



Masan Consumer Corporation and its subsidiaries

Consolidated Interim Financial Statements for
the six-month period ended 30 June 2020



**Masan Consumer Corporation
Corporate Information**

**Enterprise Registration
Certificate No.**

0302017440

31 May 2000

The Company's Enterprise Registration Certificate has been amended several times, the most recent of which is dated 15 July 2020. The Enterprise Registration Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City.

Board of Directors

Mr Danny Le

Chairman
(from 30 June 2020)
Member
(until 30 June 2020)

Mr Truong Cong Thang

Chairman
(until 30 June 2020)
Member
(from 30 June 2020)

Dr Nguyen Dang Quang
Ms Nguyen Hoang Yen
Mr Nguyen Thieu Quang

Member
Member
Member

Board of Management

Mr Truong Cong Thang
Ms Nguyen Hoang Yen
Mr Pham Hong Son
Mr Nguyen Anh Nguyen

Chief Executive Officer
Deputy Chief Executive Officer
Deputy Chief Executive Officer
Deputy Chief Executive Officer
(until 12 April 2020)

Registered Office

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

Auditor

KPMG Limited
Vietnam

Masan Consumer Corporation Statement of the Board of Management

The Board of Management of Masan Consumer Corporation (“the Company”) presents this statement and the accompanying consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the six-month period ended 30 June 2020.

The Company’s Board of Management is responsible for the preparation and fair presentation of the consolidated interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting. In the opinion of the Company’s Board of Management:

- (a) the consolidated interim financial statements set out on pages 5 to 69 give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and of its consolidated results of operations and its consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

The Company’s Board of Management has, on the date of this statement, authorised the accompanying consolidated interim financial statements for issue.

On behalf of the Board of Management



Nguyen Hoang Yen
Authorised Representative

Ho Chi Minh City, 12 August 2020



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
+84 (28) 3821 9266 | kpmg.com.vn

INTERIM FINANCIAL INFORMATION REVIEW REPORT

To the Shareholders Masan Consumer Corporation

We have reviewed the accompanying consolidated interim financial statements of Masan Consumer Corporation (“the Company”) and its subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheet as at 30 June 2020, the consolidated statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Management on 12 August 2020, as set out on pages 5 to 69.

Board of Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 – *Review of interim financial information performed by the independent auditor of the entity*.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view, in all material respects, of the consolidated financial position of Masan Consumer Corporation and its subsidiaries as at 30 June 2020 and of their consolidated results of operations and their consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

KPMG Limited's Branch in Ho Chi Minh City
Vietnam
Review Report No.: 20-01-00251-20-2



Truong Vinh Phuc
Practicing Auditor Registration
Certificate No. 1901-2018-007-1
Deputy General Director

Nguyen Thanh Nghi
Practicing Auditor Registration
Certificate No. 0304-2018-007-1

Ho Chi Minh City, 12 August 2020

Masan Consumer Corporation and its subsidiaries
Consolidated balance sheet as at 30 June 2020

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

	Code	Note	30/6/2020 VND	1/1/2020 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		7,461,673,583,636	6,006,835,115,613
Cash and cash equivalents	110	10	1,578,110,225,189	2,191,361,038,968
Cash	111		232,449,525,189	148,761,038,968
Cash equivalents	112		1,345,660,700,000	2,042,600,000,000
Short-term financial investments	120		142,500,000,000	193,304,109,559
Trading securities	121	11(a)	-	150,604,109,559
Held-to-maturity investments	123	11(b)	142,500,000,000	42,700,000,000
Accounts receivable – short-term	130		3,681,212,687,363	2,406,606,412,273
Accounts receivable from customers	131	12	357,303,384,156	350,452,939,057
Prepayments to suppliers	132		125,933,900,645	192,751,825,681
Short-term loans receivable	135	13(a)	1,220,000,000,000	1,805,000,000,000
Other short-term receivables	136	14(a)	1,977,975,402,562	58,401,647,535
Inventories	140	15	1,966,865,737,369	1,168,106,286,708
Inventories	141		1,996,559,790,158	1,213,146,818,871
Allowance for inventories	149		(29,694,052,789)	(45,040,532,163)
Other current assets	150		92,984,933,715	47,457,268,105
Short-term prepaid expenses	151		35,175,428,299	14,508,164,664
Deductible value added tax	152		57,581,728,640	32,721,326,665
Taxes and other receivables from State Treasury	153		227,776,776	227,776,776

The accompanying notes are an integral part of these consolidated interim financial statements

Masan Consumer Corporation and its subsidiaries
Consolidated balance sheet as at 30 June 2020 (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	30/6/2020 VND	1/1/2020 VND
Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)	200		16,888,356,647,240	14,462,772,196,285
Accounts receivable – long-term	210		10,215,737,678,422	8,935,013,933,544
Long-term loans receivable	215	13(b)	8,633,716,876,592	7,655,716,876,592
Other long-term receivables	216	14(b)	1,582,020,801,830	1,279,297,056,952
Fixed assets	220		4,927,593,318,249	4,156,809,070,021
Tangible fixed assets	221	16	3,789,983,836,453	3,306,841,235,689
Cost	222		6,880,722,405,960	6,155,131,133,166
Accumulated depreciation	223		(3,090,738,569,507)	(2,848,289,897,477)
Intangible fixed assets	227	17	1,137,609,481,796	849,967,834,332
Cost	228		2,420,544,589,360	2,059,063,363,496
Accumulated amortisation	229		(1,282,935,107,564)	(1,209,095,529,164)
Investment property	230	18	16,978,748,389	-
Cost	231		18,627,973,918	-
Accumulated depreciation	232		(1,649,225,529)	-
Long-term work in progress	240		581,365,916,581	561,015,382,299
Construction in progress	242	19	581,365,916,581	561,015,382,299
Long-term financial investments	250		249,391,858,906	249,391,858,906
Investment in an associate	252	11(c)	249,391,858,906	249,391,858,906
Other long-term assets	260		897,289,126,693	560,541,951,515
Long-term prepaid expenses	261	20	365,048,351,954	175,226,896,814
Deferred tax assets	262	21	166,318,184,072	167,181,054,605
Goodwill	269	22	365,922,590,667	218,134,000,096
TOTAL ASSETS (270 = 100 + 200)	270		24,350,030,230,876	20,469,607,311,898

The accompanying notes are an integral part of these consolidated interim financial statements

Masan Consumer Corporation and its subsidiaries
Consolidated balance sheet as at 30 June 2020 (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	30/6/2020 VND	1/1/2020 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		9,753,059,031,639	8,062,640,263,873
Current liabilities	310		9,174,688,799,881	7,743,867,535,929
Accounts payable to suppliers – short-term	311	23	923,905,225,672	1,098,800,884,640
Advances from customers	312		54,984,250,353	42,571,451,835
Taxes payable to State Treasury	313	24	601,266,087,675	396,613,184,666
Payables to employees	314		85,340,533,218	444,487,500
Accrued expenses	315	25	1,082,150,464,642	1,050,521,768,150
Other short-term payables	319	26(a)	123,817,664,447	18,906,590,903
Short-term borrowings	320	27(a)	6,272,818,690,516	5,113,137,141,496
Bonus and welfare funds	322		30,405,883,358	22,872,026,739
Long-term liabilities	330		578,370,231,758	318,772,727,944
Accounts payable to suppliers – long-term	331	23	27,667,776,000	31,012,774,000
Other long-term payables	337	26(b)	23,648,246,436	23,977,149,720
Long-term borrowings	338	27(b)	301,952,285,090	126,321,105,544
Deferred tax liabilities	341	21	209,994,613,244	122,925,355,852
Provisions – long-term	342		15,107,310,988	14,536,342,828
EQUITY (400 = 410)	400		14,596,971,199,237	12,406,967,048,025
Owners' equity	410	28	14,596,971,199,237	12,406,967,048,025
Share capital	411	29	7,229,246,040,000	7,229,246,040,000
- Ordinary shares with voting rights	411a		7,229,246,040,000	7,229,246,040,000
Share premium	412	29	3,555,999,144,992	3,555,999,144,992
Other capital	414		(265,775,657,006)	(265,775,657,006)
Treasury shares	415	29	(1,640,252,631,255)	(1,640,252,631,255)
Foreign exchange differences	417		8,743,373,200	13,597,433,276
Investment and development fund	418		22,731,972,844	22,731,972,844
Undistributed profits after tax	421		5,069,011,973,567	3,244,394,137,086
- Undistributed profits after tax brought forward	421a		3,244,394,137,086	-
- Undistributed profit after tax for the current period/prior year	421b		1,824,617,836,481	3,244,394,137,086
Non-controlling interests	429		617,266,982,895	247,026,608,088
TOTAL RESOURCES (440 = 300 + 400)	440		24,350,030,230,876	20,469,607,311,898

Prepared by: 
Phan Thi Thuy Hoa
Chief Accountant

12 August 2020

Huynh Viet Thang
Chief Financial Officer

Approved by: 

Nguyen Hoang Yen
Authorized Representative

The accompanying notes are an integral part of these consolidated interim financial statements

