

**Masan Group Corporation  
and its subsidiaries**

Consolidated quarterly financial statements for  
the period ended 30 September 2018



**Masan Group Corporation  
Corporate Information**

**Business Registration Certificate No**      0303576603      25 June 2018

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 25 June 2018. The Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City. The initial Business Registration Certificate No. 4103002877 was dated 18 November 2004.

**Board of Directors**

Dr Nguyen Dang Quang	Chairman
Mr Ho Hung Anh	Vice Chairman (until 12 April 2018)
Ms Nguyen Hoang Yen	Member
Mr Nguyen Thieu Nam	Member
Mr Lars Kjaer	Member
Mr Dominic Edward Salter Price	Member

**Board of Management**

Dr Nguyen Dang Quang	Chief Executive Officer
Mr Nguyen Thieu Nam	Deputy Chief Executive Officer
Mr Michael Hung Nguyen	Deputy Chief Executive Officer
Mr Nguyen Anh Nguyen	Deputy Chief Executive Officer
Mr Seokhee Won	Deputy Chief Executive Officer (until 27 February 2018)

**Legal Representative**      Dr Nguyen Dang Quang      Chairman  
Chief Executive Officer

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

**Masan Group Corporation and its subsidiaries**  
**Consolidated balance sheet as at 30 September 2018**

**Form B 01a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2018 VND million	1/1/2018 VND million
<b>ASSETS</b>				
<b>Current assets</b>				
<b>(100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>13,466,352</b>	<b>15,144,937</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>4,954,786</b>	<b>7,417,111</b>
Cash	111		478,617	320,723
Cash equivalents	112		4,476,169	7,096,388
<b>Short-term financial investments</b>	<b>120</b>	<b>12</b>	<b>607,148</b>	<b>640,069</b>
Held to maturity investments	123		607,148	640,069
<b>Accounts receivable</b>	<b>130</b>	<b>6</b>	<b>2,223,589</b>	<b>2,247,100</b>
Accounts receivable	131		903,071	1,221,821
Prepayments to suppliers	132		831,288	277,698
Other receivables	136		596,553	864,228
Allowance for doubtful debts	137		(107,323)	(116,647)
<b>Inventories</b>	<b>140</b>	<b>7</b>	<b>4,902,502</b>	<b>4,333,097</b>
Inventories	141		4,913,588	4,347,552
Allowance for inventories	149		(11,086)	(14,455)
<b>Other current assets</b>	<b>150</b>		<b>778,327</b>	<b>507,560</b>
Short-term prepayments	151		136,973	87,233
Deductible value added tax	152		617,907	389,953
Taxes and other receivables from State Treasury	153		23,447	30,374

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

**Masan Group Corporation and its subsidiaries**  
**Consolidated balance sheet as at 30 September 2018 (continued)**

**Form B 01a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2018 VND million	1/1/2018 VND million
<b>Long-term assets</b> <b>(200 = 210 + 220 + 240 + 250 + 260)</b>	<b>200</b>		<b>51,348,925</b>	<b>48,383,585</b>
<b>Accounts receivable – long-term</b>	<b>210</b>	<b>6</b>	<b>1,373,596</b>	<b>1,453,961</b>
Receivables on long-term lending loans	215		-	96,400
Other long-term receivables	216		1,373,596	1,357,561
<b>Fixed assets</b>	<b>220</b>		<b>28,592,088</b>	<b>29,829,534</b>
Tangible fixed assets	221	8	22,996,685	23,768,050
<i>Cost</i>	222		30,584,134	29,897,094
<i>Accumulated depreciation</i>	223		(7,587,449)	(6,129,044)
Finance lease tangible fixed assets	224	9	-	4,487
<i>Cost</i>	225		67,300	67,300
<i>Accumulated depreciation</i>	226		(67,300)	(62,813)
Intangible fixed assets	227	10	5,595,403	6,056,997
<i>Cost</i>	228		8,068,317	8,112,958
<i>Accumulated amortization</i>	229		(2,472,914)	(2,055,961)
<b>Long-term assets in progress</b>	<b>240</b>	<b>11</b>	<b>2,680,876</b>	<b>1,838,001</b>
Construction in progress	242		2,680,876	1,838,001
<b>Long-term financial investments</b>	<b>250</b>	<b>12</b>	<b>14,863,410</b>	<b>11,338,355</b>
Investments in associates	252		14,844,328	11,321,627
Investments in other entities	253		21,646	21,646
Allowance for diminution in the value of long-term investments	254		(8,464)	(4,918)
Held-to-maturity investments	255		5,900	-
<b>Other long-term assets</b>	<b>260</b>		<b>3,838,955</b>	<b>3,923,734</b>
Long-term prepayments	261	13	3,047,012	2,990,882
Deferred tax assets	262		244,283	300,831
Goodwill	269	14	547,660	632,021
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>64,815,277</b>	<b>63,528,522</b>

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

**Masan Group Corporation and its subsidiaries**  
**Consolidated balance sheet as at 30 September 2018 (continued)**

**Form B 01a – DN/HN**  
*(Issued under Circular No, 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2018 VND million	1/1/2018 VND million
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>42,542,446</b>	<b>43,303,327</b>
<b>Current liabilities</b>	<b>310</b>		<b>13,819,759</b>	<b>15,532,987</b>
Accounts payable	311		2,171,083	2,105,255
Advances from customers	312		880,160	240,945
Taxes payable to State Treasury	313	15	434,760	384,958
Payables to employees	314		65,264	25
Accrued expenses	315	16	2,395,912	2,801,126
Other short-term payables	319	17	295,741	803,374
Short-term borrowings and finance lease liabilities	320	18	7,545,888	9,166,273
Bonus and welfare funds	322		30,951	31,031
<b>Long-term borrowings and liabilities</b>	<b>330</b>		<b>28,722,687</b>	<b>27,770,340</b>
Long-term account payables	331		36,330	78,525
Other long-term payables	337	17	23,568	26,728
Long-term borrowings and finance lease liabilities	338	19	26,756,433	25,630,003
Deferred tax liabilities	341		1,379,252	1,461,389
Provisions – long-term	342		527,104	573,695

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**Masan Group Corporation and its subsidiaries**  
**Consolidated balance sheet as at 30 September 2018 (continued)**

**Form B 01a – DN/HN**  
*(Issued under Circular No, 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2018 VND million	1/1/2018 VND million
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>22,272,831</b>	<b>20,225,195</b>
<b>Owners' equity</b>	<b>410</b>	<b>20</b>	<b>22,272,831</b>	<b>20,225,195</b>
Share capital	411	21	11,631,495	11,573,740
Capital surplus	412	21	6,855,489	6,855,539
Other capital	414	22	(9,426,958)	(9,426,958)
Treasury shares	415		(6,518,087)	(6,518,087)
Foreign exchange differences	417		4,511	2,431
Undistributed profits	421		15,073,116	12,350,048
<i>Undistributed profit brought forward</i>	<i>421a</i>		<i>12,350,048</i>	<i>7,015,545</i>
<i>Undistributed profit for the current period</i>	<i>421b</i>		<i>2,723,068</i>	<i>5,334,503</i>
Non-controlling interest	429	20	4,653,265	5,388,482
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>64,815,277</b>	<b>63,528,522</b>

29 October 2018

Prepared by:



Doan Thi My Duyen  
*Chief Accountant*

Approved by:



Michael Hung Nguyen  
*Deputy Chief Executive Officer  
Chief Financial Officer*

Dr. Nguyen Dang Quang  
*Chairman  
Chief Executive Officer*

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

**Masan Group Corporation and its subsidiaries**  
**Consolidated statement of income for the period ended 30 September 2018**

