

Masan Consumer Corporation and its subsidiaries

Consolidated Financial Statements for
the three-month period ended 31 March 2018



Masan Consumer Corporation Corporate Information

Business Registration Certificate No.

0302017440

31 May 2000

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 8 March 2018. The Business Registration Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City.

Board of Directors

Mr Truong Cong Thang
Dr Nguyen Dang Quang
Mr Ho Hung Anh

Chairman
Member
Member
(until 12 April 2018)

Ms Nguyen Hoang Yen
Mr Nguyen Thieu Quang
Mr Seokhee Won

Member
Member
Member
(until 27 February 2018)

Board of Management

Mr Truong Cong Thang

Chief Executive Officer
(from 28 February 2018)
Chief Executive Officer
(until 27 February 2018)

Mr Seokhee Won

Ms Nguyen Hoang Yen
Mr Pham Hong Son
Mr Pham Dinh Toai
Mr Nguyen Anh Nguyen
Ms Dinh Kim Nhung

Deputy Chief Executive Officer
Deputy Chief Executive Officer
Deputy Chief Executive Officer
Deputy Chief Executive Officer
Deputy Chief Executive Officer

Registered Office

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

Masan Consumer Corporation and its subsidiaries
Consolidated balance sheet as at 31 March 2018

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

	Code	Note	31/3/2018 VND	1/1/2018 VND
ASSETS				
Current assets				
(100 = 110 + 120 + 130 + 140 + 150)	100		4,561,958,587,517	5,793,075,753,348
Cash and cash equivalents	110	4	2,330,773,209,999	4,235,913,074,249
Cash	111		59,995,119,999	82,888,074,249
Cash equivalents	112		2,270,778,090,000	4,153,025,000,000
Short-term financial investments	120		536,937,440,000	154,258,720,000
Held-to-maturity investments	123	5(a)	536,937,440,000	154,258,720,000
Accounts receivable – short-term	130		374,762,240,590	348,223,852,227
Accounts receivable from customers	131		230,475,386,890	261,094,359,738
Prepayments to suppliers	132		86,616,297,712	48,438,835,310
Other short-term receivables	136	6(a)	57,678,145,694	38,698,246,885
Allowance for doubtful debts	137		(7,589,706)	(7,589,706)
Inventories	140	8	1,276,972,252,282	1,010,974,147,574
Inventories	141		1,283,813,503,925	1,017,930,397,608
Allowance for inventories	149		(6,841,251,643)	(6,956,250,034)
Other current assets	150		42,513,444,646	43,705,959,298
Short-term prepaid expenses	151		19,088,263,914	17,450,908,457
Deductible value added tax	152		22,054,523,256	23,128,636,709
Taxes receivables from State Treasury	153		1,370,657,476	3,126,414,132

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

Masan Consumer Corporation and its subsidiaries
Consolidated balance sheet as at 31 March 2018 (continued)

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

	Code	Note	31/3/2018 VND	1/1/2018 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		11,773,075,631,210	11,851,980,806,425
Accounts receivable – long-term	210		6,334,818,446,054	6,237,572,225,813
Long-term loans receivable	215	7	5,896,716,876,592	5,896,716,876,592
Other long-term receivables	216	6(b)	438,101,569,462	340,855,349,221
Fixed assets	220		4,285,444,173,097	4,412,933,243,930
Tangible fixed assets	221	9	3,196,153,597,188	3,241,037,214,968
<i>Cost</i>	222		<i>5,300,012,140,808</i>	<i>5,230,319,735,557</i>
<i>Accumulated depreciation</i>	223		<i>(2,103,858,543,620)</i>	<i>(1,989,282,520,589)</i>
Intangible fixed assets	227	10	1,089,290,575,909	1,171,896,028,962
<i>Cost</i>	228		<i>2,055,795,741,540</i>	<i>2,103,301,612,207</i>
<i>Accumulated depreciation</i>	229		<i>(966,505,165,631)</i>	<i>(931,405,583,245)</i>
Long-term work in progress	240		214,506,133,878	252,152,223,620
Construction in progress	242	11	214,506,133,878	252,152,223,620
Long-term financial investments	250		249,391,858,906	249,391,858,906
Investment in an associate	252	5(b)	249,391,858,906	249,391,858,906
Other long-term assets	260		688,915,019,275	699,931,254,156
Long-term prepaid expenses	261	12	188,505,305,725	190,950,225,630
Deferred tax assets	262		161,874,395,795	153,245,522,534
Goodwill	269	13	338,535,317,755	355,735,505,992
TOTAL ASSETS (270 = 100 + 200)	270		16,335,034,218,727	17,645,056,559,773

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

Masan Consumer Corporation and its subsidiaries
Consolidated balance sheet as at 31 March 2018 (continued)