Masan Consumer Corporation and its subsidiaries

Consolidated statement of income for the six-month period ended 30 June 2020

Form B 02a – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	Six-month period ended	
			30/6/2020 VND	30/6/2019 VND
Revenue from sale of goods and provision of services	01	32	10,384,063,266,210	8,090,207,146,279
Revenue deductions	02	32	354,907,116,473	279,808,975,204
Net revenue (10 = 01 - 02)	10	32	10,029,156,149,737	7,810,398,171,075
Cost of sales	11	33	5,904,019,248,894	4,532,316,446,895
Gross profit (20 = 10 - 11)	20		4,125,136,900,843	3,278,081,724,180
Financial income	21	34	382,593,554,934	293,847,130,287
Financial expenses	22	35	172,688,024,593	113,823,852,845
<i>In which: Interest expense</i>	23		<i>156,537,057,961</i>	<i>110,681,489,695</i>
Share of profit in an associate	24		-	7,977,651,000
Selling expenses	25	36	1,737,076,454,658	1,339,446,854,727
General and administration expenses	26	37	409,517,541,566	366,515,391,848
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		2,188,448,434,960	1,760,120,406,047
Other income	31		775,815,287	101,681,186
Other expenses	32		2,087,250,608	11,314,862,366
Results of other activities (40 = 31 - 32)	40		(1,311,435,321)	(11,213,181,180)
Accounting profit before tax (50 = 30 + 40)	50		2,187,136,999,639	1,748,907,224,867
Income tax expense – current	51	38	328,915,965,809	140,413,258,707
Income tax benefit – deferred	52	38	(9,239,354,021)	(1,114,350,405)
Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)	60		1,867,460,387,851	1,609,608,316,565

The accompanying notes are an integral part of these consolidated interim financial statements

Masan Consumer Corporation and its subsidiaries


Consolidated statement of income for the six-month period ended 30 June 2020 (continued)

Form B 02a – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Six-month period ended	
			30/6/2020 VND	30/6/2019 VND
Net profit after tax (brought forward from previous page)	60		1,867,460,387,851	1,609,608,316,565
Attributable to:				
Equity holders of the Company	61		1,834,353,410,525	1,595,066,907,697
Non-controlling interests	62		33,106,977,326	14,541,408,868
	Code	Note	Six-month period ended	
			30/6/2020 VND	30/6/2019 VND (as restated)
Earnings per share				
Basic earnings per share	70	39	2,602	2,274

12 August 2020

Prepared by: 

Phan Thi Thuy Hoa
Chief Accountant

Approved by: 

Huynh Viet Thang
Chief Financial Officer

Nguyen Hoang Yen
Authorised Representative



The accompanying notes are an integral part of these consolidated interim financial statements

Masan Consumer Corporation and its subsidiaries
Consolidated statement of cash flows for the six-month period ended 30 June 2020
(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	Six-month period ended	
		30/6/2020 VND	30/6/2019 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	2,187,136,999,639	1,748,907,224,867
Adjustments for			
Depreciation and amortisation	02	379,509,955,934	343,972,098,883
Allowances and provisions	03	20,793,285,122	15,623,895,009
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04	(2,966,416,415)	385,326,777
Losses on disposals and written-off of fixed assets	05	638,348,899	10,853,344,961
Interest income from investing activities	05	(372,362,815,305)	(290,733,937,214)
Share of profit in an associate	05	-	(7,977,651,000)
Interest expense and other financial costs	06	156,652,807,960	110,681,489,695
Operating profit before changes in working capital	08	2,369,402,165,834	1,931,711,791,978
Change in receivables and other assets	09	6,666,902,682	41,816,150,696
Change in inventories	10	(692,663,574,120)	(201,717,242,999)
Change in payables and other liabilities	11	(123,775,061,600)	(329,416,621,122)
Change in prepaid expenses	12	(3,528,542,380)	(20,873,229,537)
Change in trading securities	13	150,604,109,559	-
		1,706,705,999,975	1,421,520,849,016
Interest and other financial costs paid	14	(153,350,946,792)	(105,254,393,996)
Corporate income tax paid	15	(218,902,509,160)	(181,877,214,696)
Other payments for operating activities	17	(464,615,666)	(88,500,000)
Net cash flows from operating activities	20	1,333,987,928,357	1,134,300,740,324

The accompanying notes are an integral part of these consolidated interim financial statements

Masan Consumer Corporation and its subsidiaries
Consolidated statement of cash flows for the six-month period ended 30 June 2020
(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	Six-month period ended	
		30/6/2020 VND	30/6/2019 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(464,085,493,065)	(603,680,405,275)
Proceeds from disposals of fixed assets	22	325,698,993	20,375,895,830
Payments for granting loans	23	(3,988,000,000,000)	(400,000,000,000)
Receipts from collecting loans	24	3,595,000,000,000	-
Placement of term deposits to banks and other investments	23	(2,777,500,000,000)	(4,200,000,000)
Withdrawal of term deposits from banks and other investments	24	841,200,000,000	251,200,000,000
Acquisition of subsidiary, net of cash acquired	25	(511,583,019,206)	-
Payments for acquisition of non-controlling interests in a subsidiary	25	(12,782,187,900)	-
Receipts of interest and distributed profits	27	67,415,346,738	53,321,571,019
Net cash flows from investing activities	30	(3,250,009,654,440)	(682,982,938,426)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings	33	11,262,620,771,019	7,524,440,136,677
Payments to settle loan principals to banks	34	(9,951,405,822,816)	(7,250,115,859,390)
Payments of dividends	36	(2,470,884,900)	(128,783,716,500)
Net cash flows from financing activities	40	1,308,744,063,303	145,540,560,787

The accompanying notes are an integral part of these consolidated interim financial statements

Masan Consumer Corporation and its subsidiaries
Consolidated statement of cash flows for the six-month period ended 30 June 2020
(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	Six-month period ended	
		30/6/2020 VND	30/6/2019 VND
Net cash flows during the period (50 = 20 + 30 + 40)	50	(607,277,662,780)	596,858,362,685
Cash and cash equivalents at the beginning of the period	60	2,191,361,038,968	1,669,119,982,526
Effect of exchange rate fluctuations on cash and cash equivalents	61	824,902,114	273,693,189
Currency translation differences	61	(6,798,053,113)	2,916,814,358
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	1,578,110,225,189	2,269,168,852,758

12 August 2020

Prepared by:



Phan Thi Thuy Hoa
 Chief Accountant

Approved by:



Huynh Viet Thang
 Chief Financial Officer



Nguyen Hoang Yen
 Authorised Representative

The accompanying notes are an integral part of these consolidated interim financial statements

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2020

Form B 09a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

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

1. Reporting entity

(a) Ownership structure

Masan Consumer Corporation (“the Company”) is a joint stock company incorporated in Vietnam. The consolidated interim financial statements for the six-month period ended 30 June 2020 comprise the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interest in an associate.

(b) Principal activities

The principal activities of the Company are to trade in food products; trade in non-alcoholic, drinks mineral water; trade in home care products; advise and execute trade promotion activities and provide architectural and related technical consultancy and services under Enterprise Registration Certificate No. 0302017440 issued by the Department of Planning and Investment of Ho Chi Minh City (“DPI”) on 31 May 2000 and its amendments.

(c) Normal operating cycle

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



Masan Consumer Corporation and its subsidiaries**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2020 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***(d) Group's structure**

As at 30 June 2020, the Company has 4 directly owned subsidiaries, 15 indirectly owned subsidiaries and 1 associate (1/1/2020: 4 directly owned subsidiaries, 14 indirectly owned subsidiaries and 1 associate). Information of the subsidiaries and an associate are described as follows:

No.	Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
				30/6/2020	1/1/2020	30/6/2020	1/1/2020
Directly owned subsidiaries							
1	Masan Food Company Limited	Trading and distribution	12 th Floor, MPlaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.	100%	100%	100%	100%
2	Masan Beverage Company Limited	Trading and distribution	12 th Floor, MPlaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.	100%	100%	100%	100%
3	Masan Consumer (Thailand) Limited	Trading and distribution	No. 83, 4 th Floor, Amnuay Songkhram Road, Tanon Nakornchaisri Sub-District, Dusit District, Bangkok, Thailand.	99.99%	99.99%	99.99%	99.99%
4	Masan HPC Company Limited	Trading and distribution	12 th Floor, MPlaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.	100%	100%	100%	100%
Indirectly owned subsidiaries							
1	Masan Industrial One Member Company Limited	(i) Seasonings, convenience food manufacturing and packaging	Lot 6, Tan Dong Hiep A Industrial Park, Tan Dong Hiep Ward, Di An City, Binh Duong Province, Vietnam.	100%	100%	100%	100%

Masan Consumer Corporation and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2020 (continued)

Form B 09a – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

No.	Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
				30/6/2020	1/1/2020	30/6/2020	1/1/2020
2	Viet Tien Food Technology One Member Company Limited	(i) Seasonings manufacturing	Lot III-10, Street No. 1, Industrial Group III, Tan Binh Industrial Park, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City, Vietnam.	100%	100%	100%	100%
3	Masan PQ Corporation	(i) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam.	99.99%	99.99%	99.99%	99.99%
4	Masan Long An Company Limited	(i) Seasonings, convenience food manufacturing and packaging	Hamlet 2, Thanh Hoa Commune, Ben Luc District, Long An Province, Vietnam.	100%	100%	100%	100%
5	Masan HD One Member Company Limited	(i) Convenience food manufacturing	Lot 22, Dai An Industrial Park, Tu Minh Ward, Hai Duong City, Hai Duong Province, Vietnam.	100%	100%	100%	100%
6	Masan MB One Member Company Limited	(i) Seasonings, convenience food manufacturing and packaging	Area B, Nam Cam Industrial Park – Dong Nam Nghe An Economic Zone, Nghi Loc District, Nghe An Province, Vietnam.	100%	100%	100%	100%
7	Masan HG One Member Company Limited	(i) Seasonings, convenience food manufacturing and packaging	Song Hau Industrial Park, Dong Phu Ward, Chau Thanh District, Hau Giang Province, Vietnam.	100%	100%	100%	100%
8	Masan JinJu Joint Stock Company	(i) Convenience food manufacturing and trading	Factory F5, Lot 6, Tan Dong Hiep A Industrial Park, Tan Dong Hiep Ward, Di An City, Binh Duong Province, Vietnam.	74.99%	74.99%	74.99%	74.99%

