



Masan Consumer Corporation and its subsidiaries

Consolidated Financial Statements for the
year ended 31 December 2017

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 2 August 2017. 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

Chairman
(from 23 June 2017)

Dr Nguyen Dang Quang

Member
(from 23 June 2017)

Mr Ho Hung Anh

Chairman
(until 23 June 2017)

Ms Nguyen Hoang Yen

Member

Mr Nguyen Thieu Quang

Member

Mr Seokhee Won

Member

(until 27 February 2018)

Board of Management

Mr Truong Cong Thang

Chief Executive Officer
(from 28 February 2018)

Mr Seokhee Won

Chief Executive Officer
(until 27 February 2018)

Ms Nguyen Hoang Yen

Deputy Chief Executive Officer

Mr Pham Hong Son

Deputy Chief Executive Officer

Mr Pham Dinh Toai

Deputy Chief Executive Officer

Mr Nguyen Anh Nguyen

Deputy Chief Executive Officer

Ms Dinh Kim Nhung

Deputy Chief Executive Officer

Mr Le Trung Thanh

Deputy Chief Executive Officer

(until 15 February 2017)

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 financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 December 2017.

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

- (a) the consolidated financial statements set out on pages 5 to 62 give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to 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 financial statements for issue.

On behalf of the Board of Management



Trương Công Thang

Chairman of the Board of Directors cum Chief Executive Officer

Ho Chi Minh City, 7 March 2018



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders Masan Consumer Corporation

We have audited the accompanying consolidated 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 31 December 2017, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 7 March 2018, as set out on pages 5 to 62.

Board of Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Masan Consumer Corporation and its subsidiaries as at 31 December 2017 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No. 17-01-406(b)



Ha Vu Dinh
Practicing Auditor Registration
Certificate No. 0414-2018-007-1
Deputy General Director

Chong Kwang Puay
Practicing Auditor Registration
Certificate No. 0864-2018-007-1

Ho Chi Minh City, 7 March 2018

Masan Consumer Corporation and its subsidiaries
Consolidated balance sheet as at 31 December 2017

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		5,793,075,753,348	11,519,694,860,637
Cash and cash equivalents	110	6	4,235,913,074,249	6,914,244,921,330
Cash	111		82,888,074,249	113,124,921,330
Cash equivalents	112		4,153,025,000,000	6,801,120,000,000
Short-term financial investments	120		154,258,720,000	1,732,948,841,175
Held-to-maturity investments	123	7(a)	154,258,720,000	1,732,948,841,175
Accounts receivable – short-term	130		348,223,852,227	2,121,205,426,935
Accounts receivable from customers	131	8	261,094,359,738	232,759,444,755
Prepayments to suppliers	132		48,438,835,310	61,482,083,206
Short-term loans receivable	135	9	-	1,663,716,876,592
Other short-term receivables	136	10(a)	38,698,246,885	164,464,049,739
Allowance for doubtful debts	137	11	(7,589,706)	(1,217,027,357)
Inventories	140	12	1,010,974,147,574	715,921,028,319
Inventories	141		1,017,930,397,608	729,024,288,790
Allowance for inventories	149		(6,956,250,034)	(13,103,260,471)
Other current assets	150		43,705,959,298	35,374,642,878
Short-term prepaid expenses	151		17,450,908,457	19,718,137,599
Deductible value added tax	152		23,128,636,709	15,656,505,279
Taxes and other receivables from State Treasury	153		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 December 2017 (continued)

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		11,851,980,806,425	5,858,131,385,763
Accounts receivable – long-term	210		6,237,572,225,813	24,757,902,339
Long-term loans receivable	215	9	5,896,716,876,592	-
Other long-term receivables	216	10(b)	340,855,349,221	24,757,902,339
Fixed assets	220		4,412,933,243,930	4,444,692,083,576
Tangible fixed assets	221	13	3,241,037,214,968	3,132,110,361,000
Cost	222		5,230,319,735,557	4,694,881,086,995
Accumulated depreciation	223		(1,989,282,520,589)	(1,562,770,725,995)
Intangible fixed assets	227	14	1,171,896,028,962	1,312,581,722,576
Cost	228		2,103,301,612,207	2,102,498,034,268
Accumulated amortisation	229		(931,405,583,245)	(789,916,311,692)
Long-term work in progress	240		252,152,223,620	371,351,502,339
Construction in progress	242	15	252,152,223,620	371,351,502,339
Long-term financial investments	250		249,391,858,906	249,391,858,906
Investment in an associate	252	7(b)	249,391,858,906	249,391,858,906
Other long-term assets	260		699,931,254,156	767,938,038,603
Long-term prepaid expenses	261	16	190,950,225,630	193,229,086,523
Deferred tax assets	262	17	153,245,522,534	150,172,693,140
Goodwill	269	18	355,735,505,992	424,536,258,940
TOTAL ASSETS (270 = 100 + 200)	270		17,645,056,559,773	17,377,826,246,400

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

Masan Consumer Corporation and its subsidiaries
Consolidated balance sheet as at 31 December 2017 (continued)