**Form B 02a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	From 1/7/2018 to 30/9/2018 VND million	From 1/7/2017 to 30/9/2017 VND million	From 1/1/2018 to 30/9/2018 VND million	From 1/1/2017 to 30/9/2017 VND million
<b>Total revenue</b>	<b>01</b>	<b>23</b>	<b>9,450,824</b>	<b>9,691,656</b>	<b>27,489,511</b>	<b>28,442,352</b>
<b>Less sales deductions</b>	<b>02</b>	<b>23</b>	<b>279,470</b>	<b>259,058</b>	<b>859,776</b>	<b>991,046</b>
<b>Net sales (10 = 01 – 02)</b>	<b>10</b>	<b>23</b>	<b>9,171,354</b>	<b>9,432,598</b>	<b>26,629,735</b>	<b>27,451,306</b>
<b>Cost of sales</b>	<b>11</b>	<b>24</b>	<b>6,397,520</b>	<b>6,526,489</b>	<b>18,286,833</b>	<b>19,212,645</b>
<b>Gross profit (20 = 10 – 11)</b>	<b>20</b>		<b>2,773,834</b>	<b>2,906,109</b>	<b>8,342,902</b>	<b>8,238,661</b>
Financial income	21	25	125,365	89,181	1,758,896	359,567
Financial expenses	22	26	840,287	776,747	2,412,831	2,625,367
<i>In which: Interest expense</i>	23		<i>757,024</i>	<i>735,123</i>	<i>2,257,536</i>	<i>2,522,151</i>
Share of profit in associates	24	27	442,416	553,684	1,429,857	1,232,267
Selling expenses	25		934,405	1,207,412	2,909,523	4,023,737
General and administration expenses	26		451,403	462,358	1,383,098	1,362,258
<b>Net operating profit</b> <b>{30 = 20 + (21 - 22) + 24 - (25 + 26)}</b>	<b>30</b>		<b>1,115,520</b>	<b>1,102,457</b>	<b>4,826,203</b>	<b>1,819,133</b>
Other income	31	28	2,671	4,380	16,414	11,685
Other expenses	32	29	20,935	14,660	38,262	33,991
<b>Results of other activities</b> <b>(40 = 31 - 32)</b>	<b>40</b>		<b>(18,264)</b>	<b>(10,280)</b>	<b>(21,848)</b>	<b>(22,306)</b>
<b>Profit before tax</b> <b>(50 = 30 + 40)</b>	<b>50</b>		<b>1,097,256</b>	<b>1,092,177</b>	<b>4,804,355</b>	<b>1,796,827</b>
<b>Income tax expense – current</b>	<b>51</b>		<b>173,030</b>	<b>151,806</b>	<b>493,829</b>	<b>393,056</b>
<b>Income tax expense/(benefit) – deferred</b>	<b>52</b>		<b>6,159</b>	<b>(8,094)</b>	<b>(25,589)</b>	<b>(62,432)</b>
<b>Net profit (60 = 50 - 51 - 52)</b> <b>(carried forward to next page)</b>	<b>60</b>		<b>918,067</b>	<b>948,465</b>	<b>4,336,115</b>	<b>1,466,203</b>

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

**Masan Group Corporation and its subsidiaries**  
**Consolidated statement of income for the period ended 30 September 2018 (continued)**

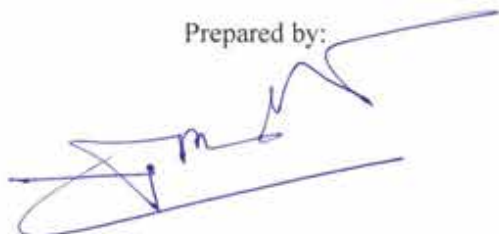
**Form B 02a – DN/HN**

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Code	Note	From	From	From	From
		1/7/2018 to 30/9/2018 VND million	1/7/2017 to 30/9/2017 VND million	1/1/2018 to 30/9/2018 VND million	1/1/2017 to 30/9/2017 VND million
		<b>Net profit (60 = 50 - 51 - 52)</b>			
		<b>(brought forward from previous page)</b>			
		<b>918,067</b>	<b>948,465</b>	<b>4,336,115</b>	<b>1,466,203</b>
<b>Attributable to:</b>					
		Equity holders of the Company			
	61	748,010	757,638	3,778,991	1,212,744
		Non-controlling interest			
	62	170,057	190,827	557,124	253,459
<b>Earnings per share</b>					
		Basic earnings per share (VND)			
	70 30	710	655	3,601	1,051

29 October 2018

Prepared by:



Doan Thi My Duyen  
Chief Accountant

Approved by:



Michael Hung Nguyen  
Deputy Chief Executive Officer  
Chief Financial Officer

Dr Nguyen Dang Quang  
Chairman  
Chief Executive Officer

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



**Masan Group Corporation and its subsidiaries**  
**Consolidated statement of cash flow for the period ended 30 September 2018**  
**(Indirect method)**

**Form B 03a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	From 1/1/2018 to 30/9/2018 VND million	From 1/1/2017 to 30/9/2017 VND million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before tax</b>	<b>01</b>		<b>4,804,355</b>	<b>1,796,827</b>
<b>Adjustments for</b>				
Depreciation and amortization	02		2,005,458	1,921,770
Allowances and provisions	03		52,319	74,784
Net unrealised foreign exchange loss/(gain)	04		19,314	(9,262)
Gain from investing activities	05		(3,133,553)	(1,548,291)
Interest expenses and others	06		2,257,536	2,522,151
<b>Operating profit before changes in working capital</b>	<b>08</b>		<b>6,005,429</b>	<b>4,757,979</b>
Increase in receivables and other assets	09		(86,096)	(280,908)
(Increase)/decrease in inventories	10		(590,164)	977,525
Increase/(decrease) in payables and other liabilities	11		421,948	(1,251,498)
Increase in prepayment	12		(59,136)	(80,013)
			<b>5,691,981</b>	<b>4,123,085</b>
Interest paid	14		(2,197,772)	(2,348,491)
Corporate income tax paid	15		(429,676)	(446,046)
Other payments for operating activities	17		(4,006)	(118)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>3,060,527</b>	<b>1,328,430</b>

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

**Masan Group Corporation and its subsidiaries**  
**Consolidated statement of cash flow for the period ended 30 September 2018**  
**(Indirect method - continued)**

**Form B 03a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
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	Code	Note	From 1/1/2018 to 30/9/2018 VND million	From 1/1/2017 to 30/9/2017 VND million
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets and other long-term assets	21		(1,893,377)	(1,656,188)
Proceeds from disposals of fixed assets and other long-term assets	22		9,030	8,410
Payments for granting loan and term deposits at banks	23		(1,425,260)	(5,628,457)
Receipts from collecting loan and term deposits at banks	24		1,248,681	4,448,656
Payments for investment in subsidiaries	25		(2,290,886)	-
Collections on disposal of investment in a subsidiary	26		379,584	7,568
Receipts of interest, dividends and related income from investing activities	27		192,187	302,833
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(3,780,041)</b>	<b>(2,517,178)</b>

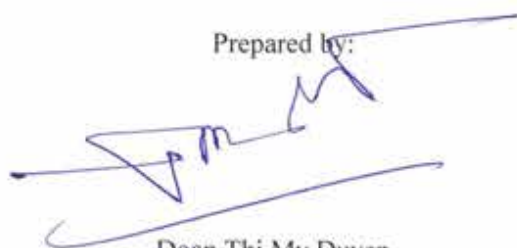
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**Masan Group Corporation and its subsidiaries**  
**Consolidated statement of cash flow for the period ended 30 September 2018**  
**(Indirect method - continued)**

**Form B 03a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	From 1/1/2018 to 30/9/2018 VND million	From 1/1/2017 to 30/9/2017 VND million
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of shares and capital contribution in subsidiaries by non-controlling interest	31		186,456	3,548,393
Payments for equity instruments repurchased	32		-	(247)
Proceeds from borrowings	33		17,822,566	17,510,350
Payments to settle borrowings	34		(18,438,330)	(25,563,647)
Payments to settle finance lease liabilities	35		(9,026)	(11,988)
Payment of dividends	36		(1,304,353)	(2,681,896)
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>(1,742,687)</b>	<b>(7,199,035)</b>
<b>Net cash flows during the period</b> (50 = 20 + 30 + 40)	<b>50</b>		<b>(2,462,201)</b>	<b>(8,387,783)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>		<b>7,417,111</b>	<b>13,148,938</b>
<b>Effect of exchange rate fluctuation on cash and cash equivalents</b>	<b>61</b>		<b>(124)</b>	<b>4,372</b>
<b>Cash and cash equivalents at the end of the period</b> (70 = 50 + 60 + 61)	<b>70</b>	<b>5</b>	<b>4,954,786</b>	<b>4,765,527</b>

Prepared by:



Doan Thi My Duyen  
Chief Accountant

29 October 2018

Approved by:



Michael Hung Nguyen  
Deputy Chief Executive Officer  
Chief Financial Officer




Dr Nguyen Dang Quang  
Chairman  
Chief Executive Officer

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

**Masan Group Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2018**

**Form B 09a – DN/HN**  
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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1. Reporting entity**

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

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

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

**(a) Subsidiaries**

*Direct subsidiaries*

Number	Name	Principal activity	Percentage of economic interests at	
			30/9/2018	1/1/2018
1	MasanConsumerHoldings Company Limited (“MCH”)	Investment holding	85.7%	85.7%
2	Masan Horizon Company Limited (“MH”)	Investment holding	99.9%	99.9%
3	Masan Nutri-Science Corporation (“MNS”) (i)	Investment holding	80.8%	82.4%

*Indirect subsidiaries*

Number	Name	Principal activity	Percentage of economic interests at	
			30/9/2018	1/1/2018
1	Masan Brewery Company Limited (“MB”)	Investment holding	57.1%	57.1%
2	Masan Master Brewer Company Limited (“MMBr”)	Beer and beverage trading	57.1%	57.1%
3	Masan Brewery PY One Member Company Limited (“MBPY”)	Beer and beverage manufacturing	57.1%	57.1%
4	Masan Brewery HG One Member Company Limited (“MBHG”)	Beer and beverage trading	57.1%	57.1%