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

	Code	Note	31/3/2018 VND	1/1/2018 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		5,816,332,276,155	6,313,229,100,033
Current liabilities	310		5,512,313,649,038	5,947,095,673,192
Accounts payable to suppliers - short term	311	14	640,363,884,029	801,573,550,158
Advances from customers	312		93,505,591,545	35,712,183,790
Taxes payable to State Treasury	313	15	238,711,876,625	224,311,703,039
Payables to employees	314		49,039,322,964	24,501,018
Accrued expenses	315	16	921,108,542,179	893,632,037,512
Other short-term payables	319	17(a)	57,090,990,744	581,121,178,228
Short-term borrowings	320	18(a)	3,489,525,514,213	3,387,677,592,708
Bonus and welfare funds	322		22,967,926,739	23,042,926,739
Long-term liabilities	330		304,018,627,117	366,133,426,841
Accounts payable to suppliers - long term	331	14	34,357,761,000	78,525,018,000
Other long-term payables	337	17(b)	21,338,419,277	20,821,499,726
Long-term borrowings	338	18(b)	82,284,273,561	95,998,319,156
Deferred tax liabilities	341		153,603,646,873	157,986,259,876
Provisions - long term	342		12,434,526,406	12,802,330,083


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Masan Consumer Corporation and its subsidiaries
Consolidated balance sheet as at 31 March 2018 (continued)

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

	Code	Note	31/3/2018 VND	1/1/2018 VND
EQUITY (400 = 410)	400		10,518,701,942,572	11,331,827,459,740
Owners' equity	410	19	10,518,701,942,572	11,331,827,459,740
Share capital	411	20	5,431,327,770,000	5,431,327,770,000
- Ordinary shares with voting rights	411a		5,431,327,770,000	5,431,327,770,000
Share premium	412	20	5,088,056,394,992	5,088,056,394,992
Other capital	414		(265,775,657,006)	(265,775,657,006)
Treasury shares	415	20	(1,640,252,631,255)	(1,640,252,631,255)
Foreign exchange differences	417		3,371,852,045	2,951,013,886
Investment and development fund	418		22,731,972,844	22,731,972,844
Undistributed profit after tax	421		1,704,227,700,148	2,226,022,362,372
- Undistributed profit after tax brought forward	421a		2,226,022,362,372	93,929,785,879
- Undistributed profit after tax for current period	421b		(521,794,662,224)	2,132,092,576,493
Non-controlling interests	429		175,014,540,804	466,766,233,907
TOTAL RESOURCES (440 = 300 + 400)	440		16,335,034,218,727	17,645,056,559,773

23 April 2018

Prepared by: 


 Huynh Viet Thang
 Chief Accountant



Pham Dinh Toai
 Acting Chief Financial Officer

Approved by:




 Trương Công Thang
 Chairman of the Board of Directors

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

Masan Consumer Corporation and its subsidiaries
Consolidated statement of income for the three-month period ended 31 March 2018

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

	Code	Note	Quarter I		Year to date	
			2018 VND	2017 VND	2018 VND	2017 VND
Revenue from sales of goods and provision of services	01	22	3,530,425,987,571	2,024,622,023,675	3,530,425,987,571	2,024,622,023,675
Revenue deductions	02	22	34,586,342,694	25,787,081,394	34,586,342,694	25,787,081,394
Net revenue (10 = 01 - 02)	10	22	3,495,839,644,877	1,998,834,942,281	3,495,839,644,877	1,998,834,942,281
Cost of sales	11	23	1,811,505,049,281	1,151,080,078,471	1,811,505,049,281	1,151,080,078,471
Gross profit (20 = 10 - 11)	20		1,684,334,595,596	847,754,863,810	1,684,334,595,596	847,754,863,810
Financial income	21	24	129,649,757,507	98,687,645,222	129,649,757,507	98,687,645,222
Financial expenses	22	25	45,218,175,098	21,488,597,640	45,218,175,098	21,488,597,640
<i>In which: Interest expense</i>	23		44,948,844,758	20,835,189,811	44,948,844,758	20,835,189,811
Selling expenses	25		692,275,669,193	609,842,529,697	692,275,669,193	609,842,529,697
General and administration expenses	26		165,904,578,273	186,261,902,325	165,904,578,273	186,261,902,325
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		910,585,930,539	128,849,479,370	910,585,930,539	128,849,479,370
Other income	31		523,159,891	301,486,353	523,159,891	301,486,353
Other expenses	32		3,920,560,687	473,737,409	3,920,560,687	473,737,409
Results of other activities (40 = 31 - 32)	40		(3,397,400,796)	(172,251,056)	(3,397,400,796)	(172,251,056)
Accounting profit before tax (50 = 30 + 40) (carried forward to next page)	50		907,188,529,743	128,677,228,314	907,188,529,743	128,677,228,314

