	-
Payments for investments in subsidiaries and other entities	25		(106,000,000)	(62,920,350)	(277,399,980)	(102,443,349)
Proceeds from sales of other long-term investment	26		14,282,104	-	14,282,104	-
Receipts of interest and dividends	27		72,650,962	117,303,310	66,470,848	115,819,023
Net cash used in investing activities	30		(607,340,500)	(404,561,966)	(385,705,304)	(319,295,978)

The accompanying notes are an integral part of these financial statements

Ma San Food Corporation and its subsidiaries
Statements of cash flows for the year ended 31 December 2009 (continued)

	Code	Note	<u>Group</u>		<u>Company</u>	
			2009	2008	2009	2008
			VND'000	VND'000	VND'000	VND'000
				Restated		
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from equity issued	31		12,741,490	15,000,000	12,741,490	15,000,000
Proceeds from minority interest capital contribution	31		1,000,020	1,100,000	-	-
Payment for treasury share bought back by subsidiary	32		-	(1,814,071)	-	-
Proceeds from short-term and long-term borrowings	33		1,863,524,278	1,342,802,253	307,256,556	535,194,905
Payments to settle debts	34		(1,403,185,793)	(1,223,538,400)	(380,959,568)	(423,661,018)
Payments of dividends	36		(10,372)	-	(10,372)	-
Net cash generated from/(used in) financing activities	40		474,069,623	133,549,782	(60,971,894)	126,533,887
Net cash flows during the year	50		662,356,989	79,197,727	652,274,360	31,484,406
Cash and cash equivalents at the beginning of the year	60		96,974,988	17,777,261	37,542,022	6,057,616
Cash and cash equivalents at the end of the year	70	3	759,331,977	96,974,988	689,816,382	37,542,022

The accompanying notes are an integral part of these financial statements

Ma San Food Corporation and its subsidiaries
Statements of cash flows for the year ended 31 December 2009 (continued)

NON-CASH INVESTING AND FINANCING ACTIVITIES

	<u>Group</u>		<u>Company</u>	
	2009 VND'000	2008 VND'000	2009 VND'000	2008 VND'000
Dividends received in the form of bonus shares	-	2,184,300	-	2,184,300
Dividends declared by subsidiaries and net-off with related-company payables	-	-	632,868,163	-
Dividends declared by subsidiaries but not yet paid	-	-	30,290,103	342,711,970
Share dividends issued out of equity	360,067,280	103,795,870	360,067,280	103,795,870
Acquisition of exchangeable bonds issued by Ma San Corporation by setting off against receivables from Ma San Corporation	400,000,000	-	400,000,000	-
Dividend paid in the form of exchangeable bonds issued by Ma San Corporation	382,551,200	-	382,551,200	-
Proceeds from disposal of other long-term investments	128,538,936	-	128,538,936	-
Capital contribution in subsidiaries by setting off against receivables from subsidiaries	-	-	43,850,000	-
Additional payable on finalisation of price of purchase of interests in subsidiaries in 2007	-	100,000,000	-	100,000,000

Prepared by:

Approved by:

Pham Dinh Toai
Chief Financial Officer

Truong Cong Thang
General Director

The accompanying notes are an integral part of these financial statements

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

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

1. Reporting entity

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

The consolidated financial statements for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as “the Group”). The principal activities of the subsidiaries are described in Note 122.

As at 31 December 2009, the Company had 569 employees (31/12/2008: 474 employees) and the Group had 5,033 employees (31/12/2008: 4,165 employees).

2. Summary of significant accounting policies

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

(a) Basis of financial statement preparation

(i) *General basis of accounting*

The financial statements, expressed in Vietnam Dong rounded to the nearest thousand (“VND’000”), have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and accounting principles generally accepted in Vietnam.

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

Ma San Food Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2009 (continued)

(ii) *Change in accounting policy for business combinations under common control*

The Company's acquisitions of interests in certain subsidiaries occurred when the Company and these subsidiaries were controlled by the same group of shareholders ("the Controlling Shareholders") before and after the acquisitions. These acquisitions meet the definition of business combinations under common control because there is a continuance of the risks and benefits to the Controlling Shareholders. Such common control business combinations are specifically excluded from the scope of Vietnamese Accounting Standard 11 *Business Combination*. The Company has considered Vietnamese Accounting Standard 01 *Framework* and Vietnamese Accounting Standard 21 *Presentation of Financial Statements*. Based on these standards, the Company has changed its accounting policy for business combinations under common control in preparing its consolidated financial statements to the merger ("carrying-over") basis of accounting as if the current group structure has always been in existence, while they were previously accounted for by applying the purchase method based on the book carrying values of assets acquired and liabilities assumed. Under merger accounting, the assets and liabilities of the combining companies are consolidated using the existing book values from the Controlling Shareholders' perspective. Any difference between the cost of acquisition and net assets acquired is treated as a deemed distribution to or contribution from shareholders and recorded directly in equity.

The consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements of the Group include the results of operations of the Group as if the current group structure had been in existence from the Controlling Shareholder's perspective throughout the entire periods referred to in this report. The consolidated balance sheets of the Group as at 31 December 2009 and 2008 have been prepared to present the state of affairs of the Group as at the respective dates as if the current group structure had been in existence as at the respective dates. All material intra-group transactions and balances have been eliminated on consolidation.

As a result of the above change in accounting policy, the comparative amounts in the consolidated financial statements are restated as if the current group structure has always been in existence throughout the previous period and at the previous balance sheet date. Adjustments are made retrospectively as if this accounting policy had been applied to all previous years. The effects of these retrospective adjustments are stated in note 36.

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

The Group has adopted Vietnamese Accounting Standard 11 *Business Combination* for business combinations of non-common control entities. All business combinations of non-common control entities are accounted for by applying the purchase method. Under the purchase method, the assets and liabilities of the combining companies are consolidated using the fair values. Any difference between the cost of acquisition and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

(iv) Basis of consolidation

Subsidiaries

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

Minority interests

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

Transactions eliminated on consolidation

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

(b) Fiscal year

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

(c) Foreign currency transactions

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

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

On 15 October 2009, the Ministry of Finance issued Circular No. 201/2009/TT-BTC providing guidance on recognition of foreign exchange differences. This Circular requires that foreign exchange differences arising from period end translation of current monetary assets and liabilities denominated in currencies other than VND be recorded in the Foreign Exchange Difference Account in equity; and that such exchange differences be subsequently reversed at the beginning of the following period. The Group chose to continue applying VAS 10 for recognition of foreign exchange differences.