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		6,313,229,100,033	5,449,387,898,339
Current liabilities	310		5,947,095,673,192	4,942,371,387,944
Accounts payable to suppliers – short-term	311	19	801,573,550,158	708,987,463,602
Advances from customers	312		35,712,183,790	18,887,115,066
Taxes payable to State Treasury	313	20	224,311,703,039	312,750,964,401
Payables to employees	314		24,501,018	4,383,144,705
Accrued expenses	315	21	893,632,037,512	958,703,296,344
Other short-term payables	319	22(a)	581,121,178,228	27,461,089,550
Short-term borrowings	320	23(a)	3,387,677,592,708	2,887,958,787,537
Bonus and welfare funds	322		23,042,926,739	23,239,526,739
Long-term liabilities	330		366,133,426,841	507,016,510,395
Accounts payable to suppliers – long-term	331	19	78,525,018,000	88,334,503,000
Other long-term payables	337	22(b)	20,821,499,726	22,360,630,839
Long-term borrowings	338	23(b)	95,998,319,156	209,856,177,246
Deferred tax liabilities	341	17	157,986,259,876	177,354,781,060
Provisions – long-term	342		12,802,330,083	9,110,418,250
EQUITY (400 = 410)	400		11,331,827,459,740	11,928,438,348,061
Owners' equity	410	24	11,331,827,459,740	11,928,438,348,061
Share capital	411	25	5,431,327,770,000	5,381,601,170,000
- Ordinary shares with voting rights	411a		5,431,327,770,000	5,381,601,170,000
Share premium	412	25	5,088,056,394,992	5,088,056,394,992
Other capital	414		(265,775,657,006)	(265,775,657,006)
Treasury shares	415	25	(1,640,252,631,255)	(1,640,252,631,255)
Foreign exchange differences	417		2,951,013,886	(2,253,725,216)
Investment and development fund	418		22,731,972,844	22,731,972,844
Undistributed profits after tax	421		2,226,022,362,372	2,434,650,312,379
- Undistributed profits after tax brought forward	421a		93,929,785,879	326,210,121,712
- Undistributed profit after tax for the current year	421b		2,132,092,576,493	2,108,440,190,667
Non-controlling interests	429		466,766,233,907	909,680,511,323
TOTAL RESOURCES (440 = 300 + 400)	440		17,645,056,559,773	17,377,826,246,400

Prepared by: 


 Huynh Viet Thang
 Chief Accountant

7 March 2018


 Phạm Đình Toại
 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 year ended 31 December 2017

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

	Code	Note	2017 VND	2016 VND
Revenue from sale of goods and provision of services	01	28	13,422,926,705,427	13,971,502,083,035
Revenue deductions	02	28	209,286,432,011	181,742,640,558
Net revenue (10 = 01 - 02)	10	28	13,213,640,273,416	13,789,759,442,477
Cost of sales	11	29	7,181,058,837,278	7,539,940,954,915
Gross profit (20 = 10 - 11)	20		6,032,581,436,138	6,249,818,487,562
Financial income	21	30	456,988,463,034	486,486,717,049
Financial expenses	22	31	135,642,808,146	120,181,485,914
<i>In which: Interest expense</i>	23		<i>131,876,543,711</i>	<i>117,857,140,158</i>
Share of profit in an associate	24		5,318,434,000	6,648,042,500
Selling expenses	25	32	3,013,408,048,716	2,619,544,147,421
General and administration expenses	26	33	721,475,937,145	840,490,029,516
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		2,624,361,539,165	3,162,737,584,260
Other income	31		1,340,161,739	3,946,391,087
Other expenses	32		3,734,128,540	3,831,459,210
Results of other activities (40 = 31 - 32)	40		(2,393,966,801)	114,931,877
Accounting profit before tax (50 = 30 + 40)	50		2,621,967,572,364	3,162,852,516,137
Income tax expense – current	51	34	398,411,246,861	432,682,942,969
Income tax benefit – deferred	52	34	(22,441,350,578)	(60,942,674,227)
Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)	60		2,245,997,676,081	2,791,112,247,395

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

Masan Consumer Corporation and its subsidiaries
Consolidated statement of income for the year ended 31 December 2017 (continued)

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

	Code	Note	2017 VND	2016 VND
Net profit after tax (brought forward from previous page)	60		2,245,997,676,081	2,791,112,247,395
Attributable to:				
Equity holders of the Company	61		2,131,847,621,907	2,679,382,871,020
Non-controlling interests	62		114,150,054,174	111,729,376,375
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Earnings per share				
Basic earnings per share	70	35	4,080	5,165
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7 March 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

Masan Consumer Corporation and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2017
(Indirect method)