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**(continued)**

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Number	Name	Principal activity	Percentage of economic interests at	
			30/9/2018	1/1/2018
5	Masan Brewery Distribution One Member Company Limited (“MBD”)	Beer and beverage trading	57.1%	57.1%
6	Masan Brewery MB Company Limited (“MBMB”) (iii)	Beer and beverage manufacturing	57.1%	-
7	Masan Consumer Corporation (“MSC”)	Trading and distribution	81.5%	82.4%
8	Masan Consumer (Thailand) Limited (“MTH”)	Trading and distribution	81.5%	82.4%
9	Masan Food Company Limited (“MSF”)	Trading and distribution	81.5%	82.4%
10	Masan Industrial One Member Company Limited (“MSI”)	Seasonings, convenience food manufacturing and packaging	81.5%	82.4%
11	Viet Tien Food Technology One member Company Limited (“VTF”)	Seasonings manufacturing	81.5%	82.4%
12	Masan HD One member Company Limited (“MHD”)	Convenience food manufacturing	81.5%	82.4%
13	Ma San PQ Corporation (“MPQ”)	Seasonings manufacturing	81.5%	82.4%
14	Nam Ngu Phu Quoc One Member Company Limited (“NPQ”)	Seasonings manufacturing	81.5%	82.4%
15	VinaCafé Bien Hoa Joint Stock Company (“VCF”) (ii)	Beverage manufacturing and trading	80.3%	56.4%
16	CDN Production Trading Corporation (“CDN”)	Beverage manufacturing and trading	68.3%	47.9%

**Masan Group Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2018**  
**(continued)**

**Form B 09a – DN/HN**  
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Number	Name	Principal activity	Percentage of economic interests at	
			30/9/2018	1/1/2018
17	Vinh Hao Mineral Water Corporation (“VHC”)	Beverage manufacturing and trading and packaging	72.2%	72.9%
18	Kronfa., JSC (“KRP”)	Beverage manufacturing	72.2%	72.9%
19	Masan Beverage Company Limited (“MSB”)	Trading and distribution	81.5%	82.4%
20	Masan MB One Member Company Limited (“MMB”)	Seasonings, convenience food manufacturing and packaging	81.5%	82.4%
21	Masan HG One Member Company Limited (“MHG”)	Seasonings, convenience food manufacturing and packaging	81.5%	82.4%
22	Masan Jinju Joint Stock Company (“MSJ”) (formerly known as Saigon Nutri Food Joint Stock Company) (iv)	Convenience food manufacturing and trading	61.2%	82.4%
23	Quang Ninh Mineral Water Corporation (“QNW”)	Beverage manufacturing and trading	53.7%	54.2%
24	Mapleleaf Company Limited (“MPL”)	Investment holding	99.9%	99.9%
25	Masan Resources Corporation (“MSR”)	Investment holding	96.0%	96.0%
26	Masan Thai Nguyen Resources Company Limited (“MRTN”)	Investment holding	96.0%	96.0%
27	Thai Nguyen Trading and Investment Company Limited (“TNTI”)	Investment holding	96.0%	96.0%
28	Nui Phao Mining Company Limited (“NPM”)	Exploring and processing mineral	96.0%	96.0%

**Masan Group Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2018**  
**(continued)**

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Number	Name	Principal activity	Percentage of economic interests at	
			30/9/2018	1/1/2018
29	Masan Tungsten Limited Liability Company (formerly known as Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC) (“MTC”) (v)	Deep processing of nonferrous metals and precious metals (tungsten)	96.0%	49.0%
30	MNS Feed Company Limited (“MNS Feed”)	Animal protein	80.8%	82.4%
31	Agro Nutrition International Joint Stock Company (“ANCO”)	Animal protein	80.8%	82.4%
32	MNS Feed Vinh Long Company Limited (formerly known as Aqua Nutrition International Joint Venture Co., Ltd) (“MNS Feed Vinh Long”)	Animal protein	80.8%	82.4%
33	Agro Nutrition International Binh Dinh One Member Limited Company (“ANCO Binh Dinh”)	Animal protein	80.8%	82.4%
34	MNS Feed Thai Nguyen Company Limited (formerly known as Agro Nutrition International Thai Nguyen Limited Company) (“MNS Feed Thai Nguyen”)	Animal protein	80.8%	82.4%
35	MNS Feed Tien Giang Company Limited (formerly known as Agro Nutrition International Tien Giang One Member Limited Company) (“MNS Feed Tien Giang”)	Animal protein	80.8%	82.4%
36	MNS Feed Nghe An Company Limited (formerly known as Agro Nutrition International Nghe An Company Limited) (“MNS Feed Nghe An”)	Animal protein	80.8%	82.4%
37	MNS Feed Hau Giang Company Limited (formerly known as Agro Nutrition International Hau Giang One Member Limited Liability Company) (“MNS Feed Hau Giang”)	Animal protein	80.8%	82.4%

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Number	Name	Principal activity	Percentage of economic interests at	
			30/9/2018	1/1/2018
38	MNS Meat Company Limited (“MNS Meat”)	Animal protein	80.8%	82.4%
39	MNS Farm Nghe An Company Limited (formerly known as Masan Nutri-Farm (N.A) Limited Liability Company) (“MNF (NA)”)	Breeding swine	80.8%	82.4%
40	MNS Farm Company Limited (“MNS Farm”)	Investment holding	80.8%	82.4%
41	MNS Meat Processing Company Limited (“MNS Meat Processing”)	Investment holding	80.8%	82.4%
42	MNS Meat Ha Nam Company Limited (“MNS Meat Ha Nam”)	Meat processing	80.8%	82.4%
43	Vietnamese – French Cattle Feed Joint Stock Company (“Proconco”)	Animal protein	60.7%	61.9%
44	Proconco Can Tho Co., Ltd, (“Proconco Can Tho”)	Animal protein	60.7%	61.9%
45	Con Co Binh Dinh Co., Ltd, (“Proconco Binh Dinh”)	Animal protein	60.7%	61.9%
46	Proconco Hung Yen Manufacturing and Trading Company Limited (“Proconco Hung Yen”)	Animal protein	60.7%	61.9%

- (i) In January 2018, the Company sold 0.80% equity interest in MNS to PENM III Germany Gmbh & Co. Kg.

And from February to March 2018, the Company also transferred 0.76% shares in MNS to non-controlling interests.

As a result of these transactions, equity interest of the Company in MNS decreased from 82.4% to 80.8%.

- (ii) In February 2018, MSB, an indirect subsidiary of the Company, purchased additional 7,982,361 shares of VCF. Such transaction resulted in equity interest of MSB in VCF increasing from 68.5% to 98.5% and equity interest of the Company in VCF increasing from 56.4% to 80.3%.



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- (iii) Masan Brewery MB Company Limited was established on 16 March 2018 under the Business Registration Certificate No. 2901930406 issued by the Department of Planning and Investment of Nghe An Province. Masan Brewery MB Company Limited is indirectly owned by the Company through MCH and MB.
- (iv) In June 2018, Jinju Ham Co., Ltd invested VND76 billion in cash in exchange for primary shares of MSJ, representing an equity interest of 25%. Such transaction resulted in equity interest of MSF, an indirect subsidiary of the Company through MSC and MCH, in MSJ decreasing from 99.9% to 75.0% and equity interest of the Company in MSJ decreasing from 82.4% to 61.2%.
- (v) In August 2018, NPM, an indirect subsidiary of the Company, acquired 49% stake in MTC (formerly known as Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC) for total cash consideration of VND678 billion. Such transaction resulted in equity interest of NPM in MTC increasing from 51.0% to 100% and equity interest of the Company in MTC increasing from 49.0% to 96.0%.

All the subsidiaries are incorporated in Vietnam, except for MTH, an indirect subsidiary of the Company through MCH and MSC, is incorporated in Thailand.

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

**(b) Associates**

**(i) Direct associate**

Number	Name	Principal activity	Percentage of equity over charter capital at	
			30/9/2018	1/1/2018
1	Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”) (*)	Banking	20.0%	20.0%

(\*) Refer to Notes 12(a).

**(ii) Indirect associates**

Number	Name	Principal activity	Percentage of economic interests at	
			30/9/2018	1/1/2018
1	Cholimex Food Joint Stock Company (“Cholimex”)	Food sauce manufacturing and trading	32.8%	32.8%
2	Thuan Phat Packing Joint Stock Company (“Thuan Phat”)	Packaging manufacturing	25.0%	25.0%

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3	Abattoir Long Binh Joint Stock Company (“Abattoir”)	Animal protein	25.0%	25.0%
4	Dong Nai Producing, Trading and Service Joint Stock Company (“DN Manu”)	Animal protein	21.3%	21.3%
5	Vissan Joint Stock Company (“Vissan”)	Food manufacturing and trading	24.9%	24.9%

The percentage of economic interests in indirect associates represents the percentage of economic interests of indirect subsidiaries in the associates.