Masan Consumer Corporation and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2020 (continued)

Form B 09a – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

No.	Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
				30/6/2020	1/1/2020	30/6/2020	1/1/2020
9	Nam Ngu Phu Quoc One Member Company Limited	(i) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam.	100%	100%	100%	100%
10	VinaCafé Bien Hoa Joint Stock Company	(ii) Beverage manufacturing and trading	Bien Hoa Industrial Park I, Bien Hoa City, Dong Nai Province, Vietnam.	98.72%	98.49%	98.72%	98.49%
11	Vinh Hao Mineral Water Corporation	(ii) Beverage manufacturing and trading and packaging	Vinh Son Hamlet, Vinh Hao Commune, Tuy Phong District, Binh Thuan Province, Vietnam.	88.56%	88.56%	88.56%	88.56%
12	KronFa., JSC	(iii) Beverage manufacturing	Km 37, Highway 27, Tan Son Town, Ninh Son District, Ninh Thuan Province, Vietnam.	88.55%	88.55%	99.99%	99.99%
13	Quang Ninh Mineral Water Corporation	(ii) Beverage manufacturing and trading	No. 3A, Area 4, Suoi Mo, Bai Chay Ward, Ha Long City, Quang Ninh Province, Vietnam.	65.85%	65.85%	65.85%	65.85%
14	Café De Nam Joint Stock Company	(iv) Beverage manufacturing and trading	Lot C I.III-3+5+7, Long Thanh Industrial Park, Tam An Commune, Long Thanh District, Dong Nai Province, Vietnam.	83.91%	83.72%	85%	85%
15	Net Detergent Joint Stock Company	(v) Home care products manufacturing and trading	D4 Street, Loc An – Binh Son Industrial Zone, Binh Son Commune, Long Thanh District, Dong Nai Province, Vietnam.	52.25%	-	52.25%	-

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No.	Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
				30/6/2020	1/1/2020	30/6/2020	1/1/2020
An associate							
1	Cholimex Food Joint Stock Company	(i) Seasonings manufacturing and trading	Lot C40 – 43/I, Street No. 7, Vinh Loc Industrial Park, Binh Chanh District, Ho Chi Minh City, Vietnam.	32.83%	32.83%	32.83%	32.83%

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- (i) These subsidiaries and an associate are indirectly owned by the Company through Masan Food Company Limited.
- (ii) These subsidiaries are indirectly owned by the Company through Masan Beverage Company Limited.
- (iii) KronFa., JSC is indirectly owned by the Company through Vinh Hao Mineral Water Corporation.
- (iv) Café De Nam Joint Stock Company is indirectly owned by the Company through VinaCafé Bien Hoa Joint Stock Company.
- (v) Net Detergent Joint Stock Company is indirectly owned by the Company through Masan HPC Company Limited.

MTH is incorporated in Thailand. Other subsidiaries and the associate are incorporated in Vietnam.

As at 30 June 2020, the Group had 5,377 employees (1/1/2020: 4,596 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December. These consolidated interim financial statements are prepared for the six-month period ended 30 June 2020.

(d) Accounting and presentation currency

The Company's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statements presentation purposes.

(e) Corresponding figures

The corresponding figures as at 1 January 2020 were brought forward from the audited figures as at 31 December 2019.

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3. Summary of significant accounting policies

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

The accounting policies that have been adopted by the Group in the preparation of these consolidated interim financial statements are consistent with those adopted in the preparation of the latest consolidated annual financial statements.

(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Non-controlling interests

Non-controlling interests (“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 shareholders. Prior to 1 January 2015, 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 other capital under equity. From 1 January 2015, as a result of the adoption of Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance (“Circular 202”), such difference is recorded directly in undistributed profits after tax under equity.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of income. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the separate interim financial statements adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

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(iv) Associates (equity accounted investees)

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

(v) Transactions eliminated on consolidation

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

(vi) Business combinations under common control

Business combination where the same group of shareholders ("the Controlling Shareholders") control the combining companies before and after the business combination meets the definition of business combination under common control because there is a continuation of the risks and benefits to the Controlling Shareholders. Such common control business combination is specifically excluded from the scope of Vietnamese Accounting Standard No. 11 – *Business Combination* and in selecting its accounting policies with respect to such transaction, the Group has considered Vietnamese Accounting Standard No. 01 – *Framework* and Vietnamese Accounting Standard No. 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. Prior to 1 January 2015, any difference between the cost of acquisition and net assets value acquired is treated as a deemed distribution to or contribution from shareholders and recorded directly in other capital under equity. From 1 January 2015, as a result of the adoption of Circular 202, such difference is recorded in undistributed profits after tax under equity.

The consolidated statement of income and consolidated statement of cash flows 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 periods presented, for the period from the date of incorporation to the end of the relevant reporting periods.

(vii) Business combinations under non-common control

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 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, the Group takes into consideration potential voting rights that currently are exercisable.

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Under the purchase method, the assets and liabilities of the acquired entity are consolidated using their fair values. Cost of business combination consists of the aggregate fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, and transaction costs. Goodwill represents the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity. When the excess is negative, it is recognised immediately in the 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 business combination, such as professional fees paid to accountants, legal advisers, valuers and other consultants to effect the business combination. Transaction costs are capitalised into the cost of business combination. General administrative costs and other costs that cannot be directly attributed to the particular business combination being accounted for are not included in the cost of the business combination, they are recognised as an expense when incurred.

(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 average of the account transfer buying rates and selling rates at the end of the accounting period quoted by the commercial bank where the Company or its subsidiaries most frequently conduct transactions.

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

(ii) Foreign operations

All assets and liabilities of foreign operations are translated to VND at the average of the account transfer buying rates and selling rates at the end of the accounting period quoted by the commercial bank where the Company most frequently conducts transactions. Capital is translated to VND at historical exchange rate. Accumulated losses are derived from the translated net loss from which they were appropriated. Revenues, income and expenses, and cash flows during the period are translated to VND at the exchange rates which approximate actual exchange rates ruling on the date of transactions.

Foreign currency differences arising from the translation of foreign operation's financial statements to VND 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 amounts 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.

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(d) Investments

(i) Trading securities

Trading securities are bonds held by the Group for trading purpose i.e. purchased for resale with the aim of making profits over a short period of time. Trading securities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at cost less interest income for the period before investment acquisition date and allowance for diminution in value. An allowance is made for diminution in value of trading securities if market price of the securities item falls below their carrying amount. The allowance is reversed if the market price subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(ii) Held-to-maturity investments

Held-to-maturity investments are those that the Board of Management of the Company and its subsidiaries have the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks. These investments are stated at costs less allowance for doubtful debts.

(e) Accounts receivable from customers and other receivables

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 direct selling expenses.

The Group applies the perpetual method of accounting for inventories.

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(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 for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the period in which the cost is 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 capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

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

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

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

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

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

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(ii) Software

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

(iii) Exploitation rights for mineral water resources

Expenditure on obtaining exploitation rights for mineral water resources is capitalised and treated as an intangible fixed asset. Amortisation is computed on a straight-line basis over their useful lives ranging from 4 years to 30 years.

(iv) Brand name

Cost of acquiring a brand name is capitalised and treated as an intangible fixed asset and is amortised on a straight-line basis over 10 years.

The fair value of brand name that is acquired by the Group on the acquisition of a subsidiary is recognised as an intangible fixed asset and amortised on a straight-line basis over their useful lives ranging from 10 years to 30 years. The fair value of brand name acquired in a business combination is determined based on the discounted estimated royalty payments that have been avoided as a result of the brand name being owned.

(v) Customer relationships

The fair value of customer relationships that is acquired by the Group on the acquisition of a subsidiary is capitalised and treated as an intangible fixed 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 relationships is amortised on a straight-line basis over their useful lives ranging from 5 years to 15 years.

(vi) Mineral water resources

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

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(i) Investment property held to earn rental

(i) Cost

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its buildings, infrastructures and any directly attributable expenditures of bringing the property to the condition necessary for it to be capable of operating in the manner intended by the Board of Management of the Company's subsidiary. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repair and maintenance cost, is charged to the consolidated statement of income in the period in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property

(ii) Depreciation

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

- building 20 – 25 years
- infrastructures 5 – 20 years

(j) Construction in progress

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

(k) Long-term prepaid expenses

(i) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the land use rights certificate was obtained but are not qualified as intangible fixed assets under prevailing regulation and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the terms of the leases from 42 years to 50 years.

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(ii) Goodwill from equitisation

Goodwill arising from equitisation of the state-owned enterprise is recognised as long-term prepaid expenses. Goodwill arising from equitisation of the state-owned enterprise 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 government bonds. Goodwill arising from equitisation of the state-owned enterprise is amortised on a straight-line basis over 10 years starting from the date of transformation from a state-owned enterprise into a joint stock company (date of business registration certificate to transform to joint stock company).

(iii) Tools and supplies

Tools and supplies also include assets held for use by the Group 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 prevailing regulation. Cost of those assets is amortised on a straight-line basis over a period ranging from 2 years to 3 years.

(l) Goodwill

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

Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over 10 years. Carrying value of goodwill arising on acquisition of 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 amortised.

(m) Accounts payable to suppliers and other payables

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

(n) Provisions

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

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Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the end of the 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) Equity

(i) Share capital and share premium

Ordinary shares are classified as equity. Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issuance of shares, net of tax effects. Such costs are recognised as a deduction from share premium. The excess of proceeds from issuance of shares over the par value of shares issued is recorded as share premium.

(ii) Other capital

Equity movements resulted from common control business combination and acquisition of/disposal to non-controlling interests for the period before 1 January 2015 that do not result in a loss of control are recorded in other capital under equity.

(iii) Treasury shares

When issued ordinary shares are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised 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.