Ma San Food Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2009 (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 and investments in equity instruments of entities over which the Company or the Group has no control or significant influence; and investments in subsidiaries and associates in the Company's separate financial statements are stated at cost. Allowance is made for reductions in investment values which in the opinion of the management are not temporary. The allowance is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(f) Accounts receivable

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

(g) Inventories

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

The Company and the Group apply the perpetual method of accounting for inventory.

(h) Tangible fixed assets

(i) Cost

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

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (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	5-25 years
▪ leasehold improvements	3-5 years
▪ office equipment	3-6 years
▪ machinery and equipment	3-12 years
▪ motor vehicles	3-6 years

(i) Finance lease tangible fixed assets

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

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.

Ma San Food Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2009 (continued)

(k) Construction in progress

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

(l) Long-term prepayments

(i) *Prepaid land costs*

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

(i) *Tools and supplies and printing axles*

Tools and supplies and printing axles are stated at cost and amortised over their useful lives ranging from 6 months to 2 years.

(m) Goodwill

Goodwill arises on acquisition of subsidiaries, associates and joint ventures in non-common control business combinations. The cost of goodwill represents the excess of the cost of acquisition over the Group's interest in the net value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

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

(n) Trade and other payables

Trade and other payables are stated at their cost.

(o) Provisions

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

Ma San Food Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2009 (continued)

(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) Share capital

(i) Ordinary shares

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

(ii) Treasury shares

When share capital recognised as equity is purchased, the amount of the consideration paid, which includes directly attributable cost, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transactions is transferred to/from capital surplus.

(r) Revenue

(i) Goods sold

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

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

(ii) Dividend income

Dividends are recognised when the Company or Group's right to receive payment is established.

Share dividends are recognised as dividend income at the par value of the shares received.

(s) 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.

(t) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of 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.

(u) Earnings per share

The Group and the Company 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 weighed 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 Company and 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 Company's and the Group's primary format for segment reporting is based on business segments.

(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.

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (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

Business segments

The Group and the Company operate in one business segment, which is the production and sale of food and sauce products.

Geographical segments

The Group and the Company operate substantially in Vietnam.

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

4. Cash and cash equivalents

	Group		Company	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	VND'000	VND'000	VND'000	VND'000
Cash on hand	1,007,573	2,663,019	521,890	209,974
Cash in bank	158,147,404	94,311,969	89,177,492	37,332,048
Cash in transit	177,000	-	117,000	-
Cash equivalents	600,000,000	-	600,000,000	-
Cash and cash equivalents in the statement of cash flows	759,331,977	96,974,988	689,816,382	37,542,022

Cash at 31 December 2009 of the Group and the Company included amounts denominated in currencies other than VND amounting to VND468 million and VND282 million (31/12/2008: VND11,712 million and VND11,342 million), respectively.

5. Accounts receivable – short-term

Accounts receivables include the following amounts due from related parties:

	Group		Company	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	VND'000	VND'000	VND'000	VND'000
Amounts due from Ma San Corporation				
Non-trade	517,195	398,896,997	517,195	398,896,997
Amounts due from subsidiaries				
Trade	-	-	147,305	7,459,198
Non-trade	-	-	67,820,798	390,595,893
Amounts due from other related companies				
Trade	-	240,129	-	-
Non-trade	-	11,793,813	-	-
	517,195	410,930,939	68,485,298	796,952,088

The non-trade amounts due from Ma San Corporation included advances to Ma San Corporation for office rental amounting to VND517 million (31/12/2008: VND726 million). The advances were unsecured, interest free and repayable on demand.

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

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

Ma San Food Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2009 (continued)****5. Accounts receivable – short-term (continued)**

Other short-term receivables comprised:

	<u>Group</u>		<u>Company</u>	
	31/12/2009 VND'000	31/12/2008 VND'000	31/12/2009 VND'000	31/12/2008 VND'000
Advances	32,100	643,875	-	643,875
Accrued interest receivable from deposits at banks	19,994,350	-	19,994,350	-
Receivables from Viet Capital Securities	128,538,936	-	128,538,936	-
Others	1,128,359	1,084,152	1,566	-
	<hr/>	<hr/>	<hr/>	<hr/>
	149,693,745	1,728,027	148,534,852	643,875

Receivables from Viet Capital Securities represent receivables for disposal of the Company's other long-term investments in equity interests and exchangeable bonds amounting to VND108 billion and VND20 billion, respectively. The receivables are repayable within one year from 28 December 2009.

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

	<u>Group</u>		<u>Company</u>	
	2009 VND'000	2008 VND'000	2009 VND'000	2008 VND'000
Opening balance	514,539	-	-	-
Increase in allowance during the year	1,377,203	514,539	682,017	-
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	1,891,742	514,539	682,017	-

As at 31 December 2009, trade receivables of the Group amounting to 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 (31/12/2008: VND21,502 million).

Ma San Food Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2009 (continued)

6. Inventories

	<u>Group</u>		<u>Company</u>	
	31/12/2009 VND'000	31/12/2008 VND'000	31/12/2009 VND'000	31/12/2008 VND'000
Goods in transit	15,681,067	4,861,377	2,048,914	291,537
Raw materials	145,202,137	116,716,256	6,735,625	4,750,489
Tools and supplies	496,441	705,508	136,611	663,490
Work in progress	48,365,206	24,848,586	-	-
Finished goods	27,543,763	43,288,257	973,539	-
Merchandise inventories	-	-	9,603,361	33,068,695
	237,288,614	190,419,984	19,498,050	38,774,211
Allowance for inventories	(37,822,314)	(7,023,436)	-	-
	199,466,300	183,396,548	19,498,050	38,774,211

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

	<u>Group</u>		<u>Company</u>	
	2009 VND'000	2008 VND'000	2009 VND'000	2008 VND'000
Opening balance	7,023,436	5,636,968	-	-
Increase in allowance during the year	40,732,147	4,251,667	-	-
Allowance utilised during the year	(7,352,532)	(2,597,396)	-	-
Written back	(2,580,737)	(267,803)	-	-
Closing balance	37,822,314	7,023,436	-	-

As at 31 December 2009 inventories of the Group with a carrying value of VND31,049 million (31/12/2008: VND21,362 million) were pledged with banks as security for loans granted to a subsidiary, Minh Viet Packaging Joint Stock Company.