**(c) Normal operating cycle**

The normal operating cycle of the Company is generally within 12 months.

**2. Basis of preparation**

**(a) Statement of compliance**

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

**(b) Basis of measurement**

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

**(c) Annual accounting period**

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

**(d) Accounting and presentation currency**

The Company’s accounting currency is Vietnam Dong (“VND”). These financial statements are prepared and presented in millions of Vietnam Dong (“VND million”).

**3. Summary of significant accounting policies**

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

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**(a) Basis of consolidation**

**(i) *Common-control business combination***

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

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

**(ii) *Non-common control business combination***

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

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

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

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**(iii) *Subsidiaries***

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

**(iv) *Associate (equity accounted investees)***

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for in the consolidated financial statements using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Gain or loss on disposal of interest in an associate without losing significant influence, including through dilution of interest in the associate as deemed disposal, is recognised in the consolidated statement of income. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

**(v) *Non-controlling interest ("NCI")***

NCI are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in undistributed profits after tax under equity, except where such difference arises from a transaction that is contractually linked to an issuance of shares or capital contribution at a premium or surplus in which case the difference is recorded in other capital.

**(vi) *Transactions eliminated on consolidation***

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

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**(b) Foreign currency**

**(i) Foreign currency transactions**

Transactions in currencies other than VND during the period have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the end of the accounting period quoted by the commercial bank where the Company or its subsidiaries most frequently conducts transactions.

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

**(ii) Foreign operations**

The assets and liabilities of foreign operations are translated to VND at exchange rates at the end of the accounting period. The income and expenses of foreign operations are translated to VND at exchange rates at the dates of transactions.

Foreign currency differences arising from the translation of foreign operations are recognised in the consolidated balance sheet under the caption “Foreign exchange differences” in equity.

**(c) 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.

**(d) Investments**

**(i) Held to maturity investments**

Held-to-maturity investments are those that the Group’s management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank, bonds and receivables on lending loans held to maturity. These investments are stated at costs less allowance for doubtful debts.

**(ii) Equity investments in other entity**

Equity investments in other entity are initially recognized at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investment are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the Group’s management before making the investment. The allowance is reversed if the investee subsequently made a profit that

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offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognized.

**(e) Accounts receivable**

Accounts receivable from customers and other receivables are stated at cost less allowance for doubtful debts.

**(f) Inventories**

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

The Group apply the perpetual method of accounting for inventory.

**(g) 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, and the costs of dismantling and removing the asset and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has 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 is capitalized as an additional cost of tangible fixed assets.

Including in the cost of tangible assets of the Group, there are certain costs related to mining properties. They comprise mine rehabilitation assets and fair value of mineral reserves from business combination.

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**(ii) Depreciation**

*Machinery and equipment and fair value of mineral reserves from business combination directly related to mining activities*

Machinery and equipment and fair value of mineral reserves from business combination which are directly related to the mining exploitation activities is depreciated over its mineral reserve on a unit-of-production basis. Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the Group's mining properties.

*Others*

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

▪ mining properties	15 - 20 years
▪ buildings and structures	4 - 30 years
▪ leasehold improvements	3 - 5 years
▪ office equipment	3 - 10 years
▪ machinery and equipment	3 - 25 years
▪ motor vehicles	3 - 10 years

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

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

Depreciation on finance leased assets is computed on a straight-line basis over the estimated useful lives of items of the leased assets which is 5 years.

**(i) Intangible fixed assets**

**(i) Land use rights**

Land use rights comprise:

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

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

**(ii) Software**

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalized and treated as an intangible asset. Software is amortized on a straight-line basis over 4 and 10 years.

**(iii) Brand name**

Cost of acquisition of brand name is capitalized and treated as an intangible asset.

The fair value of brand name acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the brand name being owned. The fair value of brand name acquired in a business combination is recognized as an intangible asset and is amortized on a straight-line basis ranging from 10 to 20 years.

**(iv) Customer relationships**

Customer relationships that are acquired by the Group on the acquisition of subsidiary is capitalized and presented as an intangible asset.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of customer relationship is amortized on a straight line basis ranging from 5 to 20 years.

**(v) Mineral water resources**

Mineral water resources that are acquired by the Group in the acquisition of subsidiary are capitalized and presented as an intangible fixed asset.

The fair values of mineral water resources acquired in a business combination are determined using either the direct comparison method or the multi-period excess earnings method. The direct comparison approach estimates the value of mineral resources by comparing recent asking/transacted price of similar interests located in a similar area. In the multi-period excess earnings method, subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of mineral water resources are amortized on a straight line basis over their useful lives ranging from 10 to 37 years.



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**(vi) Mining rights**

The mining rights is calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with Decree 203/2013/ND/CP dated 28 November 2013 which became effective from 20 January 2014. Cost of mining rights are stated at an amount equal to the present value of mining rights fee and is capitalized and treated as an intangible asset. Amortization of mining rights fees is computed on a straight-line basis over the period of the economic life of the mine reserves.

In accordance with Decree 158/2016/ND-CP dated 29 November 2016 (“Decree 158/2016”) which became effective from 15 January 2017, mining rights is calculated based on the remaining exploitable reserves and the price to calculate the charge for granting mining rights which is defined under the prices to calculate the resource royalty in accordance with the law on resource royalty at the time of determining the charge for granting mining rights. The Ministry of Natural Resources and Environment (“MONRE”) provided guidelines for the conversion method to determine the charge for granting mining rights in circular 38/2017/TT-BTNMT dated 16 October 2017 in accordance with Decree 158/2016. However, up to date, there are no valid price of resource royalty applicable to specific polymetallic ore resource of the Company’s subsidiary, hence no basis for reliable estimates to be made.

**(vii) Technology**

Technology that are acquired by the Group in the acquisition of subsidiary are capitalized and presented as an intangible fixed asset.

The fair value of technology acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of technology is amortized on a straight line basis over their useful lives ranging over 5 years.

**(viii) Mineral water resources exploitation rights**

Expenditure on obtaining exploitation rights for mineral water resources is capitalized and treated as an intangible asset. Amortization is computed on a straight-line basis over their useful lives ranging from 9 to 30 years.

**(j) Construction in progress**

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



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Mineral assets under development comprise mineral reserve and related development costs acquired in a business combination and subsequent development expenditure. These assets are qualified for capitalisation when the mineral reserve to which they relate is proven to be commercially and technically viable. They are initially recognized at their fair values as part of business combination accounting and subsequent development expenditures are capitalized net of proceeds from the sale of ore extracted during the development phase. On completion of development, defined as the time when saleable materials begin to be extracted from the mine, all assets are reclassified to either “machinery or equipment” or “mining properties” in tangible fixed assets or in long-term prepaid expenses.

**(k) Long-term prepayments**

**(i) Mining properties**

In accordance with the letter No. 12727/BTC-TCDN dated 14 September 2015 from the Ministry of Finance which provides guidance that mining related costs could be recognized as long-term prepaid expenses under non-current assets.

Other mining costs comprise:

- Exploration, evaluation and development expenditure (including development stripping); and
- Production stripping (as described below in ‘Deferred stripping costs’).

*Deferred stripping costs*

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore body. Stripping costs incurred in the development phase of a mine (development stripping costs) are capitalized as part of the cost of mine under construction. All capitalized development stripping included in assets under construction is transferred to mining properties.

The costs of removal of the waste material during a mine’s production phase (production stripping costs) are deferred where they give rise to future benefits:

- a) It is probable that the future economic benefits will flow to the Group;
- b) The component of the ore body for which access has been improved can be identified; and
- c) The costs incurred can be measured reliably.

Production stripping costs are allocated between the inventory produced and the production stripping asset with reference to the average life of mine strip ratio.

The average life of mine strip ratio represents the ratio of the estimated total volume of waste, to the estimated total quantity of economically recoverable ore, over the life of the mine. These costs are capitalized to the production stripping assets where the current period actual stripping ratio is higher than the average life of mine strip ratio.

The development and production stripping assets are amortized over the life of the proven and probable reserves of the relevant components on a systematic basis.

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**(ii) *Pre-operating expenses***

Pre-operating expenses are recorded in the statement of income, except for establishment costs and expenditures on training, advertising and promotional activities incurred from the incorporation date to the commercial operation date. These expenses are recognized as long-term prepayments, initially stated at cost, and are amortized on a straight line basis over 3 years starting from the date of commercial operation.

**(iii) *Prepaid land costs***

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance providing guidance on management, use and depreciation of fixed assets, and other costs incurred in conjunction with securing the use of leased land. These costs are recognized in the consolidated statement of income on a straight-line basis over the term of the lease from 42 to 50 years.