(p) Taxation

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

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the end of the accounting period, 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 amounts of assets and liabilities using tax rates enacted or substantively enacted at the end of the accounting period.

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A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference 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) Revenue

(i) Sale of goods

Revenue from sale of goods is recognised in the consolidated 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. Revenue from sale of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

(ii) Rental income

Rental income from leased property is recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(r) Financial income and financial expenses

(i) Financial income

Financial income mainly comprises interest income from deposits at banks, interest income from loans and other investing activities and foreign exchange gains.

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

(ii) Financial expenses

Financial expenses mainly comprise interest expense on borrowings from banks, foreign exchange losses and other financial expenses.

Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

(s) Operating lease payments

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

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(t) Earnings per share

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

The consolidated profit or loss attributable to ordinary shareholders of the Company is determined after deducting any amounts appropriated to bonus and welfare funds for the period.

(u) 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 segment. The Group’s primary format and secondary format for segment reporting are based on business segments and geographical segments, respectively.

Segment results, assets and liabilities include items attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise cash and cash equivalents and related income, investments and related income, loans and borrowings and related expenses, the Company’s headquarters corporate assets, general and administration expenses, income tax assets and liabilities and expenses, and items that are attributable to more than one segment and cannot reasonably be allocated to a segment.

(v) 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.

4. Seasonality of operations

Total revenue of the Group typically increases in the fourth quarter of each year as distributors prepare for an anticipated increase in consumer demand in the months leading up to the Tet (Lunar New Year) holidays, which occur in the first quarter of each year. Accordingly, the Group typically increases the production of seasonings, convenience food and non-alcoholic drinks products and also increases advertising and promotional efforts in the fourth quarter of each year during the period leading to the festive season.

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5. Changes in accounting estimates

In preparing these consolidated interim financial statements, the Board of Management has made several accounting estimates. Actual results may differ from these estimates. There were no significant changes in accounting estimates compared to those made in the most recent consolidated annual financial statements or those made in the same interim period of the prior year.

6. Changes in composition of the Group

During the period, Masan HPC Company Limited, a subsidiary of the Company, has acquired a subsidiary named Net Detergent Joint Stock Company. Please see Note 8 for further information.

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The Group classified its business segments into four main business segments which are food, beverage, home care products and others. Food segment includes seasonings and convenience food. Others segment includes warehouse rental and others.

For the six-month period ended 30 June 2020	Food (*) VND	Beverage (*) VND	Home care products (*) VND	Others VND	Consolidated VND
Total segment revenue – net	7,119,125,939,601	2,395,280,539,265	508,841,867,844	5,907,803,027	10,029,156,149,737
Segment gross profit	2,893,295,627,040	1,102,351,597,368	127,229,886,449	2,259,789,986	4,125,136,900,843
Segment results	1,718,457,486,560	468,724,501,873	42,150,278,354	2,259,789,986	2,231,592,056,773
Unallocated general and administration expenses					(253,049,152,154)
Financial income					382,593,554,934
Financial expenses					(172,688,024,593)
Net operating profit					2,188,448,434,960
Other income					775,815,287
Other expenses					(2,087,250,608)
Income tax expense					(319,676,611,788)
Net profit after tax					1,867,460,387,851

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For the six-month period ended 30 June 2019	Food (*) VND	Beverage (*) VND	Home care products VND	Others VND	Consolidated VND
Total segment revenue – net	5,489,109,747,027	2,316,146,245,513	-	5,142,178,535	7,810,398,171,075
Segment gross profit	2,273,529,289,819	1,003,720,089,695	-	832,344,666	3,278,081,724,180
Segment results	1,381,934,846,328	424,736,651,147	-	832,344,666	1,807,503,842,141
Unallocated general and administration expenses					(227,406,713,536)
Financial income					293,847,130,287
Financial expenses					(113,823,852,845)
Net operating profit					1,760,120,406,047
Other income					101,681,186
Other expenses					(11,314,862,366)
Income tax expense					(139,298,908,302)
Net profit after tax					1,609,608,316,565

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

Unallocated expenses represent general and administration expenses which the Company's Board of Management assesses cannot be allocated to each segment on a reasonable basis. These expenses are incurred at the corporate level.

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- (*) The segment results of the Food, Beverage and Home care products included amortisation of goodwill amounting to VND40,683 million (for the six-month period ended 30 June 2019: VND34,400 million), amortisation of fair values of intangible fixed assets and long-term prepaid expenses arisen in business combinations amounting to VND54,573 million (for the six-month period ended 30 June 2019: VND49,690 million), depreciation of fair values uplift of tangible fixed assets arisen in business combinations amounting to VND1,812 million (for the six-month period ended 30 June 2019: VND1,152 million) and depreciation of fair values uplift of investment property arisen in business combinations amounting to VND1,142 million (for the six-month period ended 30 June 2019: nil) during the period.

As at 30 June 2020	Food VND	Beverage VND	Home care products VND	Consolidated VND
Segment assets	4,967,468,587,738	2,587,843,961,515	1,134,666,979,907	8,689,979,529,160
Unallocated assets				15,660,050,701,716
Total assets				24,350,030,230,876
Segment liabilities	1,144,191,308,262	491,430,638,092	276,479,058,776	1,912,101,005,130
Unallocated liabilities				7,840,958,026,509
Total liabilities				9,753,059,031,639
For the six-month period ended 30 June 2020				
Capital expenditure	433,224,746,818	31,722,173,657	3,430,111,470	468,377,031,945
Unallocated capital expenditure				5,384,849,381
Depreciation of tangible fixed assets and investment property	180,251,891,848	69,371,481,734	8,780,098,413	258,403,471,995
Unallocated depreciation of tangible fixed assets and investment property				6,584,150,889
Amortisation of intangible fixed assets, goodwill and long-term prepaid expenses	23,732,146,840	85,791,049,178	11,993,162,227	121,516,358,245
Unallocated amortisation of intangible fixed assets and long-term prepaid expenses				18,348,554,351

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	Food VND	Beverage VND	Home care products VND	Consolidated VND
As at 1 January 2020				
Segment assets	4,083,749,822,511	2,296,906,092,277	-	6,380,655,914,788
Unallocated assets				14,088,951,397,110
Total assets				<u>20,469,607,311,898</u>
Segment liabilities	1,251,917,157,075	578,553,540,514	-	1,830,470,697,589
Unallocated liabilities				6,232,169,566,284
Total liabilities				<u>8,062,640,263,873</u>
For the six-month period ended 30 June 2019				
Capital expenditure	410,077,898,442	200,332,502,638	-	610,410,401,080
Unallocated capital expenditure				5,304,963,003
Depreciation of tangible fixed assets	167,215,820,209	65,900,422,343	-	233,116,242,552
Unallocated depreciation of tangible fixed assets				6,630,513,747
Amortisation of intangible fixed assets, goodwill and long-term prepaid expenses	18,843,376,367	85,916,921,322	-	104,760,297,689
Unallocated amortisation of intangible fixed assets and long-term prepaid expenses				20,163,563,731

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Details of unallocated assets and unallocated liabilities are as follows:

	30/6/2020 VND	1/1/2020 VND
Cash and cash equivalents	1,578,110,225,189	2,191,361,038,968
Short-term financial investments	142,500,000,000	193,304,109,559
Accounts receivable – short-term, net	3,338,241,968,608	2,279,713,485,812
Inventories	63,196,786,230	18,913,241,302
Other current assets	25,261,728,609	8,375,246,768
Accounts receivable – long-term, net	10,215,737,678,422	8,935,013,933,544
Fixed assets	120,060,015,715	143,392,635,606
Construction in progress	5,065,794,765	148,438,022,492
Other long-term assets	171,876,504,178	170,439,683,059
Unallocated assets	15,660,050,701,716	14,088,951,397,110
Accounts payable to suppliers – short-term	133,900,273,667	111,738,903,670
Advances from customers	41,382,206,135	40,813,457,140
Taxes payable to State Treasury	407,532,771,327	314,538,912,925
Payables to employees	30,905,533,208	6,994,718
Accrued expenses	336,658,550,047	393,178,617,202
Other short-term payables	105,813,103,275	9,509,077,737
Short-term borrowings	6,272,818,690,516	5,113,137,141,496
Long-term borrowings	301,952,285,090	126,321,105,544
Deferred tax liabilities	209,994,613,244	122,925,355,852
Unallocated liabilities	7,840,958,026,509	6,232,169,566,284

(b) Geographical segments

The Group operates in Vietnam and Thailand. The Thailand business is currently immaterial to the Group.

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8. Business combination

In February 2020, Masan HPC Company Limited acquired 52.25% equity interest of Net Detergent Joint Stock Company for a total consideration of VND565,077 million including transaction costs. For the period from the acquisition date to 30 June 2020, the acquired business contributed revenue of VND520,708 million and profit of VND51,284 million to the Group's results.