7. Taxes and other receivables from State Treasury

	<u>Group</u>		<u>Company</u>	
	31/12/2009 VND'000	31/12/2008 VND'000	31/12/2009 VND'000	31/12/2008 VND'000
Taxes refundable from State Treasury				
▪ Import-export tax	6,545,658	7,646,109	-	-
Other receivables from State Treasury	4,409	-	-	-
	6,550,067	7,646,109	-	-

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

8. Tangible fixed assets

Group

	Buildings VND'000	Leasehold improvements VND'000	Office equipment VND'000	Machinery and equipment VND'000	Motor vehicles VND'000	Total VND'000
Cost						
Opening balance	50,826,383	1,174,557	7,897,516	206,397,746	15,541,254	281,837,456
Additions	70,426,276	-	7,754,616	193,703,090	3,454,339	275,338,321
Transfers from construction in progress	3,202,635	-	444,247	39,625,795	-	43,272,677
Transfers to finance lease tangible fixed assets	-	-	-	(1,859,915)	-	(1,859,915)
Disposals	-	-	(67,650)	(198,306)	(844,216)	(1,110,172)
Reclassifications	-	-	288,299	1,672,088	(1,960,387)	-
Closing balance	124,455,294	1,174,557	16,317,028	439,340,498	16,190,990	597,478,367
Accumulated depreciation						
Opening balance	9,718,034	287,498	1,853,213	61,483,933	7,125,976	80,468,654
Charge for the year	5,106,221	387,052	2,744,255	42,153,220	2,427,802	52,818,550
Transfers to finance lease tangible fixed assets	-	-	-	(265,702)	-	(265,702)
Disposals	-	-	(17,279)	(165,093)	(844,216)	(1,026,588)
Reclassifications	-	-	51,706	253,475	(305,181)	-
Closing balance	14,824,255	674,550	4,631,895	103,459,833	8,404,381	131,994,914
Net book value						
Opening balance	41,108,349	887,059	6,044,303	144,913,813	8,415,278	201,368,802
Closing balance	109,631,039	500,007	11,685,133	335,880,665	7,786,609	465,483,453

At 31 December 2009 tangible fixed assets with a carrying value of VND93,843 million (31/12/2008: VND85,308 million) were pledged with banks as security for loans granted to the Group. Referring to notes 22(c), (d) and (e), certain items of fixed assets will be pledged to secure those borrowings when the borrowings have been drawn down and the lists of pledged assets drawn up with the lenders.

Included in the cost of tangible fixed assets were assets costing VND7,946 million which were fully depreciated as of 31 December 2009 (31/12/2008: VND13,572 million), but which are still in active use.

The carrying amount of tangible fixed assets retired from active use and held for disposal amounted to VND9,269 million as of 31 December 2009 (31/12/2008: Nil).

The carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND429 million as of 31 December 2009 (31/12/2008: Nil).

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

Company

	Buildings VND'000	Leasehold improvements VND'000	Office equipment VND'000	Motor vehicles VND'000	Machinery and equipment VND'000	Total VND'000
Cost						
Opening balance	-	1,174,557	5,166,158	10,490,025	-	16,830,740
Additions	403,358	-	1,577,016	1,493,951	753,987	4,228,312
Disposals	-	-	(20,233)	(844,216)	-	(864,449)
Closing balance	403,358	1,174,557	6,722,941	11,139,760	753,987	20,194,603
Accumulated depreciation						
Opening balance	-	287,498	588,459	5,878,172	-	6,754,129
Charge for the year	44,818	387,052	1,296,697	1,491,377	37,699	3,257,643
Disposals	-	-	(1,686)	(844,216)	-	(845,902)
Closing balance	44,818	674,550	1,883,470	6,525,333	37,699	9,165,870
Net book value						
Opening balance	-	887,059	4,577,699	4,611,853	-	10,076,611
Closing balance	358,540	500,007	4,839,471	4,614,427	716,288	11,028,733

Included in the cost of tangible fixed assets were assets costing VND4,050 million which were fully depreciated as of 31 December 2009 (31/12/2008: VND437 million), but which are still in active use.

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

9. Finance lease tangible fixed assets

Group

	Machinery and equipment VND'000
Cost	
Opening balance	15,010,823
Transfer from tangible fixed assets	1,859,915
	<hr/>
Closing balance	16,870,738
	<hr/>
Accumulated depreciation	
Opening balance	364,748
Transfer from tangible fixed assets	265,702
Charge for the year	2,144,403
	<hr/>
Closing balance	2,774,853
	<hr/>
Net book value	
Opening balance	14,646,075
Closing balance	14,095,885
	<hr/>

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

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

10. Intangible fixed assets

Group

	Land use rights VND'000	Software VND'000	Brand name VND'000	Total VND'000
Cost				
Opening balance	49,105,865	2,304,390	-	51,410,255
Transfer from long-term prepayments	3,200,000	-	545,455	3,745,455
Additions	25,305,401	2,226,961	-	27,532,362
Closing balance	77,611,266	4,531,351	545,455	82,688,072
Accumulated amortisation				
Opening balance	7,159,683	392,020	-	7,551,703
Transfer from long-term prepayments	-	-	27,273	27,273
Amortisation for the year	1,188,983	945,636	109,091	2,243,710
Closing balance	8,348,666	1,337,656	136,364	9,822,686
Net book value				
Opening balance	41,946,182	1,912,370	-	43,858,552
Closing balance	69,262,600	3,193,695	409,091	72,865,386

At 31 December 2009 land use rights with a carrying value of VND40,902 million (31/12/2008: VND39,074 million) were pledged with banks as security for loans granted to the Group.

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

10. Intangible fixed assets (continued)

Company

	Software VND'000	Brand name VND'000	Total VND'000
Cost			
Opening balance	2,281,929	-	2,281,929
Transfer from long-term prepayments	-	545,455	545,455
Additions	2,218,221	-	2,218,221
Disposals	(33,799)	-	(33,799)
	<hr/>		
Closing balance	4,466,351	545,455	5,011,806
Accumulated amortisation			
Opening balance	380,322	-	380,322
Transfer from long-term prepayments	-	27,273	27,273
Amortisation for the year	936,450	109,091	1,045,541
Disposals	(2,817)	-	(2,817)
	<hr/>		
Closing balance	1,313,955	136,364	1,450,319
Net book value			
Opening balance	1,901,607	-	1,901,607
Closing balance	3,152,396	409,091	3,561,487
	<hr/>		

11. Construction in progress

	Group		Company	
	2009 VND'000	2008 VND'000	2009 VND'000	2008 VND'000
Opening balance	54,561	5,157,293	-	-
Additions during the year	96,393,015	5,524,302	927,192	-
Transfer to tangible fixed assets	(43,272,677)	(10,307,028)	-	-
Transfer to long-term prepayments	(259,276)	(320,006)	-	-
	<hr/>			
Closing balance	52,915,623	54,561	927,192	-
	<hr/>			

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

12. Investments

	Group		Company	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	VND'000	VND'000	VND'000	VND'000
Long-term investments				
Long-term equity investments in subsidiaries	-	-	579,022,859	357,772,879
Other long term investments	-	71,918,406	-	71,918,406
	-	71,918,406	579,022,859	429,691,285
Short-term investments				
Short-term loan to an individual	-	6,275,000	-	-
Term deposits at bank	430,000,000	-	430,000,000	-
Short-term loan to Viet Capital Securities Joint Stock Company, a shareholder	50,000,000	302,625,000	50,000,000	302,625,000
	480,000,000	308,900,000	480,000,000	302,625,000

Short-term loan to an individual represents the loan from Hoa Sen Food Technology Joint Stock Company, a subsidiary, to an individual with interest rate of 18% per annum. This loan was fully repaid on 31 December 2009.