**(iv) *Land compensation cost***

Land compensation costs comprise costs incurred in conjunction with securing the use of leased land. These costs are recognized in the statement of income on a straight-line basis over the term of the lease of 20 years.

**(v) *Printing axles and tools and supplies***

Printing axles and tools and supplies are initially stated at cost and amortized over their useful lives of 1 to 3 years.

Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under Circular 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets. Cost of tools and instruments are amortized on a straight-line basis not more than 3 years.

**(vi) *Goodwill from equitization***

Goodwill generated from the state-owned enterprise equitization is recognized as long-term prepayments. Goodwill generated from the state-owned enterprise equitization includes brand name value and potential development value. Brand name value is determined on the basis of actual costs incurred for creation and protection of trademarks, trade name in the course of the enterprise's operation for the period of five years before the valuation date (including establishment costs and expenditures on training, advertising and promotional activities incurred to promote and introduce the enterprise and its products and website costs). Potential development value is evaluated on the basis of profitability of the enterprise in the future taking into account the enterprise's profit ratio and interest rates of 5-year

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government bonds. Goodwill generated from the state-owned enterprise equitization is amortized on a straight-line basis over ten years starting from the date of conversion from a state-owned enterprise into a joint stock company (date of first business registration certificate for a joint stock company).

**(l) Goodwill**

Goodwill arises on acquisition of subsidiaries in non-common control acquisition.

Goodwill is measured at cost less accumulated amortization. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (gain from bargain purchase), it is recognized immediately in the consolidated statement of income.

Goodwill arising on acquisition of a subsidiary is amortized on a straight-line basis over 10 years. Carrying value of goodwill arising on acquisition a subsidiary is written down to recoverable amount as management determines that it is not fully recoverable.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and is not amortized.

**(m) Trade and other payables**

Accounts payable to suppliers and other payables are stated at their cost.

**(n) Provisions**

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

**(i) Mining rights**

In accordance with the Law on Minerals No. 60/2010/QH12 dated 17 November 2010 ("Law on Minerals") which became effective from 1 July 2011, a subsidiary of the Company has an obligation to pay the government fees for mining rights grant. The mining rights fees is calculated based on the remaining exploitable reserves and the price to calculate the charge for granting mining rights in accordance with Decree 158/2016 as described in Note 3(i)(vi).

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**(ii) Mine rehabilitation**

The mining, extraction and processing activities of the Group give rise to obligations for site closure or rehabilitation. Closure and rehabilitation works can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of the Ministry of Natural Resources and Environment (“MONRE”) and the Group’s environmental policies based on the Environment Impact Report. The timing of the actual closure and rehabilitation expenditure is dependent on the life and nature of the mine.

When provisions for closure and rehabilitation are initially recognized, the corresponding cost is capitalized as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalized cost of closure and rehabilitation activities is recognized in mining properties and depreciated accordingly. The value of the provision is progressively increased over time as the effect of the discounting unwinds, creating an expense recognized in financial expenses.

Closure and rehabilitation provisions are also adjusted for changes in estimates. These adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in the provision is greater than the under-depreciated capitalized cost of the related assets, in which the capitalized cost is reduced to nil and the remaining adjustment is recognized in the statement of income.

**(iii) Severance allowance**

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 average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group are excluded.

**(o) Bonds issued**

***Straight bonds***

At initial recognition, straight bonds are measured at cost which comprises proceed from issuance net of issuance costs. Any discount, premium or issuance costs are amortized on a straight-line basis over the term of the bond.

**(p) Taxation**

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

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

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

**(q) Equity**

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

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

**(ii) *Other capital***

Agreements to issue a fixed number of shares in the future are recognized based on their fair values at the dates of the agreements under other capital if there are no other settlement alternatives.

**(iii) *Repurchase and reissue of ordinary shares (treasury shares)***

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognized as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within share premium.

**(r) Revenue**

***Goods sold***

Revenue from the sale of goods is recognized in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. For sales of minerals, the sales price is usually determined on a provisional basis at the date revenue recognition and adjustments to the sales price subsequently occurs based on movements in quoted market or contractual prices up to the date of final

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pricing. The period between provisional invoicing and final pricing is typically between 30 and 60 days, but in some cases can be as long as 90 days. Revenue on provisionally priced sales is recognized based on the estimated fair value of the total consideration receivable. In cases where the terms of the executed contractual sales agreement allow for an adjustment to the sales price based on a survey of the goods by the customer, assay results issued by a third party are preferable, unless customer's survey is within executed contractual tolerance, then sales is based on the most recently determined of product specifications.

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue on sales of goods is recognized at the net amount after deducting sales discounts stated on the invoice.

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

**(i) Financial income**

Financial income comprises dividend income, interest income from deposits and loans, foreign exchange gains and realised gains from derivative financial instruments. Dividend income is recognized when the right to receive dividend is established. Interest income is recognized as it accrues in the statement of income.

**(ii) Financial expenses**

Financial expenses comprise interest expenses on borrowings, interest costs, foreign exchange losses and realised losses from derivative financial instruments. Borrowing costs are recognized 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 capitalized as part of the cost of the fixed assets concerned.

**(t) Operating lease payments**

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

**(u) Earnings per share**

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

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**(v) Segment reporting**

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

**(w) Related parties**

Parties are considered to be related to the Group 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, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Related companies refer to the investors and their subsidiaries and associates.

**4. Segment reporting**

The Group has three (3) reportable segments, as described below, which are the Group's strategic businesses. The strategic businesses offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic businesses, the Group's Board of Management reviews internal management reports on a periodic basis.

The Group holds the following business segments through separate subsidiary groups:

- Food and beverage
- Meat value chain: breeding swine, meat processing, animal protein and food manufacturing; and retailing
- Others: mining and processing, financial services



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**(a) Business segments**

	Food and beverage		Meat value chain		Others		Total	
	From 1/1/2018 to 30/9/2018 VND million	From 1/1/2017 to 30/9/2017 VND million	From 1/1/2018 to 30/9/2018 VND million	From 1/1/2017 to 30/9/2017 VND million	From 1/1/2018 to 30/9/2018 VND million	From 1/1/2017 to 30/9/2017 VND million	From 1/1/2018 to 30/9/2018 VND million	From 1/1/2017 to 30/9/2017 VND million
Segment revenue	11,907,010	8,933,900	10,034,825	14,589,605	4,687,900	3,927,801	26,629,735	27,451,306
Segment gross margin	5,257,470	3,825,347	1,534,231	3,212,399	1,551,201	1,200,915	8,342,902	8,238,661
Segment results	2,027,231	821,889	173,033	674,145	1,936,316	1,421,178	4,136,580	2,917,212
Net unallocated income/(expenses)							199,535	(1,451,009)
Net profit							4,336,115	1,466,203

In the Others segment, Segment Revenue and Segment Gross Margin arise from Mining and Related Processing activities. Other than Mining and Related Processing activities, included in Segment Results of the Others segment is Financial Services income from share of profit of Techcombank as disclosed in Note 12.

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	Food and beverage		Meat value chain		Others		Total	
	30/9/2018 VND million	1/1/2018 VND million	30/9/2018 VND million	1/1/2018 VND million	30/9/2018 VND million	1/1/2018 VND million	30/9/2018 VND million	1/1/2018 VND million
Segment assets	12,394,784	13,520,910	13,050,172	13,997,847	38,835,164	34,865,084	64,280,120	62,383,841
Unallocated assets							535,157	1,144,681
<b>Total assets</b>							<b>64,815,277</b>	<b>63,528,522</b>
Segment liabilities	6,087,394	6,537,706	5,556,000	6,093,569	14,607,370	14,005,091	26,250,764	26,636,366
Unallocated liabilities							16,291,682	16,666,961
<b>Total liabilities</b>							<b>42,542,446</b>	<b>43,303,327</b>
	From 1/1/2018 to 30/9/2018 VND million	From 1/1/2017 to 30/9/2017 VND million	From 1/1/2018 to 30/9/2018 VND million	From 1/1/2017 to 30/9/2017 VND million	From 1/1/2018 to 30/9/2018 VND million	From 1/1/2017 to 30/9/2017 VND million	From 1/1/2018 to 30/9/2018 VND million	From 1/1/2017 to 30/9/2017 VND million
Capital expenditure	265,028	397,199	785,579	507,918	837,809	750,867	1,888,416	1,655,984
Unallocated capital expenditure	448,432	429,871	207,821	199,336	846,632	792,961	4,961	204
Depreciation							1,502,885	1,422,168
Unallocated depreciation	223,729	227,282	321,756	313,828	154,664	156,277	1,017	1,377
Amortization							700,149	697,387
Unallocated amortization							33,801	35,075

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**5. Cash and cash equivalents**

	<b>30/9/2018</b>	<b>1/1/2018</b>
	VND million	VND million
Cash on hand	28,352	2,406
Cash in bank	423,414	313,283
Cash in transit	26,851	5,034
Cash equivalents	4,476,169	7,096,388
	<hr/>	<hr/>
	4,954,786	7,417,111
	<hr/>	<hr/>