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

	Code	2017 VND	2016 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	2,621,967,572,364	3,162,852,516,137
Adjustments for			
Depreciation and amortisation	02	674,245,273,989	684,365,934,207
Allowances and provisions	03	30,761,091,598	52,262,080,735
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	465,899,740	88,494,016
Losses on disposals and written-off of fixed assets and construction in progress	05	2,012,204,594	1,935,134,443
Interest income from investing activities	05	(453,172,625,151)	(480,348,042,703)
Share of profit in an associate	05	(5,318,434,000)	(6,648,042,500)
Interest expense	06	131,876,543,711	117,857,140,158
Operating profit before changes in working capital	08	3,002,837,526,845	3,532,365,214,493
Change in receivables and other current assets	09	(39,021,357,334)	42,648,772,998
Change in inventories	10	(322,145,799,020)	34,018,360,660
Change in payables and other liabilities	11	(17,270,444,352)	(108,318,131,689)
Change in prepaid expenses	12	35,077,038,825	25,963,823,781
		2,659,476,964,964	3,526,678,040,243
Interest paid	14	(128,967,211,624)	(115,044,203,443)
Corporate income tax paid	15	(417,362,885,649)	(431,051,744,862)
Other payments for operating activities	17	(196,600,000)	(12,840,046,137)
Net cash flows from operating activities	20	2,112,950,267,691	2,967,742,045,801

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 year ended 31 December 2017
(Indirect method – continued)

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

	Code	2017 VND	2016 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(489,808,473,401)	(634,843,683,452)
Proceeds from disposals of fixed assets and construction in progress	22	1,848,263,994	3,863,456,185
Payments for granting loans and other investing activities	23	(6,820,405,000,000)	(3,559,078,712,592)
Receipts from collecting of loans and other investing activities	24	1,400,000,000,000	6,735,714,068,000
Placement of term deposits to banks	23	(2,273,376,720,000)	(41,036,269,841,175)
Withdrawal of term deposits from banks	24	3,852,066,841,175	39,303,321,000,000
Payments for acquisition of non-controlling interests in subsidiaries	25	-	(773,433,922,965)
Acquisition of a subsidiary, net of cash acquired	25	-	(11,555,624,763)
Proceeds from pre-acquisition dividends received from an associate	26	-	5,410,434,000
Receipts of interest and dividends	27	255,682,931,659	724,885,024,521
Net cash flows from investing activities	30	(4,073,992,156,573)	758,012,197,759
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share capital issued	31	49,726,600,000	30,000,000,000
Proceeds from capital contribution in a subsidiary by non-controlling interests	31	-	134,010
Payments for shares repurchased in a subsidiary	32	(247,200,000)	-
Proceeds from bank borrowings	33	7,798,314,906,822	8,481,450,471,251
Payments to settle loan principals to banks	34	(7,412,453,959,741)	(7,682,156,882,445)
Payments of dividends	36	(1,157,089,232,500)	(1,005,198,769,200)
Net cash flows from financing activities	40	(721,748,885,419)	(175,905,046,384)
Net cash flows during the year (50 = 20 + 30 + 40)	50	(2,682,790,774,301)	3,549,849,197,176
Cash and cash equivalents at the beginning of the year	60	6,914,244,921,330	3,366,663,621,920
Effect of exchange rate fluctuations on cash and cash equivalents	61	4,369,156,614	(14,167,886)
Currency translation differences	61	89,770,606	(2,253,729,880)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 6)	70	4,235,913,074,249	6,914,244,921,330

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 year ended 31 December 2017
(Indirect method – continued)

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

NON-CASH INVESTING AND FINANCING ACTIVITIES

	2017	2016
	VND	VND
Net-off dividend payable with loan receivable from the parent company	1,187,405,000,000	1,889,261,836,000

7 March 2018

Prepared by:


 Huynh Viet Thang
 Chief Accountant

Approved by:


 Pham Dinh Toai
 Acting Chief Financial Officer


 Trương Công Thành
 Chairman of the Board of Directors


 M.S.D.N.: 0302017440 C.T.Đ
 CÔNG TY
 CỔ PHẦN
 HÀNG TIÊU DÙNG
MASAN
 QUẬN 1, TP. HỒ CHÍ MINH

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 year ended 31 December 2017

Form B 09 – 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 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 year ended 31 December 2017 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 year ended 31 December 2017 (continued)

Form B 09 – 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 December 2017, the Group has 3 directly owned subsidiaries, 13 indirectly owned subsidiaries and 1 associate (1/1/2017: 4 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		
			31/12/2017	1/1/2017	31/12/2017	1/1/2017	
Directly owned subsidiaries							
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%	
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%	
Masan ĐN One Member Company Limited	(i) Seasonings, convenience food manufacturing and packaging	Street No. 7, Hoa Khanh Industrial Park, Hoa Khanh Bac Ward, Lien Chieu District, Da Nang City, Vietnam	-	100%	-	100%	
Masan Consumer (Thailand) Limited (“MTH”)	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%	
Indirectly owned subsidiaries							
Masan Industrial One Member Company Limited	(ii) 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 Consumer Corporation and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2017 (continued)