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

Masan Consumer Corporation and its subsidiaries
 Consolidated statement of income for the three-month period ended 31 March 2018 (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	Quarter I		Year to date	
			2018 VND	2017 VND	2018 VND	2017 VND
Accounting profit before tax (50 = 30 + 40) (brought forward from previous page)	50		907,188,529,743	128,677,228,314	907,188,529,743	128,677,228,314
Income tax expense - current	51		120,820,935,286	36,407,737,137	120,820,935,286	36,407,737,137
Income tax benefit - deferred	52		(13,011,486,263)	(12,057,585,926)	(13,011,486,263)	(12,057,585,926)
Net profit after tax (60 = 50 - 51 - 52)	60		799,379,080,720	104,327,077,103	799,379,080,720	104,327,077,103
Attributable to:						
Equity holders of the Company	61		779,712,195,234	119,567,764,165	779,712,195,234	119,567,764,165
Non-controlling interests	62		19,666,885,486	(15,240,687,062)	19,666,885,486	(15,240,687,062)
Earnings per share						
Basic earnings per share	70	26	1,485	230	1,485	230

Prepared by: 


 Huynh Viet Thang
 Chief Accountant

23 April 2018



Pham Dinh Toai
 Acting Chief Financial Officer

Approved by:




 Trương Công Thang
 Chairman of the Board of Directors

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

Masan Consumer Corporation and its subsidiaries
Consolidated statement of cash flows for the three-month period ended 31 March 2018
(Indirect method)

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

	Code	For the three-month period ended	
		31/3/2018 VND	31/3/2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	907,188,529,743	128,677,228,314
Adjustments for			
Depreciation and amortisation	02	168,661,978,017	162,557,562,432
Allowances and provisions	03	5,317,924,373	753,419,259
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04	76,600,853	(39,236,269)
Exchange losses/(gains) on disposals of fixed assets	05	(510,640,658)	9,736,531
Interest income from investing activities	05	(128,130,453,457)	(98,013,310,955)
Interest expense	06	44,948,844,758	20,835,189,811
Operating profit before changes in working capital	08	997,552,783,629	214,780,589,123
Change in receivables and other current assets	09	(13,310,821,686)	(4,174,626,105)
Change in inventories	10	(271,683,832,758)	(228,372,986,215)
Change in payables and other liabilities	11	(13,548,143,827)	(642,705,752,020)
Change in prepaid expenses	12	6,034,931,864	9,863,760,301
		705,044,917,222	(650,609,014,916)
Interest paid	14	(45,295,600,450)	(24,337,060,190)
Corporate income tax paid	15	(82,172,413,278)	(126,155,068,295)
Other payments for operating activities	17	(75,000,000)	(15,600,000)
Net cash flows from operating activities	20	577,501,903,494	(801,116,743,401)

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

Masan Consumer Corporation and its subsidiaries
Consolidated statement of cash flows for the three-month period ended 31 March 2018
(Indirect method – continued)


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

	Code	For the three-month period ended	
		31/3/2018 VND	31/3/2017 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(61,034,978,172)	(157,310,757,497)
Proceeds from disposals of fixed assets and pre-paid expenses	22	577,000,000	83,492,688
Payment of other investments	23	(383,000,000,000)	-
Placement of term deposits to banks	23	(65,161,720,000)	(1,584,018,000,000)
Withdrawal of term deposits from banks	24	65,483,000,000	1,726,400,000,000
Payments for acquisition of non-controlling interests in a subsidiary	25	(1,612,925,442,493)	-
Receipts of interests	27	33,318,627,217	79,677,367,531
Net cash flows from investing activities	30	(2,022,743,513,448)	64,832,102,722
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings	33	2,531,544,383,045	1,111,802,830,962
Payments to settle loan principals to banks	34	(2,443,410,507,135)	(2,840,088,519,729)
Payments of dividends	36	(551,346,567,200)	(217,888,400)
Net cash flows from financing activities	40	(463,212,691,290)	(1,728,503,577,167)
Net cash flows during the period (50 = 20 + 30 + 40)	50	(1,908,454,301,244)	(2,464,788,217,846)
Cash and cash equivalents at the beginning of the period	60	4,235,913,074,249	6,914,244,921,330
Effect of exchange rate fluctuations	61	3,314,436,994	76,861,209
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	2,330,773,209,999	4,449,533,564,693

23 April 2018

Prepared by:


 Huynh Viet Thang
 Chief Accountant


 Pham Dinh Toai
 Acting Chief Financial Officer

Approved by:


 Truong Cong Thang
 Chairman of the Board of Directors

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

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the three-month period ended 31
March 2018

Form B 09a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
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These notes form an integral part of and should be read in conjunction with these accompanying consolidated financial statements.