**6. Accounts receivable**

Other receivables comprised:

	<b>30/9/2018</b>	<b>1/1/2018</b>
	VND million	VND million
<b>Receivables on long-term lending loans</b>		
Receivables from other loan investing activities (*)	-	96,400
	<hr/>	<hr/>
<b>Other short-term receivables</b>		
Accrued interest receivable	41,313	17,112
Advances	4,821	3,803
Short-term deposits	16,603	31,927
Services receivable (**)	142,244	142,244
Others	391,572	669,142
	<hr/>	<hr/>
	596,553	864,228
	<hr/>	<hr/>

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	<b>30/9/2018</b> VND million	<b>1/1/2018</b> VND million
<b>Other long-term receivables</b>		
Long-term deposit	65,319	37,694
Other (***)	1,308,277	1,319,867
	1,373,596	1,357,561

- (\*) The receivables on short-term and long-term lending loans were a result of the Group's cash management operations to maximise its financial interest income on its more liquid assets.
- (\*\*) VND142 billion due from Masan Corporation were unsecured, interest-free and are receivable in demand.
- (\*\*\*) Other represents mainly receivables from the State Treasury for the land compensation cost of the Nui Phao Mining Project at Ha Thuong Commune, Dai Tu District, Thai Nguyen Province. The amount can be net off against the annual land rental fee.

Movement of allowance for doubtful debts during the period was as follows:

	<b>From 1/1/2018 to 30/9/2018</b> VND million	<b>From 1/1/2017 to 30/9/2017</b> VND million
Opening balance	116,647	41,208
Increase in allowance during the period	6,929	19,509
Allowance utilised during the period	(6,856)	(11,408)
Allowance written back during the period	(9,397)	(1,303)
	107,323	48,006

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**7. Inventories**

	<b>30/9/2018</b>	<b>1/1/2018</b>
	VND million	VND million
Goods in transit	224,664	489,062
Raw materials	1,926,239	1,975,130
Tools and supplies	703,703	716,875
Work in progress	259,549	153,612
Finished goods	1,619,098	876,484
Merchandise inventories	20,859	11,802
Goods on consignment	159,476	124,587
	<hr/>	<hr/>
	4,913,588	4,347,552
Allowance for inventories	(11,086)	(14,455)
	<hr/>	<hr/>
	4,902,502	4,333,097
	<hr/>	<hr/>

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

	<b>From 1/1/2018</b>	<b>From 1/1/2017</b>
	<b>to 30/9/2018</b>	<b>to 30/9/2017</b>
	VND million	VND million
Opening balance	14,455	27,165
Increase in allowance during the period	23,340	26,286
Allowance utilised during the period	(24,128)	(27,717)
Allowance written back during the period	(2,581)	(6,991)
	<hr/>	<hr/>
Closing balance	11,086	18,743
	<hr/>	<hr/>

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**8. Tangible fixed assets**

	Buildings and structures VND million	Mining Properties VND million	Leasehold improvements VND million	Office equipment VND million	Machinery and equipment VND million	Motor vehicles VND million	Total VND million
<b>Cost</b>							
Opening balance	7,099,623	5,026,292	84,191	140,658	17,429,923	116,407	29,897,094
Additions	11,533	-	-	2,112	16,717	1,768	32,130
Transfers from construction in progress	359,243	-	-	1,505	356,211	1,767	718,726
Transfers to short-term prepayments	-	-	-	-	(49)	-	(49)
Transfers to long-term prepayments	(2,224)	-	-	-	(283)	-	(2,507)
Disposals/written-off	(2,057)	-	-	(1,026)	(34,209)	(23,968)	(61,260)
Reclassifications	2,359	-	-	-	(2,359)	-	-
Closing balance	7,468,477	5,026,292	84,191	143,249	17,765,951	95,974	30,584,134
<b>Accumulated depreciation</b>							
Opening balance	1,078,138	717,188	46,953	79,406	4,154,155	53,204	6,129,044
Charge for the period	331,335	151,069	8,778	11,601	983,318	14,640	1,500,741
Transfers to long-term prepayments	(226)	-	-	-	(49)	-	(275)
Disposals/written-off	(1,432)	-	-	(1,025)	(18,272)	(21,332)	(42,061)
Reclassifications	79	-	-	-	(79)	-	-
Closing balance	1,407,894	868,257	55,731	89,982	5,119,073	46,512	7,587,449
<b>Net book value</b>							
Opening balance	6,021,485	4,309,104	37,238	61,252	13,275,768	63,203	23,768,050
Closing balance	6,060,583	4,158,035	28,460	53,267	12,646,878	49,462	22,996,685

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**9. Finance lease tangible fixed assets**

	<b>Machinery and equipment VND million</b>
<b>Cost</b>	
Opening balance/closing balance	67,300
<b>Accumulated depreciation</b>	
Opening balance	62,813
Charge for the period	4,487
Closing balance	67,300
<b>Net book value</b>	
Opening balance	4,487
Closing balance	-

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**10. Intangible fixed assets**

	Land use rights VND million	Software VND million	Brand name VND million	Customer relationships VND million	Mineral water resources VND million	Mining rights VND million	Technology VND million	Exploitation rights VND million	Total VND million
<b>Cost</b>									
Opening balance	387,234	449,602	2,413,459	3,074,214	412,698	588,373	669,433	117,945	8,112,958
Additions	-	-	-	-	-	-	-	2,765	2,765
Transfers from construction in progress	-	100	-	-	-	-	-	-	100
Transfers to long-term prepayments	-	(1,070)	-	-	-	-	-	-	(1,070)
Other decrease	-	-	-	-	-	-	-	(46,436)	(46,436)
Closing balance	387,234	448,632	2,413,459	3,074,214	412,698	588,373	669,433	74,274	8,068,317
<b>Accumulated amortization</b>									
Opening balance	46,113	153,008	611,289	714,788	51,463	97,019	368,382	13,899	2,055,961
Amortization for the period	8,381	41,459	113,551	107,878	16,451	22,913	103,607	2,955	417,195
Transfers to long-term prepayments	-	(242)	-	-	-	-	-	-	(242)
Closing balance	54,494	194,225	724,840	822,666	67,914	119,932	471,989	16,854	2,472,914
<b>Net book value</b>									
Opening balance	341,121	296,594	1,802,170	2,359,426	361,235	491,354	301,051	104,046	6,056,997
Closing balance	332,740	254,407	1,688,619	2,251,548	344,784	468,441	197,444	57,420	5,595,403



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**11. Construction in progress**

	<b>From 1/1/2018 to 30/9/2018</b>	<b>From 1/1/2017 to 31/12/2017</b>
	VND million	VND million
Opening balance	1,838,001	2,356,227
Addition during the period	1,609,295	2,016,953
Transfers to tangible fixed assets	(718,726)	(2,333,864)
Transfers to intangible fixed assets	(100)	(121,156)
Transfers to long-term prepayments	(47,594)	(68,100)
Transfers to short-term prepayments	-	(11,319)
Written off	-	(740)
	<hr/>	<hr/>
Closing balance	2,680,876	1,838,001
	<hr/>	<hr/>

**12. Investments**

	<b>30/9/2018</b>	<b>1/1/2018</b>
	VND million	VND million
<b>Long-term financial investments</b>		
Investment in associates (a)	14,844,328	11,321,627
Investments in other entities (c)	21,646	21,646
Held-to-maturity investments (d)	5,900	-
Allowance for diminution in the value of long-term investments	(8,464)	(4,918)
	<hr/>	<hr/>
	14,863,410	11,338,355
	<hr/>	<hr/>
<b>Short-term financial investments (b)</b>	607,148	640,069
	<hr/>	<hr/>

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**(a) Investment in associates**

		30/9/2018		1/1/2018		
	% of equity owned over charter capital	% of voting rights over charter capital	Carrying value at equity accounted VND million	% of equity owned over charter capital	% of voting rights over charter capital	Carrying value at equity accounted VND million
• Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”) (*)	20.0%	20.0%	12,434,243	20.0%	20.0%	8,910,399
• Cholimex Food Joint Stock Company (“Cholimex”) (**)	32.8%	32.8%	249,392	32.8%	32.8%	249,392
• Thuan Phat Packing Joint Stock Company	25.0%	25.0%	8,806	25.0%	25.0%	9,719
• (“Thuan Phat”) (***)						
• Abattoir Long Binh Joint Stock Company	25.0%	25.0%	6,617	25.0%	25.0%	7,252
• (“Abattoir”) (***)						
• Dong Nai Manufacture, Service and Trading Joint Stock Company (“DN Manu”) (***)	21.3%	21.3%	9,780	21.3%	21.3%	9,375
• Vissan Joint Stock Company (“Vissan”) (****)	24.9%	24.9%	2,135,490	24.9%	24.9%	2,135,490
			<u>14,844,328</u>			<u>11,321,627</u>

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Movements of investment in associates during the period were as follows:

	Techcombank VND million	Cholimex VND million	Thuan Phat VND million	Abattoir VND million	DN Manu VND million	Vissan VND million	Total VND million
Opening balance	8,910,399	249,392	9,719	7,252	9,375	2,135,490	11,321,627
Share in post-acquisition profit of associates during the period and deemed of disposal as a result of reissuance treasury share of an associate (*)	3,523,844	5,318	(913)	(35)	676	14,126	3,543,016
Dividends	-	(5,318)	-	(600)	(271)	(14,126)	(20,315)
Closing balance	12,434,243	249,392	8,806	6,617	9,780	2,135,490	14,844,328

(\*) The Group's percentage of equity over charter capital of Techcombank was 20.0% (1/1/2018: 20.0%).