Form B 09 – 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	
				31/12/2017	1/1/2017	31/12/2017	1/1/2017
Viet Tien Food Technology One Member Company Limited	(ii)	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	(ii)	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%
Masan HD One Member Company Limited	(ii)	Convenience food manufacturing	Lot 22, Dai An Industrial Park, Tu Minh Ward, Hai Duong City, Hai Duong Province, Vietnam	100%	100%	100%	100%
Masan MB One Member Company Limited	(ii)	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%
Masan HG One Member Company Limited	(ii)	Seasonings, convenience food manufacturing and packaging	Song Hau Industrial Park, Dong Phu Ward, Chau Thanh District, Hau Giang Province, Vietnam	100%	100%	100%	100%
Saigon Nutri Food Joint Stock Company	(ii)	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%
Nam Ngu Phu Quoc One Member Company Limited	(ii)	Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam	100%	100%	100%	100%

Masan Consumer Corporation and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2017 (continued)

Form B 09 – 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	
			31/12/2017	1/1/2017	31/12/2017	1/1/2017
VinaCafé Bien Hoa Joint Stock Company	(iii) Beverage manufacturing and trading	Bien Hoa Industrial Park I, Bien Hoa City, Dong Nai Province, Vietnam	68.46%	68.46%	68.46%	68.46%
Vinh Hao Mineral Water Corporation	(iii) 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	(iv) 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	(iii) Beverage manufacturing and trading	No. 3A, Area 4, Suoi Mo, Bai Chay Ward, Ha Long City, Quang Ninh Province, Vietnam	65.85%	65.68%	65.85%	65.68%
CDN Production Trading Corporation	(v) Beverage manufacturing and trading	Lot C L.III-3+5+7, Long Thanh Industrial Park, Tam An Commune, Long Thanh District, Dong Nai Province, Vietnam	58.19%	58.19%	85%	85%
An associate						
Cholimex Food Joint Stock Company	(ii) 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) Masan DN One Member Company Limited (“MDN”) was established on 12 September 2014 under Business Registration Certificate No. 0401622417 issued by the Department of Planning and Investment of Da Nang City. The Board of Director’s Resolution No. 7/2017/NQ-HDQT on 28 April 2017 resolved and approved to dissolve MDN. As at the date of issuance of these consolidated financial statements, no capital contribution was made by the Company and the dissolution of MDN was completed.
- (ii) These subsidiaries and an associate are indirectly owned by the Company through Masan Food Company Limited (“MSF”).
- (iii) These subsidiaries are indirectly owned by the Company through Masan Beverage Company Limited (“MSB”).
- (iv) KronFa., JSC is indirectly owned by the Company through Vinh Hao Mineral Water Corporation.
- (v) CDN Production Trading Corporation is indirectly owned by the Company through VinaCafé Bien Hoa Joint Stock Company.

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

As at 31 December 2017, the Group had 4,382 employees (1/1/2017: 4,625 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.

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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 2017 were brought forward from the audited figures as at 31 December 2016.

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

(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 year 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 year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

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

(s) 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 year. 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 year.

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(t) Segment reporting

A segment is 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 for segment reporting is based on business segments.

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.

(u) 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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The Group classified its business segments into four main business segments which are seasonings, convenience food, beverage and others. Others segment includes warehouse rental and others.

For the year ended 31 December 2017	Seasonings VND	Convenience food (*) VND	Beverage (*) VND	Others VND	Consolidated VND
Total segment revenue – net	5,294,071,048,560	3,833,707,907,972	4,079,256,392,751	6,604,924,133	13,213,640,273,416
Segment gross profit	2,799,817,614,902	1,555,970,296,881	1,673,487,896,768	3,305,627,587	6,032,581,436,138
Segment results	1,815,542,378,157	462,679,492,591	363,725,232,242	3,305,627,587	2,645,252,730,577
Unallocated general and administration expenses					(342,236,846,300)
Financial income					456,988,463,034
Financial expenses					(135,642,808,146)
Net operating profit					2,624,361,539,165
Other income					1,340,161,739
Other expenses					(3,734,128,540)
Income tax expense					(375,969,896,283)
Net profit after tax					2,245,997,676,081

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For the year ended 31 December 2016	Seasonings VND	Convenience food (*) VND	Beverage (*) VND	Others VND	Consolidated VND
Total segment revenue - net	5,929,762,801,607	3,684,213,605,945	4,159,968,086,897	15,814,948,028	13,789,759,442,477
Segment gross profit	3,227,439,094,975	1,396,930,220,837	1,620,108,969,229	5,340,202,521	6,249,818,487,562
Segment results	2,303,210,024,677	585,704,199,827	340,759,488,342	5,340,202,521	3,235,013,915,367
Unallocated general and administration expenses					(438,581,562,242)
Financial income					486,486,717,049
Financial expenses					(120,181,485,914)
Net operating profit					3,162,737,584,260
Other income					3,946,391,087
Other expenses					(3,831,459,210)
Income tax expense					(371,740,268,742)
Net profit after tax					2,791,112,247,395

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 Convenience food and Beverage segments included amortisation of goodwill amounting to VND68,801 million (2016: VND67,668 million), amortisation of fair values of intangible fixed assets arisen in business combinations amounting to VND99,380 million (2016: VND150,125 million) and depreciation of fair values uplift of tangible fixed assets arisen in business combinations amounting to VND18,724 million (2016: VND24,705 million) during the year.