Term deposits to 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 rates ranging from 8.5% to 9.8% per annum during the year (2008: Nil).

The short-term loan given to Viet Capital Securities Joint Stock Company was unsecured, bore interest at 15% per annum and is repayable on demand under the renewed loan agreement.

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

12. Investments (continued)

Details of the investments in subsidiaries are as follows:

Name	Principal activity	31/12/2009		31/12/2008	
		% of ownership	VND'000	% of ownership	VND'000
Viet Tien Food Technology Joint Stock Company	Food manufacturing	100%	138,452,689	96.97%	132,452,689
Minh Viet Packaging Joint Stock Company	Packaging	100%	71,552,690	100%	27,702,690
Masan Industrial Corporation and its subsidiary, Hoa Sen Food Technology Joint Stock Company	Food manufacturing	100%	282,117,500	100%	178,717,500
Ma San PQ Corporation	Food manufacturing	94.50%	18,900,000	94.50%	18,900,000
Ma San HD Joint Stock Company	Food manufacturing	100%	67,999,980	-	-
			579,022,859		357,772,879

At 31 December 2009 investments in Viet Tien Food Technology Joint Stock Company and Minh Viet Packaging Joint Stock Company with value of VND210,005 million (31/12/2008: VND160,155 million) were pledged with banks as security for loans granted to the Company.

13. Group entities

The following are the details of the consolidated subsidiaries as at 31 December 2009:

Name	Address
Viet Tien Food Technology Joint Stock Company	Lot III-10-Industrial Group III, Tan Binh Industrial Park, Tan Phu District Ho Chi Minh City, Vietnam
Minh Viet Packaging Joint Stock Company	Lot III-12-Industrial Group III, Tan Binh Industrial Park, Tan Phu District Ho Chi Minh City, Vietnam
Masan Industrial Corporation	Lot 6, Tan Dong Hiep A Industrial Park, Di An District, Binh Duong Province, Vietnam
Hoa Sen Food Technology Joint Stock Company	Lot 7.4A, Tan Dong Hiep A Industrial Park Di An District, Binh Duong Province, Vietnam
Ma San PQ Corporation	261 Nguyen Trung Truc, Ward 5 Duong Dong Town, Phu Quoc District Kien Giang Province, Vietnam
Ma San HD Joint Stock Company	Lot 22, Dai An Industrial Zone, Hai Duong City, Hai Duong Province, Vietnam

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

14. Long-term prepayments

Group	Prepaid land costs VND'000	Printing axes VND'000	Tools and supplies VND'000	Total VND'000
Opening balance	5,706,488	2,695,075	8,745,131	17,146,694
Additions	-	2,138,955	10,270,531	12,409,486
Transfer from construction in progress	-	-	259,276	259,276
Transfer to intangible fixed assets	(3,200,000)	-	(518,182)	(3,718,182)
Disposals	-	(668,046)	-	(668,046)
Amortisation for the year	(60,064)	(3,824,917)	(9,658,970)	(13,543,951)
Closing balance	2,446,424	341,067	9,097,786	11,885,277

Company

	Tools and supplies VND'000
Opening balance	518,182
Transfer to intangible fixed assets	(518,182)
Closing balance	-

15. Deferred tax assets

Recognised deferred tax assets

	Group		Company	
	31/12/2009 VND'000	31/12/2008 VND'000	31/12/2009 VND'000	31/12/2008 VND'000
Allowance for inventories	55,357	409,537	-	-
Allowance for doubtful debts	-	20,597	-	-
Accrued sales discount	7,858,052	4,755,274	7,858,052	4,755,274
Accrued transportation costs	4,228,549	402,444	4,228,549	402,444
Accrued advertising and promotion expenses	8,650,743	-	-	-
Other accruals	711,202	109,998	421,750	-
Tax loss carry-forwards	3,915,747	-	-	-
	25,419,650	5,697,850	12,508,351	5,157,718

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

16. Goodwill

	VND'000
Cost	
Opening balance/closing balance	5,953,885
Accumulated amortisation	
Opening balance	1,190,777
Charge for the year	595,389
Closing balance	1,786,166
Net book value	
Opening balance	4,763,108
Closing balance	4,167,719

17. Short-term borrowings and liabilities

	Note	<u>Group</u>		<u>Company</u>	
		31/12/2009 VND'000	31/12/2008 VND'000	31/12/2009 VND'000	31/12/2008 VND'000
Short term borrowings					
Loans from Vietcombank					
Loan 1	(a)	69,050,548	84,753,560	69,050,548	84,753,560
Loan 2	(b)	19,598,649	19,783,615	-	-
Loan 3	(c)	269,805,776	91,937,492	-	-
Loan 4	(d)	33,085,684	-	-	-
Loan 5	(e)	68,749,329	-	-	-
Loan from BIDV	(f)	-	58,000,000	-	58,000,000
Loan from HSBC	(g)	12,468,280	14,103,517	-	-
Loan from Vietinbank					
Loan 1	(h)	24,506,940	17,874,628	-	-
Loan 2	(i)	166,450,044	-	-	-
Loan from individual	(j)	467,200	410,000	-	-
		664,182,450	286,862,812	69,050,548	142,753,560
Current portion of long term loans (see note 22)					
		23,078,494	10,470,124	-	-
Closing balance		687,260,944	297,332,936	69,050,548	142,753,560

Ma San Food Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2009 (continued)

17. Short-term borrowings and liabilities (continued)

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

The USD facility under this loan bore interest at rates ranging from 6.44% to 8.81% (2008: 7.00% to 9.81%) per annum during the year.

The VND facility under this loan bore interest at rates ranging from 6.00% to 11.28% (2008: 11.28% to 21.00%) per annum during the year.

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

The USD facility under this loan bore interest at rates ranging from 4.73% to 7.00% (2008: 7.00%) per annum during the year.

The VND facility under this loan bore interest at rates ranging from 7.62% to 12.56% (2008: 10.20% to 21.00%) per annum during the year.

- c) This loan is granted to Masan Industrial Corporation with a maximum facility of VND300 billion and is secured by land use right with carrying value as at 31 December 2009 of VND33,591 million (31/12/2008: VND34,439 million) and tangible fixed assets with a carrying value as at 31 December 2009 of VND14,725 million (31/12/2008: VND17,423 million).