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

	Pre-business combination carrying amounts VND	Fair value adjustments VND	Recognised value on business combination VND
Cash and cash equivalents	53,493,753,066	-	53,493,753,066
Held-to-maturity investments	63,500,000,000	-	63,500,000,000
Accounts receivable – short-term	48,238,103,297	-	48,238,103,297
Inventories	126,318,193,503	-	126,318,193,503
Other current assets	2,928,354,540	-	2,928,354,540
Tangible fixed assets – net	259,269,536,771	39,554,375,568	298,823,912,339
Intangible fixed assets – net	182,791,671	360,954,434,193	361,137,225,864
Investment property – net	11,774,005,829	6,853,968,089	18,627,973,918
Construction in progress	157,600,000	-	157,600,000
Long-term prepaid expenses	46,808,941,258	78,494,631,880	125,303,573,138
Accounts payable to suppliers	(195,753,332,340)	-	(195,753,332,340)
Short-term borrowings	(23,649,116,960)	-	(23,649,116,960)
Other current liabilities	(61,108,357,044)	-	(61,108,357,044)
Other long-term liabilities	(100,000,000)	-	(100,000,000)
Deferred tax liabilities	-	(97,171,481,946)	(97,171,481,946)
Total net identifiable assets from business combination	332,060,473,591	388,685,927,784	720,746,401,375
Share of net assets from business combination			376,605,427,051
Goodwill on business combination (Note 22)			188,471,345,221
Total consideration			565,076,772,272
Cash acquired			53,493,753,066
Net cash outflow			511,583,019,206

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

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9. Transaction with non-controlling interests

In June 2020, Masan Beverage Company Limited (“MSB”), a subsidiary of the Company, successfully acquired an additional 59,700 shares of VinaCafé Bien Hoa Joint Stock Company (“VCF”) for a total consideration of VND12,782 million. As a result of this transaction, the Company’s equity interests in VCF increased from 98.49% to 98.72%.

The transactions with non-controlling interests have the following effects:

	VND
Consideration paid in cash	12,782,187,900
Proportionate carrying amount of net assets acquired	(3,998,647,868)
	8,783,540,032
Difference recorded in undistributed profits after tax (Note 28)	8,783,540,032

10. Cash and cash equivalents

	30/6/2020	1/1/2020
	VND	VND
Cash on hand	1,544,590,528	879,088,937
Cash at banks	230,904,934,661	147,881,950,031
Cash equivalents	1,345,660,700,000	2,042,600,000,000
	1,578,110,225,189	2,191,361,038,968
	1,578,110,225,189	2,191,361,038,968

Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transaction dates.

11. Financial investments

	30/6/2020	1/1/2020
	VND	VND
Short-term financial investments		
Trading securities (a)	-	150,604,109,559
Held-to-maturity investments (b)	142,500,000,000	42,700,000,000
	142,500,000,000	193,304,109,559
	142,500,000,000	193,304,109,559
Long-term financial investments		
Investment in an associate (c)	249,391,858,906	249,391,858,906
	249,391,858,906	249,391,858,906

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(a) Trading securities

	30/6/2020				1/1/2020			
	Quantity	Cost VND	Fair value VND	Allowance for diminution in value VND	Quantity	Cost VND	Fair value VND	Allowance for diminution in value VND
Bonds	-	-	-	-	15,000	150,604,109,559	(*)	-

(*) The Group has not determined the fair value of the trading securities for disclosure in the consolidated interim financial statements because there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair value of the trading securities may differ from its carrying amounts.

(b) Held-to-maturity investments

	30/6/2020 VND	1/1/2020 VND
Term deposits at banks	142,500,000,000	42,700,000,000

Held-to-maturity investments – short-term represented term deposits at banks with remaining terms to maturity of twelve months or less from the end of the accounting period.

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(c) Investment in an associate

	30/6/2020		1/1/2020			
	Number of shares	% of equity owned and % of voting rights	Carrying value under equity method VND	Number of shares	% of equity owned and % of voting rights	Carrying value under equity method VND
Cholimex Food Joint Stock Company	2,659,217	32.83%	249,391,858,906	2,659,217	32.83%	249,391,858,906

The Group has not determined the fair value of the equity investment in an associate for disclosure in the consolidated interim financial statements because there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair value of the equity investment may differ from its carrying amount.

During the period, the Group does not have any significant transactions with Cholimex Food Joint Stock Company (“CLX”). Please see Note 1(d) for principal activities of CLX.

Movements of carrying value of investment in an associate of the Group during the period were as follows:

	Six-month period ended	
	30/6/2020 VND	30/6/2019 VND
Carrying value of investment in an associate at the beginning of the period	249,391,858,906	249,391,858,906
Share of post-acquisition profit in an associate during the period	-	7,977,651,000
Post-acquisition dividends receivable from an associate	-	(7,977,651,000)
Carrying value of investment in an associate at the end of the period	249,391,858,906	249,391,858,906

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12. Accounts receivable from customers

	30/6/2020 VND	1/1/2020 VND
Receivable from third parties	195,937,804,403	223,128,886,576
Receivable from related parties	161,365,579,753	127,324,052,481
	<hr/>	<hr/>
	357,303,384,156	350,452,939,057
	<hr/>	<hr/>

Please see Note 40 for balances between the Group and the related parties. The trade related amounts due from related parties were unsecured, interest free and are receivable within 30 – 180 days from invoice date.

13. Loans receivable

(a) Short-term loans receivable

	30/6/2020 VND	1/1/2020 VND
Short-term loans receivable from a related party	20,000,000,000	605,000,000,000
Long-term loans receivable within 12 months	1,200,000,000,000	1,200,000,000,000
	<hr/>	<hr/>
	1,220,000,000,000	1,805,000,000,000
	<hr/>	<hr/>

The short-term loans receivable from a related party were unsecured and earned interest at 6.5% per annum as at 30 June 2020 (1/1/2020: 6.5% per annum). These loans mature on 30 December 2020. Interest is receivable on the maturity date of loan agreements.

(b) Long-term loans receivable

	30/6/2020 VND	1/1/2020 VND
Long-term loans receivable from a related party	9,833,716,876,592	8,855,716,876,592
Receivable within 12 months	(1,200,000,000,000)	(1,200,000,000,000)
	<hr/>	<hr/>
	8,633,716,876,592	7,655,716,876,592
	<hr/>	<hr/>

The long-term loans receivable were unsecured and earned interest at 6.5% per annum as at 30 June 2020 (1/1/2020: 6.5% per annum). These loans mature on 31 December 2022. Interest is receivable on the maturity date of loan agreements.

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14. Other receivables

(a) Other short-term receivables

	30/6/2020	1/1/2020
	VND	VND
Non-trade amounts due from related parties		
▪ Accrued interest receivable (*)	539,589,041	215,479,452
▪ Other receivables (**)	22,223,360,277	7,974,881,347
Accrued interest receivable from deposits at banks	4,404,638,567	4,732,801,372
Short-term deposits (***)	1,926,753,608,340	23,161,263,440
Others	24,054,206,337	22,317,221,924
	<hr/>	<hr/>
	1,977,975,402,562	58,401,647,535
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(b) Other long-term receivables

	30/6/2020	1/1/2020
	VND	VND
Accrued interest receivable from a related party (*)	1,571,892,566,044	1,266,117,523,166
Long-term deposits	10,128,235,786	13,179,533,786
	<hr/>	<hr/>
	1,582,020,801,830	1,279,297,056,952
	<hr/>	<hr/>

(*) This represented interest income receivable from loans provided to a related party. Please see Notes 13 and 40 for further information.

(**) Other receivables from related parties were unsecured, interest free and are receivable on demand.

(***) Included in short-term deposits as at 30 June 2020 was VND1,900,000 million (1/1/2020: nil) of deposits paid to a third party for the investments in business cooperation contracts.

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15. Inventories

	30/6/2020		1/1/2020	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	49,461,203,953	-	39,200,952,879	-
Raw materials	1,037,908,511,474	(5,562,398,641)	514,490,943,045	(9,278,563,393)
Tools and supplies	81,772,897,635	(16,692,553,044)	84,034,742,534	(22,655,998,920)
Work in progress	104,436,019,621	-	89,589,748,640	-
Finished goods	659,411,219,932	(7,439,101,104)	459,594,578,664	(13,105,969,850)
Merchandise inventories	61,863,514,373	-	26,235,853,109	-
Goods on consignment	1,706,423,170	-	-	-
	1,996,559,790,158	(29,694,052,789)	1,213,146,818,871	(45,040,532,163)

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

	Six-month period ended	
	30/6/2020 VND	30/6/2019 VND
Opening balance	45,040,532,163	47,778,319,380
Increase in allowance during the period	23,239,478,510	19,275,503,655
Allowance utilised during the period	(35,568,796,336)	(21,370,608,616)
Written back	(3,017,161,548)	(2,747,350,705)
Closing balance	29,694,052,789	42,935,863,714

Included in inventories of the Group as at 30 June 2020 was VND29,694 million (1/1/2020: VND45,041 million) of slow-moving inventories.

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16. Tangible fixed assets

	Buildings VND	Leasehold improvements VND	Office equipment VND	Machinery and equipment VND	Motor vehicles VND	Total VND
Cost						
Opening balance	1,622,742,662,400	59,609,724,541	82,304,143,029	4,373,999,079,308	16,475,523,888	6,155,131,133,166
Increase from business combination (Note 8)	218,191,553,855	-	302,864,588	76,073,002,694	4,256,491,202	298,823,912,339
Additions during the period	-	-	61,000,000	2,436,100,031	213,000,000	2,710,100,031
Transfer from construction in progress	42,567,934,558	-	6,816,749,989	395,971,444,379	583,238,049	445,939,366,975
Transfer to long-term prepaid expenses	-	-	-	(30,000,000)	-	(30,000,000)
Disposals	(872,887,563)	-	(2,312,567,909)	(16,885,335,422)	-	(20,070,790,894)
Written off	(1,670,815,657)	-	-	(110,500,000)	-	(1,781,315,657)
Closing balance	1,880,958,447,593	59,609,724,541	87,172,189,697	4,831,453,790,990	21,528,253,139	6,880,722,405,960
Accumulated depreciation						
Opening balance	453,203,732,186	47,657,987,297	50,825,146,607	2,285,860,431,023	10,742,600,364	2,848,289,897,477
Charge for the period	47,336,844,350	5,225,854,536	4,169,114,555	205,439,589,162	1,166,994,752	263,338,397,355
Transfer to long-term prepaid expenses	-	-	-	(1,666,666)	-	(1,666,666)
Disposals	(872,887,563)	-	(2,124,242,909)	(16,109,612,530)	-	(19,106,743,002)
Written off	(1,670,815,657)	-	-	(110,500,000)	-	(1,781,315,657)
Closing balance	497,996,873,316	52,883,841,833	52,870,018,253	2,475,078,240,989	11,909,595,116	3,090,738,569,507
Net book value						
Opening balance	1,169,538,930,214	11,951,737,244	31,478,996,422	2,088,138,648,285	5,732,923,524	3,306,841,235,689
Closing balance	1,382,961,574,277	6,725,882,708	34,302,171,444	2,356,375,550,001	9,618,658,023	3,789,983,836,453

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Included in tangible fixed assets of the Group were assets costing VND1,011,540 million which were fully depreciated as of 30 June 2020 (1/1/2020: VND941,930 million), but which are still in active use.