As at 31 December 2017	Seasonings VND	Convenience food VND	Beverage VND	Consolidated VND
Segment assets	2,121,779,688,936	1,312,938,157,237	2,657,484,292,677	6,092,202,138,850
Unallocated assets				11,552,854,420,923
Total assets				17,645,056,559,773
Segment liabilities	162,634,420,955	242,830,882,104	1,247,805,815,031	1,653,271,118,090
Unallocated liabilities				4,659,957,981,943
Total liabilities				6,313,229,100,033
For the year ended 31 December 2017				
Capital expenditure	321,286,774,303	65,252,920,842	50,009,342,633	436,549,037,778
Unallocated capital expenditure				60,801,639,940
Depreciation of tangible fixed assets	217,942,856,506	92,844,229,662	138,257,042,534	449,044,128,702
Unallocated depreciation of tangible fixed assets				14,145,343,771
Amortisation of intangible fixed assets, goodwill and long-term prepaid expenses	4,920,054,479	15,985,005,807	177,701,447,217	198,606,507,503
Unallocated amortisation of intangible fixed assets and long-term prepaid expenses				53,347,290,176

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As at 1 January 2017	Seasonings VND	Convenience food VND	Beverage VND	Consolidated VND
Segment assets	1,875,082,609,128	1,356,020,120,800	2,783,135,920,430	6,014,238,650,358
Unallocated assets				11,363,587,596,042
Total assets				17,377,826,246,400
Segment liabilities	181,934,564,179	170,732,625,606	702,777,024,481	1,055,444,214,266
Unallocated liabilities				4,393,943,684,073
Total liabilities				5,449,387,898,339
For the year ended 31 December 2016				
Capital expenditure	318,695,966,674	53,310,673,834	128,398,417,563	500,405,058,071
Unallocated capital expenditure				220,675,756,456
Depreciation of tangible fixed assets	178,152,639,224	108,019,559,648	123,621,072,455	409,793,271,327
Unallocated depreciation of tangible fixed assets				14,039,906,819
Amortisation of intangible fixed assets, goodwill and long-term prepaid expenses	5,510,165,970	21,399,760,419	226,167,066,610	253,076,992,999
Unallocated amortisation of intangible fixed assets and long-term prepaid expenses				48,754,062,252

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Details of unallocated assets and unallocated liabilities are as follows:

	31/12/2017	1/1/2017
	VND	VND
Cash and cash equivalents	4,235,913,074,249	6,914,244,921,330
Held-to-maturity investments – short-term	154,258,720,000	1,732,948,841,175
Accounts receivable – short-term, net	275,936,245,323	2,029,920,765,380
Inventories	130,885,289,948	103,734,755,658
Other current assets	9,478,308,181	11,967,257,413
Accounts receivable – long-term, net	6,237,572,225,813	24,757,902,339
Fixed assets	254,612,406,562	278,110,907,616
Construction in progress	8,309,258,685	22,495,594,849
Other long-term assets	245,888,892,162	245,406,650,282
Unallocated assets	11,552,854,420,923	11,363,587,596,042
Accounts payable to suppliers – short-term	131,742,947,085	155,692,783,011
Advances from customers	15,951,247,994	9,862,385,864
Taxes payable to State Treasury	215,304,122,304	266,538,737,389
Payables to employees	16,907,555	14,847,747
Accrued expenses	632,578,085,243	664,106,554,350
Other short-term payables	22,702,500,022	20,934,183,491
Short-term borrowings	3,387,677,592,708	2,887,958,787,537
Other long-term payables	-	1,624,446,378
Long-term borrowings	95,998,319,156	209,856,177,246
Deferred tax liabilities	157,986,259,876	177,354,781,060
Unallocated liabilities	4,659,957,981,943	4,393,943,684,073

(b) Geographical segments

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

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5. Transactions with non-controlling interests

Acquisition of additional equity interests in Quang Ninh Mineral Water Corporation

During the year, Quang Ninh Mineral Water Corporation (“QNW”), an indirectly owned subsidiary of the Company, purchased 20,600 treasury shares for a total consideration of VND247 million. As a result of this transaction, equity interests of the Company in QNW increased from 65.68% to 65.85%, resulting in the following effects:

	VND
Consideration paid in cash	247,200,000
Proportionate carrying amount of net assets acquired	(492,154,586)
	244,954,586
Difference recorded in undistributed profits after tax (Note 24)	244,954,586

6. Cash and cash equivalents

	31/12/2017	1/1/2017
	VND	VND
Cash on hand	1,296,649,680	2,064,520,061
Cash at banks	81,591,424,569	111,060,401,269
Cash equivalents	4,153,025,000,000	6,801,120,000,000
	4,235,913,074,249	6,914,244,921,330
Cash and cash equivalents in the consolidated statement of cash flows	4,235,913,074,249	6,914,244,921,330

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

7. Investments

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

	31/12/2017	1/1/2017
	VND	VND
Held-to-maturity investments – short-term		
▪ Term deposits at banks	154,258,720,000	1,732,948,841,175
	154,258,720,000	1,732,948,841,175

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 annual accounting period.