The USD facility under this loan bore interest at rates ranging from 3.30% to 8.00% (2008: 6.30% to 6.85%) per annum during the year.

The VND facility under this loan bore interest at rates ranging from 6.00% to 12.00% (2008: 10.56% to 21.00%) 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 2009 of VND34,027 million. The loan is denominated in USD and bore interest at rates ranging from 3.00% to 7.00% per annum during the year.

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

- f) This loan is granted to the Company with a maximum facility of VND70 billion. The loan was secured by houses and land use rights owned by Mr Nguyen Dang Quang and Mrs Nguyen Hoang Yen, the chairman and a member, respectively, of the Company's Board of Management. The loan bore interest at rates ranging from 11.50% to 20.50% per annum during the year 2008. This loan has been fully paid during the year.

- g) This USD facility is granted to Minh Viet Packaging Joint Stock Company with the maximum facility of USD1,500,000. The loan was secured by inventory and trade receivables of Minh Viet Packaging Joint Stock Company as at 31 December 2009 amounting to VND31,049 million and VND1,102 million, respectively (31/12/2008: VND21,362 million and VND9,020 million, respectively). The loan was also guaranteed by the Company. The loan bore interest at rates ranging from 4.27% to 8.24% (2008: 5.05% to 8.24%) per annum during the year.

Ma San Food Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2009 (continued)****17. Short-term borrowings and liabilities (continued)**

- h) This loan is granted to Viet Tien Food Technology Joint Stock Company with a maximum facility of VND98,000 million. The loan is secured by tangible fixed assets with a carrying value as at 31 December 2009 of VND15,346 million (31/12/2008: VND19,828 million), land use right with net book value as at 31 December 2009 of VND4,516 million (31/12/2008: VND4,635 million) and trade receivables of Viet Tien Food Technology Joint Stock Company as at 31 December 2009 amounting to VND152,329 million (31/12/2008: VND12,482 million). The loan is denominated in VND and bore interest at rates ranging from 6.15% to 12.92% (2008: 11.76% to 20.20%) per annum during the year.
- i) This loan is granted to Masan Industrial Corporation with a maximum facility of VND180 billion and is secured by trade receivables of Masan Industrial Corporation as at 31 December 2009 amounting to VND441,927 million. The loan is denominated in VND and bore interest at rates ranging from 6.00% to 6.05% per annum during the year.
- j) This is an unsecured and interest free loan from the General Directors of Minh Viet Packaging Joint Stock Company and Masan Industrial Corporation. The loan is repayable at call.

18. Taxes payable to State Treasury

	<u>Group</u>		<u>Company</u>	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	VND'000	VND'000	VND'000	VND'000
Taxes				
Value added tax	19,833,336	12,209,921	-	-
Import-export tax	739,106	-	563,917	-
Corporate income tax	56,353,763	53,482,146	12,139,201	37,546,352
Other taxes	405,550	1,074,219	205,061	840,015
	77,331,755	66,766,286	12,908,179	38,386,367

19. Accrued expenses

	<u>Group</u>		<u>Company</u>	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	VND'000	VND'000	VND'000	VND'000
Transportation expenses	16,914,197	1,765,527	16,914,197	1,765,527
Bonus and 13th month salary	4,196,175	2,640,372	1,961,755	1,163,967
Advertising and promotion expenses	78,462,600	-	762,000	-
Sales discount	31,432,208	19,021,094	31,432,208	19,021,094
Others	16,615,586	3,727,628	997,001	952,000
	147,620,766	27,154,621	52,067,161	22,902,588

Ma San Food Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2009 (continued)****20. Related-company payables**

	Group		Company	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	VND'000	VND'000	VND'000	VND'000
Amounts due to Ma San Corporation				
Trade	-	20,231	-	20,231
Non-trade	101,715	100,000,000	101,715	100,000,000
Amounts due to subsidiaries				
Trade	-	-	547,783,351	288,599,433
Amounts due to other related companies				
Trade	28,810	56,451	-	-
	130,525	100,076,682	547,885,066	388,619,664

The non-trade amounts due to Ma San Corporation as at 31 December 2009 were unsecured, interest free and repayable on demand (2008: bore interest at 12% per annum during the year).

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

21. Other payables

	Group		Company	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	VND'000	VND'000	VND'000	VND'000
Social and health insurance	1,723,211	417,131	847,964	-
Dividends payable	840,105	840,148	-	-
Others	1,392,851	977,073	984,202	966,822
	3,956,167	2,234,352	1,832,166	966,822

Ma San Food Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2009 (continued)

22. Long-term borrowings and liabilities

	Note	<u>Group</u>		<u>Company</u>	
		31/12/2009 VND'000	31/12/2008 VND'000	31/12/2009 VND'000	31/12/2008 VND'000
Long-term borrowings					
Loans from Vietcombank					
Loan 1	(a)	19,600,000	25,205,322	-	-
Loan 2	(b)	1,381,457	1,607,443	-	-
Loan 3	(c)	12,008,618	-	-	-
Loan 4	(d)	7,733,126	-	-	-
Loan 5	(e)	15,033,121	-	-	-
Loan 6	(f)	5,815,051	-	-	-
Loan from BIDV Bank	(g)	-	470,000	-	-
Loan from ACB Bank					
Loan 1	(h)	7,750,512	9,778,752	-	-
Loan 2	(h)	8,637,874	-	-	-
Loan from Ocean Bank	(i)	43,398,061	-	-	-
		121,357,820	37,061,517	-	-
Finance lease liabilities					
	(j)	6,443,795	7,721,251	-	-
		127,801,615	44,782,768	-	-
Repayable within twelve months					
Loans from Vietcombank					
Loan 1	(a)	(5,600,000)	(5,605,322)	-	-
Loan 2	(b)	(394,702)	(368,238)	-	-
Loan 5	(e)	(2,640,000)	-	-	-
Loan from BIDV Bank	(g)	-	(470,000)	-	-
Loan from ACB Bank	(h)	(4,503,837)	(2,444,688)	-	-
Loan from Ocean Bank	(i)	(8,137,137)	-	-	-
Finance lease liabilities	(j)	(1,802,818)	(1,581,876)	-	-
		(23,078,494)	(10,470,124)	-	-
Repayable after twelve months					
		104,723,121	34,312,644	-	-

Ma San Food Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2009 (continued)