1. Reporting entity

(a) Ownership structure

Masan Consumer Corporation (“the Company”) is a joint stock company incorporated in Vietnam. The consolidated financial statements for the three-month period ended 31 March 2018 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 and mineral water; advise and execute trade promotion activities and provide architectural and related technical consultancy services under Business 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 financial statements for the three-month period ended 31 March 2018 (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 structure**

As at 31 March 2018, the Group has 3 directly owned subsidiaries, 13 indirectly owned subsidiaries and 1 associate (1/1/2018: 3 directly owned subsidiaries, 13 indirectly owned subsidiaries and 1 associate). Information of the subsidiaries and an associate are described as follows:

Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
			31/3/2018	1/1/2018	31/3/2018	1/1/2018
<i>Direct subsidiaries</i>						
Masan Food Company Limited ("MSF")	Trading and distribution	12th Floor, MPlaza Saigon – 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	100%	100%	100%	100%
Masan Beverage Company Limited ("MSB")	Trading and distribution	12th Floor, MPlaza Saigon – 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	100%	100%	100%	100%
Masan Consumer (Thailand) Limited ("MTH")	Trading and distribution	No.83, 4th Floor, Amnuay Songkhram Road, Tanon Nakornchaisri Sub-District, Dusit District, Bangkok, Thailand	99.99%	99.99%	99.99%	99.99%

Masan Consumer Corporation and its subsidiaries

Notes to the consolidated financial statements for the three-month period ended 31 March 2018 (continued)

Form B 09a – DN/HN

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

Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights		
			31/3/2018	1/1/2018	31/3/2018	1/1/2018	
<i>Indirect subsidiaries</i>							
Masan Industrial One Member Company Limited ("MSI")	(i) Seasonings, convenience food manufacturing and packaging	Lot 6, Tan Dong Hiep A Industrial Park, Di An Ward, Binh Duong Province, Vietnam	100%	100%	100%	100%	
Masan HD One Member Company Limited ("MHD")	(i) Convenience food manufacturing	Lot 22, Dai An Industrial Park, Tu Minh Ward, Hai Duong City, Hai Duong Province, Vietnam	100%	100%	100%	100%	
Viet Tien Food Technology One Member Company Limited ("VTF")	(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%	
Ma San PQ Corporation ("MPQ")	(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%	
Nam Ngu Phu Quoc One Member Company Limited ("NPQ")	(i) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam	100%	100%	100%	100%	
Masan MB One Member Company Limited ("MMB")	(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%	
Saigon Nutri Food Joint Stock Company ("SNF")	(i) Convenience food manufacturing and trading	Lot K4, No. 2 Street, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam	99.99%	99.99%	99.99%	99.99%	

Masan Consumer Corporation and its subsidiaries

Notes to the consolidated financial statements for the three-month period ended 31 March 2018 (continued)

Form B 09a – DN/HN

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

Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
			31/3/2018	1/1/2018	31/3/2018	1/1/2018
Masan HG One Member Company Limited (“MHG”)	(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%
Vinacafé Bien Hoa Joint Stock Company (“VCF”)	(ii), (v) Beverage manufacturing and trading	Bien Hoa Industrial Park I, Bien Hoa City, Dong Nai Province, Vietnam	98.49%	68.46%	98.49%	68.46%
Vinh Hao Mineral Water Corporation (“VHW”)	(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%
KronFa., JSC (“KRP”)	(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%
Quang Ninh Mineral Water Corporation (“QNW”)	(ii) Beverage manufacturing and trading	No. 3A, Area 4, Suoi Mo Town, Bai Chay District, Ha Long City, Quang Ninh Province, Vietnam	65.85%	65.85%	65.85%	65.85%
CDN Production Trading Corporation (“CDN”)	(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	83.72%	58.19%	85%	85%
Associate						
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%

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the three-month period ended 31
March 2018 (continued)

Form B 09a – DN/HN
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- (i) These subsidiaries and an associate are indirectly owned by the Company through Masan Food Company Limited (“MSF”).
- (ii) These subsidiaries are indirectly owned by the Company through Masan Beverage Company Limited (“MSB”).
- (iii) KronFa., JSC is indirectly owned by the Company through Vinh Hao Mineral Water Corporation.
- (iv) CDN Production Trading Corporation is indirectly owned by the Company through VinaCafé Bien Hoa Joint Stock Company.
- (v) In February 2018, MSB, a subsidiary of the Company, acquired further 7,982,361 shares of VCF. As a result of this transaction, the Company’s equity interest in VCF increased from 68.46% to 98.49%.

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

As at 31 March 2018, the Group had 4,377 employees (1/1/2018: 4,382 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

These consolidated 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 financial statements are prepared for the three-month period ended 31 March 2018.

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the three-month period ended 31
March 2018 (continued)

Form B 09a – DN/HN
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(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 2018 were brought forward from the audited figures as at 31 December 2017.

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated 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 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 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 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 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, consolidated statement of changes in equity 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 years presented, or where the companies were incorporated at a date later than the beginning of the earliest years presented, for the year from the date of incorporation to the end of the relevant reporting periods.

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(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.

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 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 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.

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(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.

(d) 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.

(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.

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(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 to 50 years.