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(b) Investment in an associate

	Number of shares	31/12/2017 % of equity owned and % of voting rights	Carrying value under equity method VND	Number of shares	1/1/2017 % of equity owned and % of voting rights	Carrying value under equity method VND
Investments in an associate:						
▪ 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 year, 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 year were as follows:

	Cholimex Food Joint Stock Company VND
Carrying value of investment in an associate at the beginning of the year	249,391,858,906
Share of post-acquisition profit in an associate during the year	5,318,434,000
Post-acquisition dividends receivable from an associate	(5,318,434,000)
Carrying value of investment in an associate at the end of the year	249,391,858,906

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8. Accounts receivable from customers

Accounts receivable from customers who are related parties

	31/12/2017	1/1/2017
	VND	VND
Other related parties		
▪ Masan Brewery PY One Member Company Limited	-	5,644,586
▪ Masan Brewery Distribution One Member Company Limited	46,477,916,828	31,752,716,796
▪ Masan Brewery HG One Member Company Limited	1,906,695,091	3,833,035,010
▪ Agro Nutrition International Joint Stock Company	22,592,926,130	-
▪ Vietnamese – French Cattle Feed Joint Stock Company	20,198,243,738	-
	-	-

The trade related amounts due from other related parties were unsecured, interest free and are receivable within 30 – 180 days from invoice date.

9. Loans receivable

	31/12/2017	1/1/2017
	VND	VND
Loans receivable from a related party		
▪ Short-term	-	1,663,716,876,592
▪ Long-term	5,896,716,876,592	-
	-	-

The long-term loans receivable were unsecured and earned interest at 6.5% per annum as at 31 December 2017. These loans mature after 60 months from the drawdown date. Interest is receivable on the maturity date of loan agreements.

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10. Other receivables

(a) Other short-term receivables

	31/12/2017	1/1/2017
	VND	VND
Non-trade amounts due from related parties		
▪ Accrued interest receivable (*)	-	114,905,802,559
▪ Other receivables	-	11,546,396,400
Accrued interest receivable from deposits at banks	9,545,537,923	26,870,375,441
Short-term deposits	21,976,745,630	3,932,192,910
Others	7,175,963,332	7,209,282,429
	38,698,246,885	164,464,049,739
	38,698,246,885	164,464,049,739

(b) Other long-term receivables

	31/12/2017	1/1/2017
	VND	VND
Accrued interest receivable from a related party (*)	335,038,767,569	-
Long-term deposits	5,816,581,652	24,757,902,339
	340,855,349,221	24,757,902,339
	340,855,349,221	24,757,902,339

(*) These represented interest income receivable from loans provided to a related party. Please see Notes 9 and 36 for further information.

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11. Allowance for doubtful debts

Overdue days	31/12/2017			1/1/2017		
	Cost VND	Allowance VND	Recoverable amount VND	Cost VND	Allowance VND	Recoverable amount VND
0 – 30 days	36,838,920,894	-	36,838,920,894	43,712,307,539	-	43,712,307,539
31 – 180 days	19,580,544,666	-	19,580,544,666	562,712,024	-	562,712,024
181 – 365 days	33,200,323	-	33,200,323	119,942,347	(4,553,821)	115,388,526
Over 365 days	15,179,401	(7,589,706)	7,589,695	1,283,068,350	(1,212,473,536)	70,594,814
	56,467,845,284	(7,589,706)	56,460,255,578	45,678,030,260	(1,217,027,357)	44,461,002,903
Allowance for doubtful debts		(7,589,706)			(1,217,027,357)	

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

	2017 VND	2016 VND
Opening balance	1,217,027,357	805,801,581
Increase in allowance during the year	-	611,371,481
Allowance utilised during the year	(1,185,937,651)	(58,476,340)
Written back	(23,500,000)	(141,669,365)
Closing balance	7,589,706	1,217,027,357

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12. Inventories

	31/12/2017		1/1/2017	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	52,156,943,848	-	23,020,158,807	-
Raw materials	579,492,610,142	(1,166,227,003)	350,142,495,576	(9,590,373,377)
Tools and supplies	76,197,364,169	-	71,745,888,578	-
Work in progress	76,069,236,191	-	67,061,968,283	-
Finished goods	228,837,186,075	(5,783,610,499)	212,346,462,681	(3,512,887,094)
Merchandise inventories	5,177,057,183	(6,412,532)	4,707,314,865	-
	1,017,930,397,608	(6,956,250,034)	729,024,288,790	(13,103,260,471)

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

	2017 VND	2016 VND
Opening balance	13,103,260,471	16,622,900,983
Increase in allowance during the year	28,838,750,368	49,109,986,107
Allowance utilised during the year	(33,239,690,202)	(48,249,539,256)
Written back	(1,746,070,603)	(4,380,087,363)
Closing balance	6,956,250,034	13,103,260,471

Included in inventories of the Group as at 31 December 2017 was VND6,956 million (1/1/2017: VND13,103 million) of slow-moving inventories.