22. Long-term borrowings and liabilities (continued)

- (a) This loan is granted to Masan Industrial Corporation and is secured by tangible fixed assets with carrying value as at 31 December 2009 of VND23,067 million (31/12/2008: VND25,772 million). The loan has a maximum facility of VND35 billion and bore interest at a rate 10.85% (2008: 11.64% to 21.00%) per annum during the year. The outstanding balance as at 31 December 2009 is repayable in 7 equal semi-annual instalments of VND2,800 million each.
- (b) This loan is granted to Masan Industrial Corporation. The loan is in USD and the principal outstanding as at 31 December 2009 amounted to USD77,000 (31/12/2008: USD98,690). The loan is secured by tangible fixed assets with carrying value as at 31 December 2009 of VND1,594 million (31/12/2008: VND1,691 million) and bore interest at a rate equal to 6-month Libor plus 2.50% (2009: 4.00% to 5.70% and 2008: 7.00% to 7.70% per annum during the year). The outstanding balance as at 31 December 2009 is repayable in 7 equal semi-annual instalments of USD 11,000 each.
- (c) This loan is granted to Masan Industrial Corporation and is secured by buildings, plants and equipments financed by the loan. The loan has a maximum facility of VND190 billion and bore interest at a rate of 6.50% (2008: nil) per annum during the year. As at 31 December 2009, the loan has not been fully withdrawn and there was no repayment schedule.
- (d) This loan is granted to Masan Industrial Corporation with a maximum facility of VND45,350 million. The loan is secured by machineries financed by the loan and bore interest at a rate of 6.50% per annum during the year. As at 31 December 2009, the loan has not been fully withdrawn and there was no repayment schedule.
- (e) This loan is granted to Masan Industrial Corporation and is secured by machineries financed by the loan. The loan has a maximum facility of VND17.6 billion and bore interest at a rate of 6.70% per annum during the year. The loan is repayable in 16 equal quarterly instalments of VND880 million each beginning on 13 April 2010 and a final instalment comprising the remaining balance on 14 April 2014.
- (f) This loan is granted to Masan HD Joint Stock Company and is guaranteed by the Company. The loan has a maximum facility of VND163 billion and bore interest at a rate 10.50% per annum during the year. As at 31 December 2009, the loan has not been fully withdrawn and there was no repayment schedule.
- (g) This loan is granted to Hoa Sen Food Technology Joint Stock Company and is secured by tangible fixed assets with carrying value as at 31 December 2008 of VND2,492 million. The loan bore interest at rates ranging from 12.00% to 21.00% per annum during the year 2008. The loan has been fully paid on 25 June 2009.
- (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 2009 of VND5,084 million (31/12/2008: VND18,102 million) and its land use right with carrying value as at 31 December 2009 of VND2,795 million (31/12/2008: VND2,872 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% (2009: 6.00% per annum; 2008: 10.10% per annum during the year). The remaining balance as at 31 December 2009 amounting to USD432,000 is repayable in 6 equal semi-annual instalments of USD72,000 each.

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

22. Long-term borrowings and liabilities (continued)

Loan 2 is granted with a maximum facility of USD600,000. The loan bore interest at 7.60% per annum during the year. The principal outstanding as at 31 December 2009 amounted to USD481,460 and is repayable in 8 equal semi-annual instalments of USD53,520 each beginning on 16 March 2010 and a final instalment comprising the remaining balance on 16 September 2013.

- (i) This loan is granted to Masan HD Joint Stock Company and is guaranteed by the Company. The loan has a maximum facility of VND84 billion and has not been fully with drawn as at 31 December 2009. The loan bore interest at a rate 10.50% per annum during the year. The loan is repayable in 16 equal quarterly instalments of VND2,712 million each starting from 22 May 2010.
- (j) The future minimum lease payments under non-cancellable finance leases were:

	31/12/2009			31/12/2008		
		VND'000			VND'000	
	Payments	Interest	Principal	Payments	Interest	Principal
Within one year	2,119,494	316,676	1,802,818	2,173,807	591,931	1,581,876
Within two to five years	5,042,083	401,106	4,640,977	7,101,361	961,986	6,139,375
	<u>7,161,577</u>	<u>717,782</u>	<u>6,443,795</u>	<u>9,275,168</u>	<u>1,553,917</u>	<u>7,721,251</u>

At 31 December 2009, finance lease liabilities denominated in foreign currencies amounted to USD299,444, equivalent to VND5,372 million (31/12/2008: USD385,000, equivalent to VND6,516 million).

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

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

23. Provisions

Movements of provisions during the year were as follows:

	Severance allowance	
	Group	Company
	VND'000	VND'000
Opening balance	1,433,404	709,423
Provision made during the year	1,157,095	935,389
Provision used during the year	(695,663)	(284,517)
	<hr/>	<hr/>
Closing balance	1,894,836	1,360,295
	<hr/>	<hr/>

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

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

For the year ended 31 December 2009, the Group and the Company contributed VND1,472 million and VND285 million, respectively (2008: Nil) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the consolidated and separate statement of income.

Ma San Food Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2009 (continued)****24. Share capital**

The Company's authorised and issued share capital are:

	31/12/2009		31/12/2008	
	Number of shares	VND'000	Number of shares	VND'000
Authorised share capital	63,000,000	630,000,000	25,719,123	257,191,230
Issued share capital	63,000,000	630,000,000	25,719,123	257,191,230
Capital surplus	-	8,907,940	-	368,975,220

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:

	2009		2008	
	Number of shares	VND'000	Number of shares	VND'000
Balance at beginning of the year	25,719,123	257,191,230	13,839,536	138,395,360
Shares issued during the year	1,274,149	12,741,490	1,500,000	15,000,000
Share dividends issued during the year	36,006,728	360,067,280	10,379,587	103,795,870
Balance at end of the year	63,000,000	630,000,000	25,719,123	257,191,230

25. Total revenue

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

Net sales comprised

	<u>Group</u>		<u>Company</u>	
	2009 VND'000	2008 VND'000	2009 VND'000	2008 VND'000
Total revenue				
▪ Sales of finished goods	4,070,481,110	2,003,549,650	4,273,108,581	1,825,935,469
▪ Services and other sales	7,665,724	-	7,076,348	87,868,647
Less sales deductions				
▪ Sales discounts	(119,390,586)	(69,102,124)	(119,390,586)	(69,102,124)
▪ Sales returns	(929,168)	(12,359,584)	(161,214)	(4,708,784)
▪ Sales allowances	(13,373)	-	-	-
Net sales	3,957,813,707	1,922,087,942	4,160,633,129	1,839,993,208

Ma San Food Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2009 (continued)****26. Cost of sales**

	<u>Group</u>		<u>Company</u>	
	2009 VND'000	2008 VND'000	2009 VND'000	2008 VND'000
Total cost of sales				
▪ Finished goods sold	2,545,055,753	1,319,014,139	3,938,858,948	1,684,524,769
▪ Printing axles disposed	668,046	1,169,123	-	-
▪ Allowance for inventories	38,151,410	3,983,864	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,583,875,209	1,324,167,126	3,938,858,948	1,684,524,769