As at 30 June 2020 and 1 January 2020, certain of the Group's tangible fixed assets were pledged with banks as security for loans granted to the Group.

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17. Intangible fixed assets

	Land use rights VND	Software VND	Exploitation rights for mineral water resources VND	Brand name VND	Customer relationships VND	Mineral water resources VND	Total VND
Cost							
Opening balance	119,085,818,402	292,685,995,963	72,124,057,348	758,354,816,571	404,114,911,701	412,697,763,511	2,059,063,363,496
Increase from business combination (Note 8)	-	182,791,671	-	341,271,580,044	19,682,854,149	-	361,137,225,864
Transfer from construction in progress	-	344,000,000	-	-	-	-	344,000,000
Closing balance	119,085,818,402	293,212,787,634	72,124,057,348	1,099,626,396,615	423,797,765,850	412,697,763,511	2,420,544,589,360
Accumulated amortisation							
Opening balance	37,324,294,661	167,537,498,795	20,685,174,066	519,014,479,437	369,201,626,821	95,332,455,384	1,209,095,529,164
Charge for the period	1,865,440,704	17,608,752,372	1,652,893,108	37,238,340,698	4,506,817,380	10,967,334,138	73,839,578,400
Closing balance	39,189,735,365	185,146,251,167	22,338,067,174	556,252,820,135	373,708,444,201	106,299,789,522	1,282,935,107,564
Net book value							
Opening balance	81,761,523,741	125,148,497,168	51,438,883,282	239,340,337,134	34,913,284,880	317,365,308,127	849,967,834,332
Closing balance	79,896,083,037	108,066,536,467	49,785,990,174	543,373,576,480	50,089,321,649	306,397,973,989	1,137,609,481,796

Included in intangible fixed assets of the Group were assets costing VND13,844 million which were fully amortised as of 30 June 2020 (1/1/2020: VND13,093 million), but which are still in active use.

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18. Investment property

	Building VND	Infrastructure VND	Total VND
Cost			
Opening balance	-	-	-
Increase from business combination (Note 8)	18,016,283,093	611,690,825	18,627,973,918
Closing balance	18,016,283,093	611,690,825	18,627,973,918
Accumulated depreciation			
Opening balance	-	-	-
Charge for the period	1,619,718,280	29,507,249	1,649,225,529
Closing balance	1,619,718,280	29,507,249	1,649,225,529
Net book value			
Opening balance	-	-	-
Closing balance	16,396,564,813	582,183,576	16,978,748,389

The fair value of investment property held to earn rental has not been determined as there was no recent market transaction for similar property in the same location as the Group's investment property.

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19. Construction in progress

	Six-month period ended 30/6/2020 VND
Opening balance	561,015,382,299
Increase from business combination (Note 8)	157,600,000
Additions during the period	546,672,639,671
Transfer to tangible fixed assets	(445,939,366,975)
Transfer to intangible fixed assets	(344,000,000)
Transfer to long-term prepaid expenses	(80,196,338,414)
	581,365,916,581
Closing balance	581,365,916,581

Major constructions in progress were as follows:

	30/6/2020 VND	1/1/2020 VND
Buildings	277,863,828,034	163,696,599,205
Machinery and equipment	293,463,655,830	393,877,289,405
Software	1,267,002,850	-
Others	8,771,429,867	3,441,493,689
	581,365,916,581	561,015,382,299
	581,365,916,581	561,015,382,299

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20. Long-term prepaid expenses

	Prepaid land costs VND	Goodwill from equitisation VND	Tools and supplies VND	Total VND
Opening balance	81,476,843,768	18,806,226,924	74,943,826,122	175,226,896,814
Increase from business combination (Note 8)	123,703,379,518	-	1,600,193,620	125,303,573,138
Additions during the period	-	-	9,676,388,261	9,676,388,261
Transfer from construction in progress	67,120,648,340	-	13,075,690,074	80,196,338,414
Transfer from tangible fixed assets	-	-	28,333,334	28,333,334
Amortisation for the period	(2,313,255,351)	(1,567,185,576)	(21,462,138,619)	(25,342,579,546)
Disposals	-	-	(37,688,831)	(37,688,831)
Currency translation differences	-	-	(2,909,630)	(2,909,630)
Closing balance	269,987,616,275	17,239,041,348	77,821,694,331	365,048,351,954

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21. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

	30/6/2020		1/1/2020	
	Deferred tax assets VND	Deferred tax liabilities VND	Deferred tax assets VND	Deferred tax liabilities VND
Accrued advertising and promotion expenses	68,309,297,056	-	78,071,356,273	-
Accrued logistic expense	19,036,322,847	-	20,249,218,279	-
Accrued sales discounts	15,991,660,520	-	15,300,614,186	-
Other accruals	40,857,202,360	-	32,633,676,221	-
Unrealised profits	22,123,701,289	-	20,926,189,646	-
Investment property	-	(1,142,328,015)	-	-
Tangible fixed assets	-	(9,264,334,359)	-	(1,715,720,897)
Intangible fixed assets	-	(199,587,950,870)	-	(121,209,634,955)
	166,318,184,072	(209,994,613,244)	167,181,054,605	(122,925,355,852)

22. Goodwill

	Six-month period ended 30/6/2020 VND
Cost	
Opening balance	693,961,414,227
Additions (Note 8)	188,471,345,221
Closing balance	882,432,759,448
Accumulated amortisation	
Opening balance	475,827,414,131
Charge for the period	40,682,754,650
Closing balance	516,510,168,781
Net book value	
Opening balance	218,134,000,096
Closing balance	365,922,590,667

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23. Accounts payable to suppliers

	30/6/2020 Cost/Amount within payment capacity VND	1/1/2020 Cost/Amount within payment capacity VND
Payable to third parties	942,231,873,486	1,129,556,509,153
Payable to related parties	9,341,128,186	257,149,487
	951,573,001,672	1,129,813,658,640
In which:		
- Short-term	923,905,225,672	1,098,800,884,640
- Long-term	27,667,776,000	31,012,774,000
	951,573,001,672	1,129,813,658,640

Please see Note 40 for balances between the Group and the related parties. The trade related amounts due to related parties were unsecured, interest free and are payable within 90 days from invoice date.

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24. Taxes payable to State Treasury

	1/1/2020 VND	Increase from business combination VND	Incurred VND	Paid VND	Deducted/Refunded VND	30/6/2020 VND
Value added tax	128,721,942,644	259,443,804	1,843,425,769,776	(227,276,813,965)	(1,525,408,333,379)	219,722,008,880
Import-export tax	-	-	28,241,651,154	(28,241,651,154)	-	-
Corporate income tax	261,235,952,132	2,815,564,977	328,915,965,809	(218,902,509,160)	-	374,064,973,758
Personal income tax	5,046,998,080	132,248,232	62,235,669,505	(59,269,646,316)	(2,241,519,934)	5,903,749,567
Other taxes	1,608,291,810	-	75,577,500,236	(75,610,436,576)	-	1,575,355,470
	396,613,184,666	3,207,257,013	2,338,396,556,480	(609,301,057,171)	(1,527,649,853,313)	601,266,087,675

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25. Accrued expenses

	30/6/2020	1/1/2020
	VND	VND
Advertising and promotion expenses	385,631,402,629	399,744,128,894
Purchases not yet received invoices	147,857,381,056	106,831,303,129
Bonus and 13 th month salary	134,958,508,754	191,561,147,482
Logistic expense	102,594,179,512	102,587,946,588
Sales discounts	79,958,302,600	76,503,070,931
Exhibition expense	38,211,693,825	26,709,655,659
Construction in progress	32,914,179,949	29,390,765,712
Accrued interest expense	28,372,255,460	23,039,377,277
Accrued information and technology expenses	27,658,080,137	19,670,592,138
Market research expense	8,213,605,750	8,829,022,402
Others	95,780,874,970	65,654,757,938
	<hr/>	<hr/>
	1,082,150,464,642	1,050,521,768,150
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26. Other payables

(a) Other short-term payables

	30/6/2020	1/1/2020
	VND	VND
Obligation to issue shares	93,460,700,000	-
Trade union fee, social, health and unemployment insurances	10,637,497,516	9,795,063,144
Dividends payable	4,621,642,400	4,953,578,500
Short-term deposits received	1,943,998,300	691,442,500
Others	13,153,826,231	3,466,506,759
	<hr/>	<hr/>
	123,817,664,447	18,906,590,903
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(b) Other long-term payables

	30/6/2020	1/1/2020
	VND	VND
Long-term deposits received	23,648,246,436	23,977,149,720
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27. Borrowings

(a) Short-term borrowings

	1/1/2020		Increase from business combination VND	Movements during the period			30/6/2020	
	Carrying amount VND	Amount within repayment capacity VND		Addition VND	Decrease VND	Revaluation VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	5,109,181,099,998	5,109,181,099,998	23,649,116,960	11,076,744,903,111	(9,951,405,822,816)	448,663,403	6,258,617,960,656	6,258,617,960,656
Current portion of long-term borrowings	3,956,041,498	3,956,041,498	-	10,244,688,362	-	-	14,200,729,860	14,200,729,860
	5,113,137,141,496	5,113,137,141,496	23,649,116,960	11,086,989,591,473	(9,951,405,822,816)	448,663,403	6,272,818,690,516	6,272,818,690,516

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

	Currency	Annual interest rate	30/6/2020 VND	1/1/2020 VND
Short-term borrowings				
▪ Secured bank loans	VND	6.20%	42,076,590,808	253,381,310,075
▪ Unsecured bank loans	VND	4.00% - 6.20%	5,623,569,580,973	4,837,845,787,523
▪ Unsecured bank loans	USD	2.10% - 4.98%	592,971,788,875	17,954,002,400
			6,258,617,960,656	5,109,181,099,998

As at 30 June 2020 and 1 January 2020, the secured bank loans – short-term in VND of the Group were guaranteed by the Company.