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13. Tangible fixed assets

	Buildings VND	Leasehold improvements VND	Office equipment VND	Machinery and equipment VND	Motor vehicles VND	Total VND
Cost						
Opening balance	1,324,954,035,367	62,791,110,984	63,408,917,510	3,211,564,534,175	32,162,488,959	4,694,881,086,995
Additions during the year	139,774,241	-	147,915,454	2,427,925,149	75,821,200	2,791,436,044
Transfer from construction in progress	119,933,500,606	-	5,192,954,052	447,813,453,040	203,957,522	573,143,865,220
Disposals	(4,105,775,277)	-	(335,304,545)	(25,890,516,029)	(4,636,998,416)	(34,968,594,267)
Written-off	(2,357,977,674)	-	(2,635,915,146)	(534,165,615)	-	(5,528,058,435)
Reclassifications	(1,876,249,030)	-	-	1,876,249,030	-	-
Closing 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
Accumulated depreciation						
Opening balance	234,785,355,878	19,484,246,535	32,794,245,843	1,258,023,912,009	17,682,965,730	1,562,770,725,995
Charge for the year	77,170,019,006	10,451,709,071	7,630,751,809	364,024,457,452	3,912,535,135	463,189,472,473
Disposals	(2,923,311,559)	-	(335,304,545)	(23,703,850,321)	(4,231,085,579)	(31,193,552,004)
Written-off	(2,357,977,674)	-	(2,617,170,086)	(508,978,115)	-	(5,484,125,875)
Reclassification	(46,906,227)	-	-	46,906,227	-	-
Closing 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
Net book value						
Opening balance	1,090,168,679,489	43,306,864,449	30,614,671,667	1,953,540,622,166	14,479,523,229	3,132,110,361,000
Closing 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

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Included in the cost of tangible fixed assets of the Group were assets costing VND389,228 million, which were fully depreciated as of 31 December 2017 (1/1/2017: VND303,992 million), but which are still in active use.

As at 31 December 2017 and 1 January 2017, certain of the Group's tangible fixed assets were pledged with banks as security for loans granted to the Group and the parent company.

The carrying amount of the Group's temporarily idle equipment in tangible fixed assets amounted to VND11,261 million as of 31 December 2017 (1/1/2017: VND11,261 million).

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14. 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	290,444,510,787	117,800,213,296	758,354,816,571	404,114,911,701	412,697,763,511	2,102,498,034,268
Additions during the year	-	1,069,892,667	-	-	-	-	1,069,892,667
Transfer from construction in progress	-	395,592,000	145,364,052	-	-	-	540,956,052
Written-off	-	(807,270,780)	-	-	-	-	(807,270,780)
Closing 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
Accumulated amortisation							
Opening balance	26,068,492,542	63,380,703,674	7,817,687,894	318,335,873,925	344,785,103,101	29,528,450,556	789,916,311,692
Charge for the year	3,794,039,303	35,413,614,661	6,081,016,584	66,892,868,504	8,138,841,240	21,934,668,276	142,255,048,568
Written-off	-	(765,777,015)	-	-	-	-	(765,777,015)
Closing 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
Net book value							
Opening balance	93,017,325,860	227,063,807,113	109,982,525,402	440,018,942,646	59,329,808,600	383,169,312,955	1,312,581,722,576
Closing 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

Included in the cost of intangible fixed assets of the Group were assets costing VND12,313 million, which were fully amortised as of 31 December 2017 (1/1/2017: VND12,270 million), but which are still in active use.

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15. Construction in progress

	2017 VND
Opening balance	371,351,502,339
Additions during the year	485,775,571,467
Transfer to tangible fixed assets	(573,143,865,220)
Transfer to intangible fixed assets	(540,956,052)
Transfer to long-term prepaid expenses	(31,290,028,914)
	252,152,223,620
Closing balance	252,152,223,620

Major constructions in progress were as follows:

	31/12/2017 VND	1/1/2017 VND
Buildings	14,065,705,531	62,320,901,859
Machinery and equipment	234,781,043,000	307,133,072,485
Software	3,246,249,258	197,379,408
Others	59,225,831	1,700,148,587
	252,152,223,620	371,351,502,339
	252,152,223,620	371,351,502,339

As at 31 December 2017, there was no construction in progress of the Group was pledged with banks as security for loans granted to the Group and the parent company. As at 1 January 2017, certain construction in progress of the Group was pledged with banks as security for loans granted to the Group and the parent company.

During the year, there was no borrowing cost capitalised into construction in progress of the Group (2016: VND7,251 million).