27. Financial income

	<u>Group</u>		<u>Company</u>	
	2009 VND'000	2008 VND'000	2009 VND'000	2008 VND'000
Interest income from deposits	24,801,927	639,069	20,731,113	314,323
Interest income from loans to member of Board of Management	8,062,513	3,833,035	7,228,213	2,933,035
Interest income from loans to Ma San Corporation	19,656,456	58,182,969	19,656,456	58,182,969
Interest income from loans to Viet Capital Securities Joint Stock Company, a shareholder	34,750,000	49,434,104	34,750,000	49,434,104
Dividend income from other long-term investment	1,474,416	7,579,592	1,474,416	7,579,592
Share dividend declared by investees	-	2,184,300	-	2,184,300
Dividend income declared by subsidiaries	-	-	663,158,266	342,711,970
Gain from disposal of other long-term investments	53,453,834	-	53,453,834	-
Interest income from overdue debts	-	2,302,722	-	2,302,722
Foreign exchange gains	2,846,364	10,245,777	1,848,611	5,273,614
Other financial income	965,447	34,375	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	146,010,957	134,435,943	802,300,909	470,916,629

Ma San Food Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2009 (continued)

28. Financial expenses

	<u>Group</u>		<u>Company</u>	
	2009 VND'000	2008 VND'000	2009 VND'000	2008 VND'000
Interest expenses payable to banks	43,279,742	50,968,074	8,348,664	17,000,032
Interest expense payable to Ma San Corporation	1,956,851	-	1,956,851	-
Foreign exchange losses	14,153,619	7,321,487	1,327,085	1,767,670
	59,390,212	58,289,561	11,632,600	18,767,702

29. Other income

	<u>Group</u>		<u>Company</u>	
	2009 VND'000	2008 VND'000	2009 VND'000	2008 VND'000
Proceeds on disposals of fixed assets	228,936	4,124,246	144,767	-
Proceeds on disposals of printing axles	-	333,078	-	-
Proceeds from scrap sales	11,838,087	2,984,444	-	-
Others	2,117,795	1,850,882	73,652	180,991
	14,184,818	9,292,650	218,419	180,991

30. Other expenses

	<u>Group</u>		<u>Company</u>	
	2009 VND'000	2008 VND'000	2009 VND'000	2008 VND'000
Net book value of disposed fixed assets	83,584	5,371,346	49,529	-
Cost of scrap sales	9,875,957	-	-	-
Tax penalty	7,068,417	-	4,067,153	-
Import tax not refundable	5,194,450	-	-	-
Others	547,379	312,965	127,179	7,403
	22,769,787	5,684,311	4,243,861	7,403

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

31. Income tax

(a) Recognised in the statement of income

	<u>Group</u>		<u>Company</u>	
	2009 VND'000	2008 VND'000	2009 VND'000	2008 VND'000
Current tax expense				
Current year	73,131,216	58,468,402	12,714,201	30,627,921
Under provision in prior years	-	461,749	-	461,749
	<hr/> 73,131,216	<hr/> 58,930,151	<hr/> 12,714,201	<hr/> 31,089,670
Deferred tax income				
Origination and reversal of temporary differences	(15,806,053)	(4,275,420)	(7,350,634)	(4,309,513)
Deferred tax assets not previously recognised	-	(520,475)	-	-
Benefit of tax losses recognised	(3,915,747)	-	-	-
Effect of change in tax rate	-	618,926	-	618,926
	<hr/> (19,721,800)	<hr/> (4,176,969)	<hr/> (7,350,634)	<hr/> (3,690,587)
Income tax expense	<hr/> 53,409,416	<hr/> 54,753,182	<hr/> 5,363,567	<hr/> 27,399,083

(b) Reconciliation of effective tax rate

Group

	2009		2008	
	%	VND'000	%	VND'000
Profit before tax		722,061,639		454,757,650
Tax at CIT rate applicable	25.00%	180,515,410	28.00%	127,332,142
Effect of change in tax rate	-	-	0.14%	618,926
Tax incentives	(0.04%)	(279,480)	(0.02%)	(103,515)
Effect of different tax rates in subsidiaries	(17.83%)	(128,723,954)	(15.72%)	(71,490,601)
Effect of higher tax rate in other income and expense	(0.08%)	(610,242)	-	-
Non-deductible expenses	0.29%	2,063,969	0.11%	516,965
Tax exempt income	(0.05%)	(368,604)	(0.47%)	(2,122,286)
Tax loss utilised	-	-	(0.10%)	(460,198)
Deferred tax assets not recognised	0.11%	812,317	-	-
Under provision in prior years	-	-	0.10%	461,749
	<hr/> 7.40%	<hr/> 53,409,416	<hr/> 12.04%	<hr/> 54,753,182

Ma San Food Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2009 (continued)

Pursuant to Circular No. 03/2009/TT-BTC (“Circular 03”) issued by the Ministry of Finance on 13 January 2009, the operations of the Company’s subsidiary, Minh Viet Packaging Joint Stock Company (“Minh Viet”), meet the definition of Small and Medium Enterprises and Minh Viet is therefore entitled to a 30 percent reduction of current income tax expense for the fourth quarter of 2008. The amount of income tax reduction for the fourth quarter of 2008 has been computed based on one fourth of the taxable profit for the year in accordance with the guidance in Circular 03.

Company

	2009		2008	
	%	VND'000	%	VND'000
Profit before tax (*)		681,479,516		445,794,969
Tax at CIT rate applicable	25.00%	170,369,879	28.00%	124,822,633
Tax exempt income	(24.38%)	(166,158,170)	(22.14%)	(98,693,241)
Effect of change in tax rate	-	-	0.14%	618,926
Non-deductible expenses	0.17%	1,151,858	0.04%	189,016
Under provision in prior years	-	-	0.10%	461,749
	0.79%	5,363,567	6.15%	27,399,083

(*) The Company’s profit before tax included VND664,633 million (2008: VND352,475 million) dividend income which is not subject to tax at the Company level.