In December 2017, the Group entered into a forward agreement to sell 2,400,000 convertible bonds (equivalent to 52,619,760 shares after the conversion and bonus shares issuance). This transaction will be closed subject to the terms of the agreement.

During the period, Techcombank reissued 172,353,345 treasury shares to shareholders other than the Company and its subsidiaries. Subsequently, the Group has 20% direct equity holding and 1.5% economic interest that is subject to a forward sale agreement (1/1/2018: 25.2%).

(\*\*) MSC holds 32.8% equity interest in Cholimex.

(\*\*\*) Proconco holds 25.0% equity interest in Thuan Phat, 25.0% equity interest in Abattoir and 21.3% equity interest in DN Manu.

(\*\*\*\*) ANCO holds 24.9% equity interest in Vissan.

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**(b) Short-term financial investments**

Short-term financial investments includes term deposits in VND in banks with original terms to maturity of more than three months and less than 12 months from their transaction dates and interest bearing financial investments.

**(c) Equity investments in other entity**

Details of the Group's cost of equity investments in other entity were as follows:

	30/9/2018		1/1/2018		Allowance for diminution in value VND million	Allowance for diminution in value VND million
	% of equity owned	% of voting rights	% of equity owned	% of voting rights		
PTSC Dinh Vu Port Company	5.4%	5.4%	5.4%	5.4%	21,646	(4,918)
					21,646	(4,918)

**(d) Long-term held-to-maturity investments**

Long-term held-to-maturity investments includes term deposits in VND in banks with the remaining term of more than 12 months from balance sheet dates.

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**13. Long-term prepayments**

	Mining properties VND million	Pre-operating expenses VND million	Prepaid land costs VND million	Land compensation costs VND million	Printing axles, tools and supplies VND million	Goodwill from equitization VND million	Others VND million	Total VND million
Opening balance	1,238,694	4,094	413,718	1,081,306	112,274	25,076	115,720	2,990,882
Additions	192,797	-	821	-	16,966	-	10,926	221,510
Transfer from long-term receivable	-	-	-	16,039	-	-	-	16,039
Transfers from tangible fixed assets	-	-	-	-	234	-	1,998	2,232
Transfers from intangible fixed assets	-	-	-	-	828	-	-	828
Transfer (to)/from construction in progress	-	-	(1,384)	-	15,847	-	33,131	47,594
Transfers from short-term prepayment	-	-	-	-	376	-	-	376
Amortization for the period	(60,846)	(4,094)	(5,617)	(51,614)	(54,054)	(2,352)	(53,817)	(232,394)
Foreign exchange translation	-	-	-	-	34	-	-	34
Disposals	-	-	-	-	-	-	(89)	(89)
Reclassifications	-	-	23	-	(25,244)	-	25,221	-
Closing balance	1,370,645	-	407,561	1,045,731	67,261	22,724	133,090	3,047,012

**Masan Group Corporation and its subsidiaries**  
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**14. Goodwill**

	VND million
<b>Cost</b>	
Opening balance/closing balance	1,115,851
<b>Accumulated amortization</b>	
Opening balance	483,830
Amortization for the period	84,361
	568,191
<b>Closing balance</b>	
	568,191
<b>Net book value</b>	
Opening balance	632,021
Closing balance	547,660

**15. Taxes payable to State Treasury**

	30/9/2018 VND million	1/1/2018 VND million
Corporate income tax	285,419	223,576
Value added tax	54,270	75,201
Personal income tax	82,819	51,214
Special consumption tax	8,404	28,963
Other taxes	3,848	6,004
	434,760	384,958
	434,760	384,958

**Masan Group Corporation and its subsidiaries**  
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**16. Accrued expenses**

	<b>30/9/2018</b>	<b>1/1/2018</b>
	VND million	VND million
Accrued interest expense	543,863	575,153
Advertising and promotion expenses	485,980	832,210
Sales discount	277,229	445,458
Transportation expenses	110,357	83,625
Accruals for inventories purchased	162,137	19,961
Accrual for construction work	57,927	73,915
Consultant fee	4,182	5,356
Bonus and 13 <sup>th</sup> month salary	250,735	254,661
Exhibition and market research expenses	48,035	40,237
Natural resources taxes and fees	46,289	145,840
Others	409,178	324,710
	<hr/>	<hr/>
	2,395,912	2,801,126
	<hr/>	<hr/>

**17. Other payables**

	<b>30/9/2018</b>	<b>1/1/2018</b>
	VND million	VND million
<b>Other short-term payables</b>		
Trade union fees, social and health insurance	27,157	16,485
Short-term deposits from customers	5,076	5,352
Dividend payables	5,546	559,400
Others	257,962	222,137
	<hr/>	<hr/>
	295,741	803,374
	<hr/>	<hr/>
<b>Other long-term payables</b>		
Long-term payables	2,002	2,002
Long-term deposits	21,566	24,726
	<hr/>	<hr/>
	23,568	26,728
	<hr/>	<hr/>

**Masan Group Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2018**  
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**18. Short-term borrowings and finance lease liabilities**

	<b>30/9/2018</b> VND million	<b>1/1/2018</b> VND million
Short-term borrowings (a)	6,610,547	7,273,764
Current portion of long-term borrowings (Note 19)	935,341	1,892,509
	<u>7,545,888</u>	<u>9,166,273</u>

**(a) Short-term borrowings**

	<b>30/9/2018</b> VND million	<b>1/1/2018</b> VND million
Bank borrowings:		
VND denominated	5,337,120	5,358,231
USD denominated	1,273,427	1,915,533
	<u>6,610,547</u>	<u>7,273,764</u>

**19. Long-term borrowings and finance lease liabilities**

	<b>30/9/2018</b> VND million	<b>1/1/2018</b> VND million
Long-term borrowings (a)	1,323,179	1,119,903
Secured bonds	26,368,595	26,393,583
Finance lease liabilities	-	9,026
	<u>27,691,774</u>	<u>27,522,512</u>
Repayable within twelve months (Note 18)	(935,341)	(1,892,509)
Repayable after twelve months	<u>26,756,433</u>	<u>25,630,003</u>

**(a) Long-term borrowings**

	<b>30/9/2018</b> VND million	<b>1/1/2018</b> VND million
Bank borrowings:		
VND denominated	506,694	323,478
USD denominated	816,485	796,425
	<u>1,323,179</u>	<u>1,119,903</u>



Masan Group Corporation and its subsidiaries

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20. Changes in owners' equity

	Share capital VND million	Capital surplus VND million	Other capital VND million	Treasury shares VND million	Foreign exchange differences VND million	Undistributed profits VND million	Equity attributable to equity holders of the Group VND million	Non-controlling interest VND million	Total VND million
<b>Balance at 1 January 2017</b>	7,680,757	10,649,796	(9,426,958)	(641,110)	(1,874)	7,015,545	15,276,156	5,036,469	20,312,625
Net profit for the period	-	-	-	-	-	3,102,664	3,102,664	505,026	3,607,690
Issuance of bonus shares	3,794,207	(3,794,207)	-	-	-	-	98,726	-	98,726
Issuance of new shares	98,776	(50)	-	-	-	-	4,305	902	5,207
Currency translation differences	-	-	-	-	4,305	-	-	-	-
Transaction with non-controlling interest in subsidiaries	-	-	-	-	-	2,231,839	2,231,839	666,348	2,898,187
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(820,263)	(820,263)
Purchase of treasury shares	-	-	-	(5,876,977)	-	-	(5,876,977)	-	(5,876,977)
<b>Balance at 31 December 2017</b>	11,573,740	6,855,539	(9,426,958)	(6,518,087)	2,431	12,350,048	14,836,713	5,388,482	20,225,195