(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 costs are amortised on a straight-line basis over their useful lives ranging from 4 to 10 years.

(iii) Exploitation rights

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 8 to 30 years.

(iv) Brand name

Cost of acquiring a brand name is capitalised and treated as an intangible 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 to 20 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.



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(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 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 to 37 years.

(i) 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.

(j) 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 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 are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(k) 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.

(l) Accounts payable to suppliers and other payables

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

(m) 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.

(n) Equity

(i) Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of tax effects, 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.

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(o) 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.

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.

(p) 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.

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(q) 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 and foreign exchange losses.

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

(r) 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.

(s) Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Related companies refer to the parent company, the ultimate parent company and their subsidiaries and associates.

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4. Cash and cash equivalents

	31/3/2018	1/1/2018
	VND	VND
Cash on hand	1,043,378,632	1,296,649,680
Cash in banks	58,951,741,367	81,591,424,569
Cash equivalents	2,270,778,090,000	4,153,025,000,000
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Cash and cash equivalents	2,330,773,209,999	4,235,913,074,249
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Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transaction dates.

5. Investments

(a) Held-to-maturity investments – short-term

	31/3/2018	1/1/2018
	VND	VND
Held-to-maturity investments - short-term	536,937,440,000	154,258,720,000
	<hr/>	<hr/>
	536,937,440,000	154,258,720,000
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Held-to-maturity investments – short-term represented term deposits at banks and other investments with remaining terms to maturity of twelve months or less from the end of the accounting period.

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(b) Investment in an associate

	31/3/2018			1/1/2018		
	Number of shares	% of equity owned and % of voting rights	Book value under the equity method VND	Number of shares	% of equity owned and % of voting rights	Book value under the 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 values of the equity investment in an associate for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under 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”)

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6. Other receivables

(a) Other short-term receivables

	31/3/2018	1/1/2018
	VND	VND
Non-trade receivable due from related parties	17,631,945,503	-
Accrued interests receivable	9,848,340,252	9,545,537,923
Short-term deposits	20,529,916,500	21,976,745,630
Other receivables	9,667,943,439	7,175,963,332
	<hr/> <hr/>	<hr/> <hr/>
	57,678,145,694	38,698,246,885

(b) Other long-term receivables

	31/3/2018	1/1/2018
	VND	VND
Accrued interest receivable from a related party	429,547,791,480	335,038,767,569
Long-term deposits	8,553,777,982	5,816,581,652
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	438,101,569,462	340,855,349,221

7. Long-term loans receivable

	31/3/2018	1/1/2018
	VND	VND
Loans receivable from a related party	5,896,716,876,592	5,896,716,876,592
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8. Inventories

	31/3/2018		1/1/2018	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	5,923,248	-	52,156,943,848	-
Raw materials	602,508,928,896	(563,956,185)	579,492,610,142	(1,166,227,003)
Tools and supplies	75,348,606,424	-	76,197,364,169	-
Work in progress	86,873,559,510	-	76,069,236,191	-
Finished goods	514,519,610,035	(6,276,963,250)	228,837,186,075	(5,783,610,499)
Merchandise inventories	2,354,502,915	(332,208)	5,177,057,183	(6,412,532)
Goods on consignment	2,202,372,897	-	-	-
	<u>1,283,813,503,925</u>	<u>(6,841,251,643)</u>	<u>1,017,930,397,608</u>	<u>(6,956,250,034)</u>

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

	For the three-month period ended	
	31/3/2018 VND	31/3/2017 VND
Opening balance	6,956,250,034	13,103,260,471
Increase in allowance during the period	6,256,573,807	1,002,808,858
Allowance utilised during the period	(5,800,726,441)	(9,803,124,481)
Written back	(570,845,757)	(249,389,599)
Closing balance	<u>6,841,251,643</u>	<u>4,053,555,249</u>

Included in inventories of the Group as at 31 March 2018 was VND6,841 million (1/1/2018: VND6,956 million) of slow-moving inventories.

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9. Tangible fixed assets

	Buildings VND	Leasehold improvements VND	Office equipment VND	Machinery and equipment VND	Motor vehicles VND	Total VND
Cost						
Opening balance	1,436,687,308,233	62,791,110,984	65,778,567,325	3,637,257,479,750	27,805,269,265	5,230,319,735,557
Additions	-	-	-	237,550,000	-	237,550,000
Transfer from construction in progress	7,524,702,817	-	1,084,448,626	62,485,066,632	-	71,094,218,075
Net transfer to long-term prepaid expenses	-	-	-	(71,305,005)	-	(71,305,005)
Disposals	-	-	(131,682,347)	(854,680,000)	(581,695,472)	(1,568,057,819)
Closing balance	1,444,212,011,050	62,791,110,984	66,731,333,604	3,699,054,111,377	27,223,573,793	5,300,012,140,808
Accumulated depreciation						
Opening balance	306,627,179,424	29,935,955,606	37,472,523,021	1,597,882,447,252	17,364,415,286	1,989,282,520,589
Charge for the period	18,973,857,746	2,612,927,268	1,811,433,084	91,889,013,990	833,386,640	116,120,618,728
Net transfer to long-term prepaid expenses	-	-	-	(42,897,220)	-	(42,897,220)
Disposals	-	-	(131,682,347)	(788,320,658)	(581,695,472)	(1,501,698,477)
Closing balance	325,601,037,170	32,548,882,874	39,152,273,758	1,688,940,243,364	17,616,106,454	2,103,858,543,620
Net book value						
Opening balance	1,130,060,128,809	32,855,155,378	28,306,044,304	2,039,375,032,498	10,440,853,979	3,241,037,214,968
Closing balance	1,118,610,973,880	30,242,228,110	27,579,059,846	2,010,113,868,013	9,607,467,339	3,196,153,597,188