(c) Applicable tax rates

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

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

(d) Tax contingencies

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

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

32. Significant transactions with related parties

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

Group

Related Party	Nature of transaction	2009 VND'000	2008 VND'000
Ma San Corporation	Interest income from loans	19,656,456	58,182,969
	Additional payable on finalisation of price of interest in subsidiaries in 2007	-	100,000,000
	Loan provided to Masan Group Corporation	58,543,149	323,169,015
	Loan repayment by Masan Group Corporation	-	302,442,622
	Acquisition of exchangeable bonds issued by parent company by setting off against loan receivable from parent company	400,000,000	-
Other related companies			
Masan Information and Technology Company	Maintenance fee	-	1,206,435
	Purchase of computers	-	4,389,639
Masan Real Estate Company	Service charge	16,197,553	999,581

Ma San Food Corporation and its subsidiaries

Notes to the financial statements for the year ended 31 December 2009 (continued)

32. Significant transactions with related parties (continued)

Company

Related party	Nature of transaction	2009 VND'000	2008 VND'000
Ma San Corporation	Interest income from loans	19,656,456	58,182,969
	Additional payable for purchase price of interest in subsidiaries in 2007	-	100,000,000
	Loan provided to Ma San Corporation	58,543,149	323,169,015
	Loan repayment by Ma San Group Corporation	-	302,442,622
	Acquisition of exchangeable bonds issued by parent company by setting off against loan receivable from parent company	400,000,000	-
Subsidiaries			
Minh Viet Packaging Joint Stock Company	Sales of tools and supplies	-	5,365,621
	Purchase packaging	58,059	66,145
	Management fee and services charge income	1,015,970	1,404,720
	Dividend income	-	13,008,752
Masan Industrial Corporation	Sales of flavour and mixing fee	224,799,269	48,869,935
	Purchase of goods	2,860,065,885	798,777,476
	Management fee and services charge income	4,238,550	2,686,720
	Dividend income	-	161,737,410
Viet Tien Food Technology Joint Stock Company	Purchase of goods	717,460,898	762,211,235
	Sales of flavour and mixing fee	20,298,315	28,526,737
	Management fee and services charge income	1,045,795	1,014,915
	Warehouse rental	-	308,000
	Dividend income	-	167,965,808
Ma San HD Joint Stock Company	Sales of flavour and mixing fee	2,472,669	-
	Purchase of goods	167,620,584	-
Hoa Sen Food Technology Joint Stock Company	Purchase of goods	-	760,195
Ma San PQ Corporation	Loan to subsidiary	11,050,000	3,623,000
Other related companies			
Masan Information and Technology Company	Maintenance fee	-	915,100
	Purchase of computers	-	4,389,639
Members of Board of Directors			
Board of Directors	Remuneration to the Board of Directors	749,846	707,640

Ma San Food Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2009 (continued)****33. Commitments****(a) Capital expenditure**

As at 31 December 2009, the Group and the Company had the following outstanding capital commitments approved but not provided for in the balance sheet:

	<u>Group</u>		<u>Company</u>	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	VND'000	VND'000	VND'000	VND'000
Approved and contracted	206,903,902	-	-	-
Approved but not contracted	428,947,537	15,395,148	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	635,851,439	15,395,148	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

(b) Leases

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

	<u>Group</u>		<u>Company</u>	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	VND'000	VND'000	VND'000	VND'000
Within one year	32,513,581	10,510,235	27,982,221	8,457,904
Within two to five years	71,837,592	7,804,605	68,843,362	4,455,266
More than five years	26,584,301	26,934,042	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	130,935,474	45,248,882	96,825,583	12,913,170
	<hr/>	<hr/>	<hr/>	<hr/>

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

34. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2009 was based on the profit attributable to ordinary shareholders of VND664,370 million (31/12/2008: VND401,633 million) of the Group and VND676,116 million (31/12/2008: VND418,396 million) of the Company, respectively, and a weighted average number of ordinary shares outstanding of 62,374,737 (2008: 61,184,226), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	Group		Company	
	2009 VND'000	2008 VND'000	2009 VND'000	2008 VND'000
Net profit attributable to ordinary shareholders	664,370,168	401,632,510	676,115,949	418,395,886

(ii) Weighted average number of ordinary shares

	Group and Company	
	2009	2008
Issued ordinary shares at the beginning of the year	61,725,851	60,225,851
Effect of shares issued during the year	648,886	958,375
Weighted average number of ordinary shares at the end of the year	62,374,737	61,184,226

Issued ordinary shares at the beginning of 2008 have been restated to reflect share dividends issued in 2009. Earnings per share for the year ended 31 December 2008 have also been restated accordingly to reflect these share dividends.

35. Share-based payment

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

	2009	2008
Employees	1,067,998	266,209
Members of the Board of Directors (excluded from employees numbers)	60,625	39,843

Ma San Food Corporation and its subsidiaries**Notes to the financial statements for the year ended 31 December 2009 (continued)****36. Prior year adjustments**

During the year the Group has changed its accounting policy for business combinations under common control in preparing its consolidated financial statements as described in Note 2(a)(ii). As a result adjustments have been made retrospectively as if this accounting policy had been applied to all previous years and the corresponding figures in the consolidated financial statements have been restated.

(a) Consolidated balance sheet

	31/12/2008	Adjustments	31/12/2008
	Restated	VND'000	As previously
	VND'000	VND'000	reported
			VND'000
Goodwill	4,763,108	(167,080,320)	171,843,428
Other payables	2,234,352	(228,235)	2,462,587
Other reserves	(190,800,894)	(190,800,894)	-
Bonus and welfare funds	(2,658,122)	(60,694)	(2,597,428)
Retained profits	406,571,190	24,009,302	382,561,888
Minority interests	1,016,058	201	1,015,857

(b) Consolidated statement of income

	2008	Adjustments	2008
	Restated	VND'000	As previously
	VND'000	VND'000	reported
			VND'000
Financial expenses	(58,289,561)	2,530,493	(60,820,054)
General and administration expenses	(72,874,780)	17,444,225	(90,319,005)
Net profit	400,004,468	19,974,718	380,029,750

37. Corresponding figures

The calculation of basic earnings per share as at 31 December 2008 was restated as follows due to the issuance of share dividends:

	Group		Company	
	2008	2008	2008	2008
	(as restated)	(as previously	(as restated)	(as previously
	VND'000	reported)	VND'000	reported)
		VND'000		VND'000
Basic earnings per share	6.564	15.159	6.838	16.618

Ma San Food Corporation and its subsidiaries
Notes to the financial statements for the year ended 31 December 2009 (continued)

38. Subsequent events

On 19 January 2010, Certificate of Amendment of Business Registration No. 462033000226 was issued which approved the merger of Hoa Sen Food Technology Joint Stock Company and Masan Industrial Corporation, both 100% owned subsidiaries. The surviving company in the merger is Masan Industrial Corporation. Masan Industrial Corporation will assume all assets and liabilities, rights and obligations, labour contracts and tax obligation of Hoa Sen Food Technology Joint Stock Company as at date 19 January 2010. From thereon the commercial operations of Hoa Sen Food Technology Joint Stock Company have ceased.

Masan Industrial Corporation is applying to increase its capital to VND300 billion. As at the date of this report, Masan Industrial Corporation has not obtained approval for the increase of capital.

Prepared by:

Approved by:

Pham Dinh Toai
Chief Financial Officer

Truong Cong Thang
General Director