(b) Long-term borrowings

	30/6/2020 VND	1/1/2020 VND
Long-term borrowings	316,153,014,950	130,277,147,042
Repayable within 12 months	(14,200,729,860)	(3,956,041,498)
	301,952,285,090	126,321,105,544

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

	Currency	Annual interest rate	Year of maturity	30/6/2020 VND	1/1/2020 VND
Long-term borrowings					
▪ Secured bank loans	VND	5.80% - 8.00%	2024	316,153,014,950	130,277,147,042

The secured bank loans – long-term of the Group were secured over fixed assets of the Group with the carrying amount of VND117,170 million (1/1/2020: VND114,055 million).

As at 30 June 2020 and 1 January 2020, the secured bank loans – long-term of the Group were also guaranteed by the Company.

During the period, the Group complied with the loan covenants on the above borrowings.

As at 30 June 2020 and 1 January 2020, the Group does not have any overdue borrowings including principle and interest.

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28. Changes in owners' equity

	Share capital VND	Share premium VND	Other capital VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Undistributed profits after tax VND	Non-controlling interests ("NCP") VND	Total VND
Balance as at 1 January 2019	6,279,291,230,000	4,292,501,204,992	(265,775,657,006)	(1,640,252,631,255)	5,398,307,899	22,731,972,844	1,962,584,222,892	224,733,821,437	10,881,212,471,803
Net profit for the period	-	-	-	-	-	-	1,595,066,907,697	14,541,408,868	1,609,608,316,565
Dividends	-	-	-	-	-	-	(2,744,681,053,500)	-	(2,744,681,053,500)
Currency translation differences	-	-	-	-	3,979,961,088	-	-	5,589	3,979,966,677
Balance as at 30 June 2019	6,279,291,230,000	4,292,501,204,992	(265,775,657,006)	(1,640,252,631,255)	9,378,268,987	22,731,972,844	812,970,077,089	239,275,235,894	9,750,119,701,545



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	Share capital VND	Share premium VND	Other capital VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Undistributed profits after tax VND	Non-controlling interests (“NCI”) VND	Total VND
Balance as at 1 January 2020	7,229,246,040,000	3,555,999,144,992	(265,775,657,006)	(1,640,252,631,255)	13,597,433,276	22,731,972,844	3,244,394,137,086	247,026,608,088	12,406,967,048,025
Net profit for the period	-	-	-	-	-	-	1,834,353,410,525	33,106,977,326	1,867,460,387,851
Business combination (Note 8)	-	-	-	-	-	-	-	344,140,974,324	344,140,974,324
Dividends declared by a subsidiary	-	-	-	-	-	-	-	(2,138,948,800)	(2,138,948,800)
Appropriation to bonus and welfare funds	-	-	-	-	-	-	(952,034,012)	(869,965,988)	(1,822,000,000)
Transaction with NCI (Note 9)	-	-	-	-	-	-	(8,783,540,032)	(3,998,647,868)	(12,782,187,900)
Currency translation differences	-	-	-	-	(4,854,060,076)	-	-	(14,187)	(4,854,074,263)
Balance as at 30 June 2020	7,229,246,040,000	3,555,999,144,992	(265,775,657,006)	(1,640,252,631,255)	8,743,373,200	22,731,972,844	5,069,011,973,567	617,266,982,895	14,596,971,199,237

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29. Share capital, treasury shares and share premium

The Company's authorised and issued share capital are as follows:

	30/6/2020		1/1/2020	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	722,924,604	7,229,246,040,000	722,924,604	7,229,246,040,000
Treasury shares				
Ordinary shares	18,000,000	1,640,252,631,255	18,000,000	1,640,252,631,255
Shares currently in circulation				
Ordinary shares	704,924,604	7,049,246,040,000	704,924,604	7,049,246,040,000
Share premium		3,555,999,144,992		3,555,999,144,992

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. All rights of shares bought back by the Company are suspended until those shares are reissued.

Share premium represents the excess of the proceeds on issuance of shares over their par value.

There were no movements of shares currently in circulation during the period.

30. Dividends

The Annual General Meeting of Shareholders of the Company on 30 June 2020 resolved to distribute dividends by cash amounting to VND3,172,161 million. The dividend payable will be accrued upon the approval of Board of Directors and the list of shareholders entitled is determined. On 27 July 2020, the Company announced the date of finalising the list of shareholders to entitle for dividends which is on 11 August 2020.

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31. Off balance sheet items

(a) Lease commitments

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

	30/6/2020	1/1/2020
	VND	VND
Within 1 year	69,977,294,352	88,334,758,722
Within 2 to 5 years	62,152,283,995	57,287,781,876
More than 5 years	6,034,982,736	7,213,800,997
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	138,164,561,083	152,836,341,595
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(b) Foreign currencies

	30/6/2020		1/1/2020	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	560,000	12,950,546,750	1,808,028	41,783,522,492
THB	150,767,097	109,456,912,815	64,860,758	48,775,425,240
		<hr/>		<hr/>
		122,407,459,565		90,558,947,732
		<hr/>		<hr/>

(c) Capital expenditure commitments

The Group had the following outstanding capital commitments approved but not provided for in the consolidated balance sheet:

	30/6/2020	1/1/2020
	VND	VND
Approved and contracted	357,302,415,181	320,148,956,940
Approved but not contracted	1,503,907,183,699	512,013,807,783
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	1,861,209,598,880	832,162,764,723
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32. Revenue from sale of goods and provision of services

Total revenue represents the gross value of goods sold and other sales exclusive of value added tax.

Net revenue comprised of:

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Total revenue		
▪ Sale of goods	10,353,619,381,915	8,075,764,814,989
▪ Other sales	30,443,884,295	14,442,331,290
	<hr/>	<hr/>
	10,384,063,266,210	8,090,207,146,279
Less revenue deductions		
▪ Sales discounts	324,577,259,928	248,407,474,593
▪ Sales returns	30,329,856,545	31,401,500,611
	<hr/>	<hr/>
	354,907,116,473	279,808,975,204
Net revenue	<hr/>	<hr/>
	10,029,156,149,737	7,810,398,171,075
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33. Cost of sales

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Total cost of sales		
▪ Goods sold	5,831,281,825,391	4,505,735,068,112
▪ Other cost of goods sold	52,515,106,541	10,053,225,833
▪ Allowance for inventories	20,222,316,962	16,528,152,950
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	5,904,019,248,894	4,532,316,446,895
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34. Financial income

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Interest income from loans provided to a related party	310,973,262,056	245,159,120,694
Interest income from deposits at banks and other investments	61,389,553,249	45,574,816,520
Foreign exchange gains	10,230,739,629	3,113,193,073
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	382,593,554,934	293,847,130,287
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35. Financial expenses

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Interest expense on borrowings from banks	156,537,057,961	110,681,489,695
Foreign exchange losses	8,062,468,565	2,855,537,706
Borrowing costs	115,749,999	-
Others	7,972,748,068	286,825,444
	<hr/>	<hr/>
	172,688,024,593	113,823,852,845
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36. Selling expenses

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Advertising and promotion expenses	1,036,649,574,085	703,474,351,649
Logistic expense	328,288,369,061	297,079,307,421
Staff costs	222,503,907,503	195,455,958,180
Exhibition expense	84,990,144,959	81,918,855,623
Leased line system and information technology services	26,692,528,024	20,824,336,482
Marketing research expense	17,045,818,086	27,704,311,241
Others	20,906,112,940	12,989,734,131
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	1,737,076,454,658	1,339,446,854,727
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37. General and administration expenses

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Staff costs	163,421,284,387	155,323,521,914
Amortisation of fair value uplift of fixed assets and investment property arising in business combination	57,526,871,372	50,841,878,628
Amortisation of goodwill	40,682,754,650	34,400,376,474
Leased line system and information technology services	40,919,582,395	33,727,709,626
Office rental	30,111,601,202	29,500,008,606
Depreciation and amortisation of fixed assets	24,703,231,826	23,292,419,247
Research and development expenses	13,773,290,624	13,189,976,688
Others	38,378,925,110	26,239,500,665
	409,517,541,566	366,515,391,848

38. Income tax

(a) Recognised in the consolidated statement of income

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Current tax expense		
Current period	328,931,291,068	196,763,240,328
Over provision in prior periods	(15,325,259)	(56,349,981,621)
	328,915,965,809	140,413,258,707
Deferred tax benefit		
Origination and reversal of temporary differences	(9,239,354,021)	(1,114,350,405)
	319,676,611,788	139,298,908,302

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(b) Reconciliation of effective tax rate

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Accounting profit before tax	2,187,136,999,639	1,748,907,224,867
Tax at the Company's income tax rate	437,427,399,928	349,781,444,973
Effect of incentive tax rates in subsidiaries	(126,495,236,355)	(162,677,064,277)
Effect of share of profit in an associate	-	(1,595,530,200)
Non-deductible expenses	3,371,220,846	1,621,883,198
Over provision in prior periods	(15,325,259)	(56,349,981,621)
Effect of amortisation of goodwill	8,136,550,930	6,880,075,295
Unrecognised deferred tax assets	(2,747,998,302)	1,638,080,934
	319,676,611,788	139,298,908,302

Deferred tax assets have not been recognised in some subsidiaries because it is not probable that future taxable profit will be available against which the subsidiaries can utilise the benefits therefrom.