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10. Intangible fixed asset

	Land use rights VND	Software VND	Exploitation rights VND	Brand name VND	Customer relationships VND	Mineral water resources VND	Total VND
Cost							
Opening balance	119,085,818,402	291,102,724,674	117,945,577,348	758,354,816,571	404,114,911,701	412,697,763,511	2,103,301,612,207
Transfer to long-term prepaid expenses	-	(1,069,892,667)	-	-	-	-	(1,069,892,667)
Other decrease	-	-	(46,435,978,000)	-	-	-	(46,435,978,000)
Closing balances	119,085,818,402	290,032,832,007	71,509,599,348	758,354,816,571	404,114,911,701	412,697,763,511	2,055,795,741,540
Accumulated amortisation							
Opening balance	29,862,531,845	98,028,541,320	13,898,704,478	385,228,742,429	352,923,944,341	51,463,118,832	931,405,583,245
Charge for the period	932,720,352	9,077,552,955	1,089,303,239	16,723,217,127	2,034,710,310	5,483,667,069	35,341,171,052
Transfer to long-term prepaid expenses	-	(241,588,666)	-	-	-	-	(241,588,666)
Closing balance	30,795,252,197	106,864,505,609	14,988,007,717	401,951,959,556	354,958,654,651	56,946,785,901	966,505,165,631
Net book value							
Opening balance	89,223,286,557	193,074,183,354	104,046,872,870	373,126,074,142	51,190,967,360	361,234,644,679	1,171,896,028,962
Closing balance	88,290,566,205	183,168,326,398	56,521,591,631	356,402,857,015	49,156,257,050	355,750,977,610	1,089,290,575,909

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11. Construction in progress

For the three-month period ended	31/3/2018
	VND
Opening balance	252,152,223,620
Additions during the period	38,002,582,008
Transfer to tangible fixed assets	(71,094,218,075)
Transfer to long-term prepaid expenses	(4,554,453,675)
Closing balance	<u><u>214,506,133,878</u></u>

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12. Long-term prepaid expenses

	Prepaid land costs VND	Tools and supplies VND	Goodwill from equitisation VND	Total VND
Opening balance	85,669,355,388	80,205,901,013	25,074,969,229	190,950,225,630
Additions	-	2,189,614,877	-	2,189,614,877
Net transfer from tangible fixed assets	-	28,407,785	-	28,407,785
Transfer from intangible fixed assets	-	828,304,001	-	828,304,001
Net transfer from short-term prepaid expenses	-	300,350,004	-	300,350,004
Transfer from construction in progress	-	4,554,453,675	-	4,554,453,675
Amortisation for the period	(524,063,952)	(9,062,588,527)	(783,592,788)	(10,370,245,267)
Disposals	-	(2,330,302)	-	(2,330,302)
Translation differences	-	26,525,322	-	26,525,322
Closing balance	85,145,291,436	79,068,637,848	24,291,376,441	188,505,305,725

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13. Goodwill

For the three-month period ended	31/3/2018 VND
Cost	
Opening balance	693,961,414,227
Closing balance	<u>693,961,414,227</u>
Accumulated amortisation	
Opening balance	338,225,908,235
Charge for the period	17,200,188,237
Closing balance	<u>355,426,096,472</u>
Net book value	
Opening balance	355,735,505,992
Closing balance	<u><u>338,535,317,755</u></u>

14. Accounts payable to suppliers

	31/3/2018		1/1/2018	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Short-term	640,363,884,029	640,363,884,029	801,573,550,158	801,573,550,158
Long-term	34,357,761,000	34,357,761,000	78,525,018,000	78,525,018,000
	<u>674,721,645,029</u>	<u>674,721,645,029</u>	<u>880,098,568,158</u>	<u>880,098,568,158</u>

15. Taxes payable to State Treasury

	31/3/2018 VND	1/1/2018 VND
Value added tax	45,204,156,608	72,045,746,024
Corporate income tax	186,989,928,958	148,627,947,893
Personal income tax	5,380,702,527	2,550,402,744
Other taxes	1,137,088,532	1,087,606,378
	<u>238,711,876,625</u>	<u>224,311,703,039</u>