**Masan Group Corporation and its subsidiaries**

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	Share capital VND million	Capital surplus VND million	Other capital VND million	Treasury shares VND million	Foreign exchange differences VND million	Undistributed profits VND million	Equity attributable to equity holders of the Group VND million	Non-controlling interest VND million	Total VND million
<b>Balance at 1 January 2018</b>	11,573,740	6,855,539	(9,426,958)	(6,518,087)	2,431	12,350,048	14,836,713	5,388,482	20,225,195
Net profit for the period	-	-	-	-	-	3,778,991	3,778,991	557,124	4,336,115
Issuance of new shares	57,755	(50)	-	-	-	-	57,705	-	57,705
Currency translation differences	-	-	-	-	2,080	-	2,080	500	2,580
Transaction with non-controlling interest in subsidiaries	-	-	-	-	-	(1,055,923)	(1,055,923)	(726,628)	(1,782,551)
Dividend declared by subsidiaries	-	-	-	-	-	-	-	(566,213)	(566,213)
<b>Balance at 30 September 2018</b>	11,631,495	6,855,489	(9,426,958)	(6,518,087)	4,511	15,073,116	17,619,566	4,653,265	22,272,831

**Masan Group Corporation and its subsidiaries**  
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**21. Share capital and capital surplus**

The Company's authorised and issued share capital comprises:

	30/9/2018		1/1/2018	
	Number of shares	VND million	Number of shares	VND million
<b>Authorised share capital</b>	1,163,149,548	11,631,495	1,157,373,974	11,573,740
<b>Issued share capital</b>				
Ordinary shares	1,163,149,548	11,631,495	1,157,373,974	11,573,740
<b>Treasury shares</b>				
Ordinary shares	(109,899,932)	(6,518,087)	(109,899,932)	(6,518,087)
<b>Shares in circulation</b>				
Ordinary shares	1,053,249,616	10,532,496	1,047,474,042	10,474,740
<b>Capital surplus</b>	-	6,855,489	-	6,855,539

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

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

On 2 October 2018 ("Closing Date"), the Company successfully reissued 109,899,932 treasury shares to SK Group at VND100,000 per share with a total consideration of approximately VND11 trillion. And the Company also provided the option to SK Group to require the Company or a party nominated by the Company to acquire all treasury shares sold to SK Group from the fifth year to the sixth year after Closing Date at price VND100,000 per share (to be adjusted accordingly for any share split, share bonus, subdivision, reverse share split, consolidation or similar transaction) in the event that SK Group in its absolute discretion determines that the Company and SK Group fail to materialize the value creation and synergies from this partnership or disagree on the strategic directions of the Company. This option will lapse if SK Group sells any of treasury shares unless agreed otherwise between the Company and SK Group.

Movements in share capital during the period were as follows:

	From 1/1/2018 to 30/9/2018		From 1/1/2017 to 31/12/2017	
	Number of shares	Par value VND million	Number of shares	Par value VND million
Balance at beginning of the period	1,157,373,974	11,573,740	768,075,674	7,680,757
Issuance of new shares	5,775,574	57,755	9,877,600	98,776
Issuance of bonus shares	-	-	379,420,700	3,794,207
Balance at the end of the period	1,163,149,548	11,631,495	1,157,373,974	11,573,740

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**22. Other capital**

Agreements to issue a fixed number of shares in the future are recognized based on their fair values at the dates of the agreements under other capital if there are no other settlement alternatives.

**23. Total revenue**

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

Net sales comprised:

	<b>From 1/1/2018 to 30/9/2018 VND million</b>	<b>From 1/1/2017 to 30/9/2017 VND million</b>
Total revenue		
▪ Sales of finished goods	27,489,511	28,442,352
Less sales deductions		
▪ Sales discounts	832,707	775,392
▪ Sales returns	27,069	215,654
Net sales	26,629,735	27,451,306

**24. Cost of sales**

	<b>From 1/1/2018 to 30/9/2018 VND million</b>	<b>From 1/1/2017 to 30/9/2017 VND million</b>
Total cost of sales		
▪ Finished goods sold	18,266,074	19,193,350
▪ Allowance for inventories	20,759	19,295
	18,286,833	19,212,645

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**25. Financial income**

	<b>From 1/1/2018 to 30/9/2018</b>	<b>From 1/1/2017 to 30/9/2017</b>
	VND million	VND million
Interest income from:		
▪ Deposits	197,725	273,733
▪ Other loan investing activities	3,073	39,667
Foreign exchange gains	40,225	43,418
Gain from deem of disposal as a result of reissuance treasury share of an associate and others	1,517,873	2,749
	1,758,896	359,567

**26. Financial expenses**

	<b>From 1/1/2018 to 30/9/2018</b>	<b>From 1/1/2017 to 30/9/2017</b>
	VND million	VND million
Interest expenses on loans/bonds from:		
▪ Banks	251,052	241,154
▪ Bondholders and others	2,006,484	2,280,997
Foreign exchange losses	81,604	39,132
Other financial expenses	73,691	64,084
	2,412,831	2,625,367

**27. Share of profit in associates**

	<b>From 1/1/2018 to 30/9/2018</b>	<b>From 1/1/2017 to 30/9/2017</b>
	VND million	VND million
Share of profit in associates	1,429,857	1,232,267

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**28. Other income**

	<b>From 1/1/2018 to 30/9/2018</b>	<b>From 1/1/2017 to 30/9/2017</b>
	VND million	VND million
Gain on disposal of fixed assets and long-term assets	5,509	5,528
Others	10,905	6,157
	16,414	11,685

**29. Other expenses**

	<b>From 1/1/2018 to 30/9/2018</b>	<b>From 1/1/2017 to 30/9/2017</b>
	VND million	VND million
Loss from disposal of fixed assets and long-term assets	15,678	2,905
Others	22,584	31,086
	38,262	33,991

**30. Earnings per share**

The calculation of basic earnings per share at 30 September 2018 was based on the profit attributable to ordinary shareholders of VND3,778,991 million (30/9/2017: VND1,212,744 million) of the Group and a weighted average number of ordinary shares outstanding of 1,049,547,325 shares during the period (30/9/2017: 1,153,612,422 shares), calculated as follows:

*(i) Net profit attributable to ordinary shareholders*

	<b>From 1/1/2018 to 30/9/2018</b>	<b>From 1/1/2017 to 30/9/2017</b>
	VND million	VND million
Net profit attributable to ordinary shareholders	3,778,991	1,212,744

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

	<b>From 1/1/2018 to 30/9/2018</b>	<b>From 1/1/2017 to 30/9/2017</b>
Issued ordinary shares at the beginning of the period	1,047,474,042	758,841,464
Effect of bonus shares issued during the period	-	379,420,700
Effect of shares to be issued solely after the passage of time	-	13,685,900
Effect of shares issued for cash	2,073,283	1,664,358
Weighted average number of ordinary shares at the end of the period	1,049,547,325	1,153,612,422

**31. Significant transactions with related parties**

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

<b>Related Party</b>	<b>Nature of transaction</b>	<b>From 1/1/2018 to 30/9/2018 VND million</b>	<b>From 1/1/2017 to 30/9/2017 VND million</b>
<b>Associate</b>			
	Loans received	1,565,547	1,165,949
Techcombank and its subsidiaries	Loans repaid	1,355,618	745,763
	Bond issued	1,800,000	-
	Bond repurchased	885,204	-
	Interest expenses on loans/bonds received	106,527	147,335
<b>Key management personnel</b>	Remuneration to Board of Management (*)	119,814	91,133

As at and for the period ended 30 September 2018 and 30 September 2017, the Group have current, term deposit accounts and agency fee at Techcombank and its subsidiaries at normal trading terms.

(\*) *No board fees were paid to Board of Directors members in the period ended 30 September 2018 and 30 September 2017.*

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**32. Subsequent event**

On 2 October 2018, the Company successfully reissued 109,899,932 treasury shares to SK Group at VND100,000 per share for a total consideration of approximately VND11 trillion.

**33. Explanation of the net profit movement**

The Group net profit after tax during 3Q2018 was VND918 billion compared to VND948 billion during similar period last year. The decrease was mainly due to following reasons:

- Strong performance in higher margin business, MCH, with net revenue was up 27% in 3Q2018 vs 3Q2017; and
- Consolidated selling and general administrative expenses reduced by 259 basis points from 17.7% in 3Q2017 to 15.1% in 3Q2018; offset with:
- Lagging MNS recovery; and
- Lower profit contribution from Techcombank as a result of lower percentage of equity interest.

Prepared by:



Doan Thi My Duyen  
*Chief Accountant*

29 October 2018

Approved by:



The stamp contains the text: CÔNG TY CỔ PHẦN TẬP ĐOÀN MASAN, QUẬN 1 - TP. HỒ CHÍ MINH, and the registration number 303576603-C.T.C.P.

Michael Hung Nguyen  
*Deputy Chief Executive Officer*  
*Chief Financial Officer*

Dr Nguyen Dang Quang  
*Chairman*  
*Chief Executive Officer*



The stamp contains the text: CÔNG TY CỔ PHẦN TẬP ĐOÀN MASAN, QUẬN 1 - TP. HỒ CHÍ MINH, and the registration number 303576603-C.T.C.P.