(c) Applicable tax rates

The Company has an obligation to pay corporate income tax to the government at corporate income tax rate of 20%.

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

(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 audit 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. The Board of Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation, including transfer pricing requirements and computation of corporate income tax. However, the relevant authorities may have differing interpretations and the effects could be significant.

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39. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2020 was based on the profit attributable to ordinary shareholders of the Company after deducting the amounts appropriated to bonus and welfare funds for the period, of VND1,834,353 million (for the six-month period ended 30 June 2019: VND1,595,067 million) and a weighted average number of ordinary shares outstanding of 704,924,604 shares (for the six-month period ended 30 June 2019: 701,417,883 shares), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Net profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare funds	1,834,353,410,525	1,595,066,907,697

(ii) Weighted average number of ordinary shares

	Six-month period ended	
	30/6/2020	30/6/2019
		(as restated)
Issued ordinary shares at the beginning of the period – currently in circulation	704,924,604	609,929,123
Effect of bonus shares issued during the period	-	91,488,760
Weighted average number of ordinary shares during the period – currently in circulation	704,924,604	701,417,883

Issued ordinary shares at the beginning of 2019 have been adjusted to reflect the bonus shares issued in August 2019. Basic earnings per share for the six-month period ended 30 June 2019 have also been restated accordingly to reflect these bonus shares.

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(iii) Basic earnings per share

	Six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
		(as restated)
Basic earnings per share	2,602	2,274

(b) Diluted earnings per share

As at 30 June 2020 and 1 January 2020, the Company did not have potential ordinary shares, therefore the presentation of diluted earnings per share is not applicable.

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40. Significant transactions and balances with related parties

During the period and as at the period ended, the Group has the following significant transactions and balances with its related parties:

Relationship	Nature of transactions	Transaction value		Receivable/(payable) as at	
		30/6/2020 VND	30/6/2019 VND	30/6/2020 VND	1/1/2020 VND
Parent company					
Masan Consumer Holdings Company Limited	Loans provided	3,988,000,000,000	400,000,000,000	9,853,716,876,592	9,460,716,876,592
	Loans repaid by cash	3,595,000,000,000	-	-	-
	Interest income receivable from loans	310,973,262,056	245,159,120,694	1,572,432,155,085	1,266,333,002,618
	Dividends declared	-	2,611,289,133,000	-	-
Associate					
Cholimex Food Joint Stock Company	Post-acquisition dividends received	-	7,977,651,000	-	-
Other related parties					
Masan Brewery Company Limited	Sale of services	-	-	-	1,000,000,000
Masan Master Brewer Company Limited	Sale of goods	1,245,380	-	1,261,918	-
Masan Brewery PY One Member Company Limited	Sale of goods	36,229,155	7,770,840	35,892,071	-
Masan Brewery Distribution One Member Company Limited	Sale of goods	515,252,270	803,880	-	-
	Sale returns	-	1,194,673,977	-	-
	Purchase of goods	3,302,223,349	1,058,016,058	-	-
	Prepayment for purchase of goods	-	263,075,436	-	146,127,485
	Management fee	14,432,366,872	26,840,167,756	88,402,227,965	76,560,997,745

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Relationship	Nature of transactions	Transaction value		Receivable/(payable) as at	
		30/6/2020 VND	30/6/2019 VND	30/6/2020 VND	1/1/2020 VND
Masan Brewery HG One Member Company Limited	Sale of goods	34,765,984	24,076,958	33,742,583	-
	Purchase of goods	-	41,541,848	-	-
	Return of goods	-	55,814,418	-	-
	Management fee	2,253,592,373	2,017,683,715	6,185,078,308	3,901,450,010
Agro Nutrition International Joint Stock Company	Sale of goods	54,945,456	15,940,000	18,270,002	6,587,800
	Management fee	993,809,712	1,816,228,582	1,093,190,683	1,851,733,472
MNS Feed Tien Giang Company Limited	Sale of goods	12,909,091	-	-	-
	Management fee	538,826,723	553,826,409	592,709,395	565,193,852
MNS Feed Thai Nguyen Company Limited	Sale of goods	24,913,635	12,992,000	-	-
	Management fee	560,819,715	454,069,765	616,901,687	463,338,369
MNS Feed Vinh Long Company Limited	Sale of goods	2,727,273	-	-	-
	Management fee	161,643,256	578,765,570	177,807,582	590,657,722
MNS Feed Hau Giang Company Limited	Sale of goods	13,818,182	-	-	-
	Management fee	416,776,538	456,471,020	458,454,192	465,644,364
MNS Feed Nghe An Company Limited	Sale of goods	54,419,999	26,849,818	14,652,000	-
	Management fee	565,773,601	716,268,072	622,350,961	730,275,716
MNS Farm Nghe An Company Limited	Sale of goods	260,724,443	-	-	-
	Management fee	2,648,186,199	2,103,482,937	2,913,004,819	2,678,874,657

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Relationship	Nature of transactions	Transaction value		Receivable/(payable) as at	
		30/6/2020 VND	30/6/2019 VND	30/6/2020 VND	1/1/2020 VND
Vietnamese – French Cattle Feed Joint Stock Company	Sale of goods	132,889,090	36,120,000	-	-
	Management fee	2,715,903,139	2,949,806,671	2,987,493,454	3,005,475,157
Proconco Can Tho One Member Company Limited	Sale of goods	63,090,908	-	-	-
	Management fee	1,179,399,946	1,246,267,616	1,297,339,941	1,269,531,065
Conco Binh Dinh Co., Ltd	Sale of goods	19,636,363	-	-	-
	Management fee	675,738,565	663,188,076	743,312,422	676,273,315
Proconco Hung Yen Manufacturing and Trading Company Limited	Sale of goods	1,454,545	-	-	5,610,000
	Management fee	139,650,264	63,973,978	153,615,290	66,007,008
Masan MEATLife Corporation	Sale of goods	155,436,364	6,555,636	39,450,002	-
	Management fee	4,486,807,787	4,806,827,491	4,935,488,566	5,009,393,771
MNS Meat Ha Nam Company Limited	Sale of goods	1,157,733,185	44,732,364	142,520,100	116,949,047
	Sale of fixed assets	-	455,677,457	-	1,372,172,193
	Purchase of goods	25,704,579,575	323,871,900	(9,341,128,186)	(137,149,487)
	Purchase of fixed assets	-	108,194,443	-	-
	Management fee	6,746,856,486	4,354,489,880	7,421,542,135	5,856,548,984
Nui Phao Mining Company Limited	Sale of goods	801,518,174	670,767,855	107,099,880	75,409,765
	Management fee	1,626,658,986	1,254,521,598	4,665,530,472	2,992,606,068

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Relationship	Nature of transactions	Transaction value		Receivable/(payable) as at	
		Six-month period ended 30/6/2020 VND	30/6/2019 VND	30/6/2020 VND	1/1/2020 VND
Masan Blue Corporation	Sale of goods	122,360,755	-	-	3,302,403,296
	Management fee	1,976,225,880	-	1,976,225,880	1,539,672,402
Jinju Ham Company Limited	Purchase of goods and services	98,361,533	1,571,335,215	-	-
Vincommerce General Commercial Services Joint Stock Company	Sale of goods	203,461,817,804	-	47,479,131,252	17,548,537,996
	Purchase of goods and services	941,235,203	-	-	(120,000,000)
Vineco Agricultural Investment Development and Production Limited Liability Company	Sale of goods	108,372,725	-	4,125,000	-
	Purchase of goods	338,328,600	-	-	-
Masan Group Corporation	Sale of goods	4,434,698,104	132,641,736	4,813,920,323	-
	Management fee	1,934,516,166	1,439,326,008	5,656,601,147	3,647,590,054
Key management personnel	Remuneration to key management personnel (*)	30,090,068,741	36,247,646,660	-	-

As at 30 June 2020 and 1 January 2020, the Group has current and term deposit accounts at Vietnam Technological and Commercial Joint Stock Bank at normal terms.

(*) No board fees were paid to members of the Board of Directors of the Company for the six-month periods ended 30 June 2020 and 2019.

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41. Post balance sheet events

In July 2020, Masan Beverage Company Limited, a subsidiary directly owned of the Company, has successfully acquired an additional 20,140 shares (equivalent to 0.07% equity interests) in VinaCafé Bien Hoa Joint Stock Company (“VCF”) and an additional 213,307 shares (equivalent to 1.62% equity interests) in Vinh Hao Mineral Water Corporation (“VHW”). As the results of these transactions, the Company’s equity interests in VCF has increased from 98.72% to 98.79% and the equity interests in VHW has increased from 88.56% to 90.18%.

In August 2020, Masan Food Company Limited, a subsidiary directly owned of the Company, has established a new subsidiary named Masan HN Company Limited (“HNF”) under the Enterprise Registration Certificate No. 0700841110 issued by the Department of Planning and Investment of Ha Nam Province. As a result of this event, HNF became a subsidiary indirectly owned by the Company.


There has been no other significant event occurred after the balance sheet date which would require adjustments or disclosures to be made in the consolidated interim financial statements.

12 August 2020

Prepared by:


Phan Thi Thuy Hoa
Chief Accountant

Approved by:


Huynh Viet Thang
Chief Financial Officer




Nguyen Hoang Yen
Authorised Representative