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16. Accrued expenses

	31/3/2018	1/1/2018
	VND	VND
Advertising and promotion expenses	538,672,869,257	570,590,834,872
Logistic expense	88,405,812,371	74,505,500,282
Exhibition expense	26,268,325,003	15,855,033,925
Bonus and 13th month salary	31,758,913,042	85,716,216,827
Sales discounts	21,721,931,120	37,228,040,655
Market research expense	17,772,024,781	19,597,265,927
Accrued interest expense	8,349,562,283	8,696,317,975
Construction in progress	3,162,537,974	9,293,959,972
Purchases not yet received invoices	107,296,565,448	15,878,108,053
Accrued information and technology expenses	26,330,772,399	14,910,270,008
Others	51,369,228,501	41,360,489,016
	<hr/>	<hr/>
	921,108,542,179	893,632,037,512
	<hr/>	<hr/>

17. Other payables

(a) Other short-term payables

	31/3/2018	1/1/2018
	VND	VND
Trade union fee, social insurance, health insurance and unemployment insurance	22,011,417,068	15,717,691,116
Short-term deposit received	2,178,696,665	2,817,633,596
Dividend payable to non-controlling interests	4,526,374,800	555,872,942,000
Others	28,374,502,211	6,712,911,516
	<hr/>	<hr/>
	57,090,990,744	581,121,178,228
	<hr/>	<hr/>

(b) Other long-term payables

	31/3/2018	1/1/2018
	VND	VND
Long-term deposit received	21,338,419,277	20,821,499,726
	<hr/>	<hr/>

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18. Borrowings

(a) Short-term borrowings

	31/3/2018		1/1/2018	
	Carrying amount VND	Amount within repayment capacity VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	3,434,669,331,833	3,434,669,331,833	3,332,821,410,328	3,332,821,410,328
Current portion of long-term borrowings	54,856,182,380	54,856,182,380	54,856,182,380	54,856,182,380
	<u>3,489,525,514,213</u>	<u>3,489,525,514,213</u>	<u>3,387,677,592,708</u>	<u>3,387,677,592,708</u>

(b) Long-term borrowings

	31/3/2018 VND	1/1/2018 VND
Long-term borrowings	137,140,455,941	150,854,501,536
Repayable within twelve months	(54,856,182,380)	(54,856,182,380)
Repayable after twelve months	<u>82,284,273,561</u>	<u>95,998,319,156</u>

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19. Changes in owners' equity

	Share capital VND	Share premium VND	Other capital VND	Treasury shares VND	Foreign exchange differences VND	Investment-development fund VND	Undistributed profit after tax VND	Non-controlling interests ("NCI") VND	Total VND
Balance at 1 January 2017	5,381,601,170,000	5,088,056,394,992	(265,775,657,006)	(1,640,252,631,255)	(2,253,725,216)	22,731,972,844	2,434,650,312,379	909,680,511,323	11,928,438,348,061
Net profit for the period	-	-	-	-	-	-	119,567,764,165	(15,240,687,062)	104,327,077,103
Foreign exchange differences	-	-	-	-	81,742,069	-	-	168	81,742,237
Balance at 31 March 2017	5,381,601,170,000	5,088,056,394,992	(265,775,657,006)	(1,640,252,631,255)	(2,171,983,147)	22,731,972,844	2,554,218,076,544	894,439,824,429	12,032,847,167,401
Balance at 1 January 2018	5,431,327,770,000	5,088,056,394,992	(265,775,657,006)	(1,640,252,631,255)	2,951,013,886	22,731,972,844	2,226,022,362,372	466,766,233,907	11,331,827,459,740
Net profit for the period	-	-	-	-	-	-	779,712,195,234	19,666,885,486	799,379,080,720
Transaction with NCI in a subsidiary	-	-	-	-	-	-	(1,301,506,857,458)	(311,418,585,035)	(1,612,925,442,493)
Foreign exchange differences	-	-	-	-	420,838,159	-	-	6,446	420,844,605
Balance at 31 March 2018	5,431,327,770,000	5,088,056,394,992	(265,775,657,006)	(1,640,252,631,255)	3,371,852,045	22,731,972,844	1,704,227,700,148	175,014,540,804	10,518,701,942,572

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20. Share capital, share premium and treasury shares

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

	31/3/2018		1/1/2018	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	543,132,777	5,431,327,770,000	543,132,777	5,431,327,770,000
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	525,132,777	5,251,327,770,000	525,132,777	5,251,327,770,000
Share premium		5,088,056,394,992		5,088,056,394,992

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.

Movements of shares currently in circulation during the period were as follows:

	For the three-month period ended			
	31/3/2018		31/3/2017	
	Number of shares	Par value VND	Number of shares	Par value VND
Opening balance - currently in circulation	525,132,777	5,251,327,770,000	520,160,117	5,201,601,170,000
Closing balance - currently in circulation	525,132,777	5,251,327,770,000	520,160,117	5,201,601,170,000

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21. Off balance sheet items

Foreign currencies

	31/3/2018		1/1/2018	
	Original currency	Equivalent VND	Original currency	Equivalent VND
USD	452,615	10,292,339,060	68,009	1,541,076,916
THB	96,766,158	68,703,972,450	84,093,681	56,931,421,922
		78,996,311,510		58,472,498,838
		78,996,311,510		58,472,498,838

22. Revenue from sale of goods and provision of services

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

Net revenue comprised of:

	For the three-month period ended	
	31/3/2018 VND	31/3/2017 VND
Total revenue	3,530,425,987,571	2,024,622,023,675
Less revenue deductions		
▪ Sales discounts	29,980,337,348	16,494,876,137
▪ Sales returns	4,606,005,346	9,292,205,257
	34,586,342,694	25,787,081,394
Net revenue	3,495,839,644,877	1,998,834,942,281

23. Cost of sales

	For the three-month period ended	
	31/3/2018 VND	31/3/2017 VND
Total cost of sales		
▪ Goods sold	1,805,819,321,231	1,150,326,659,212
▪ Allowance for inventories	5,685,728,050	753,419,259
	1,811,505,049,281	1,151,080,078,471
	1,811,505,049,281	1,151,080,078,471

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24. Financial income

	For the three-month period ended	
	31/3/2018	31/3/2017
	VND	VND
Interest income from deposits to banks	32,174,540,657	73,399,417,438
Interest income from financial activities	95,955,912,800	24,613,893,517
Foreign exchange gains	1,519,304,050	674,334,267
	129,649,757,507	98,687,645,222

25. Financial expenses

	For the three-month period ended	
	31/3/2018	31/3/2017
	VND	VND
Interest expense on borrowings from banks	44,948,844,758	20,835,189,811
Foreign exchange losses	269,330,340	653,407,829
	45,218,175,098	21,488,597,640

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26. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the three-month period ended 31 March 2018 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 and a weighted average number of ordinary shares outstanding calculated as follows:

(i) Net profit attributable to ordinary shareholders

	For the three-month period ended	
	31/3/2018	31/3/2017
	VND	VND
Net profit attributable to ordinary shareholders	779,712,195,234	119,567,764,165

(ii) Weighted average number of ordinary shares

	For the three-month period ended	
	31/3/2018	31/3/2017
Issued ordinary shares at the beginning of the period - currently in circulation	525,132,777	520,160,117
Weighted average number of ordinary shares at the end of the period - currently in circulation	525,132,777	520,160,117

(iii) Basic earnings per share

	For the three-month period ended	
	31/3/2018	31/3/2017
	VND	VND
Basic earnings per share	1,485	230

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

Relationships	Nature of transactions	Transaction value		Receivables/(payables) as at	
		For the three-month period ended		as at	
		31/3/2018	31/3/2017	31/3/2018	1/1/2018
		VND	VND	VND	VND
Parent company					
MasanConsumerHoldings Company limited	Interest income from loans	94,509,023,911	24,613,893,517	429,547,791,480	335,038,767,569
	Loan provided	-	-	5,896,716,876,592	5,896,716,876,592
Other related parties					
Masan Brewery PY One Member Company limited	Sales of merchadise inventories	6,905,750	4,311,230	-	-
Masan Brewery Distribution One Member Company limited	Sales of merchadise inventories	480,400	777,165,114	-	10,614,490
	Purchases of goods	721,660,499	980,531,275	(607,034,560)	(409,681,308)
	Management support charge	5,857,700,111	12,418,915,801	52,144,223,389	46,467,302,338
Masan Brewery HG One Member Company limited	Sales of merchadise inventories	7,566,300	4,703,160	-	-
	Purchases of goods	-	-	-	(49,500,000)
	Management support charge	480,350,512	648,342,519	2,370,545,603	1,906,695,091

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Relationships	Nature of transactions	Transaction value		Receivables/(payables) as at	
		For the three-month period ended		as at	
		31/3/2018	31/3/2017	31/3/2018	1/1/2018
		VND	VND	VND	VND
Agro Nutrition International Joint Stock Company	Sales of merchandise inventories	43,625,891	81,527,481	-	16,698,000
	Management support charge	4,586,866,933	1,724,959,177	11,500,494,407	22,576,228,130
Vietnamese - French Cattle Feed Joint Stock Company	Sales of merchandise inventories	7,528,000	117,017,018	-	-
	Management support charge	4,419,131,249	800,376,011	4,423,249,649	20,198,243,738
Key management personnel	Remuneration to key management personnel (*)	19,991,798,964	8,472,203,617	-	-

(*) No board fees were paid to members of the Board of Directors of the Company for the periods ended 31 March 2018 and 31 March 2017.