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	Prepaid land costs VND	Goodwill from equitisation VND	Tools and supplies VND	Total VND
Opening balance	85,372,636,895	28,209,340,381	79,647,109,247	193,229,086,523
Additions during the year	-	-	7,520,704,317	7,520,704,317
Transfer from construction in progress	2,432,979,833	-	28,857,049,081	31,290,028,914
Amortisation for the year	(2,131,404,558)	(3,134,371,152)	(35,678,148,242)	(40,943,923,952)
Disposals	-	-	(205,330,251)	(205,330,251)
Reclassifications	(4,856,782)	-	4,856,782	-
Currency translation differences	-	-	59,660,079	59,660,079
Closing balance	85,669,355,388	25,074,969,229	80,205,901,013	190,950,225,630

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17. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

	31/12/2017		1/1/2017	
	Deferred tax assets VND	Deferred tax liabilities VND	Deferred tax assets VND	Deferred tax liabilities VND
Accrued advertising and promotion expenses	109,894,922,823	-	105,248,849,406	-
Accrued logistic expense	13,788,420,646	-	17,374,503,772	-
Accrued sales discounts	6,441,407,777	-	5,161,030,851	-
Other accruals	16,263,544,537	-	18,846,737,999	-
Unrealised profits	6,857,226,751	-	3,541,571,112	-
Tangible fixed assets	-	(2,650,137,072)	-	(5,546,199,648)
Intangible fixed assets	-	(155,336,122,804)	-	(171,808,581,412)
	153,245,522,534	(157,986,259,876)	150,172,693,140	(177,354,781,060)

18. Goodwill

	2017 VND
Cost	
Opening and closing balances	693,961,414,227
Accumulated amortisation	
Opening balance	269,425,155,287
Charge for the year	68,800,752,948
Closing balance	338,225,908,235
Net book value	
Opening balance	424,536,258,940
Closing balance	355,735,505,992

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19. Accounts payable to suppliers

(a) Accounts payable to suppliers classified by payment term

	31/12/2017		1/1/2017	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Short-term	801,573,550,158	801,573,550,158	708,987,463,602	708,987,463,602
Long-term	78,525,018,000	78,525,018,000	88,334,503,000	88,334,503,000
	880,098,568,158	880,098,568,158	797,321,966,602	797,321,966,602

(b) Accounts payable to suppliers who are related parties

	31/12/2017 VND	1/1/2017 VND
Other related parties		
▪ Masan Brewery Distribution One Member Company Limited	409,681,308	-
▪ Masan Brewery HG One Member Company Limited	49,500,000	-
	459,181,308	-

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

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20. Taxes payable to State Treasury

	1/1/2017 VND	Incurred VND	Paid VND	Deducted VND	Reclassified VND	31/12/2017 VND
Value added tax	142,285,775,265	2,132,269,772,327	(518,849,895,139)	(1,685,129,122,141)	1,469,215,712	72,045,746,024
Import-export tax	-	10,170,129,041	(10,170,129,041)	-	-	-
Corporate income tax	165,922,388,261	398,411,246,861	(417,362,885,649)	-	1,657,198,420	148,627,947,893
Personal income tax	3,257,586,774	47,676,555,118	(46,595,947,905)	(1,787,791,243)	-	2,550,402,744
Other taxes	1,285,214,101	104,265,571,007	(102,615,810,355)	(1,847,368,375)	-	1,087,606,378
	312,750,964,401	2,692,793,274,354	(1,095,594,668,089)	(1,688,764,281,759)	3,126,414,132	224,311,703,039

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21. Accrued expenses

	31/12/2017	1/1/2017
	VND	VND
Advertising and promotion expenses	570,590,834,872	572,533,158,360
Logistic expense	74,505,500,282	92,335,239,793
Exhibition expense	15,855,033,925	19,595,353,810
Bonus and 13 th month salary	85,716,216,827	88,970,497,961
Sales discounts	37,228,040,655	29,710,794,483
Market research expense	19,597,265,927	16,534,099,796
Accrued interest expense	8,696,317,975	5,786,985,888
Construction in progress	9,293,959,972	26,528,811,619
Purchases not yet received invoices	15,878,108,053	29,565,152,100
Accrued information and technology expenses	14,910,270,008	17,931,285,060
Others	41,360,489,016	59,211,917,474
	<hr/>	<hr/>
	893,632,037,512	958,703,296,344
	<hr/>	<hr/>

22. Other payables

(a) Other short-term payables

	31/12/2017	1/1/2017
	VND	VND
Trade union fee, social, health and unemployment insurances	15,717,691,116	12,599,617,645
Short-term deposits received	2,817,633,596	5,108,373,944
Dividends payable	555,872,942,000	3,074,462,000
Others	6,712,911,516	6,678,635,961
	<hr/>	<hr/>
	581,121,178,228	27,461,089,550
	<hr/>	<hr/>

(b) Other long-term payables

	31/12/2017	1/1/2017
	VND	VND
Long-term deposits received	20,821,499,726	22,360,630,839
	<hr/>	<hr/>

Masan Consumer Corporation and its subsidiaries

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23. Borrowings

(a) Short-term borrowings

	1/1/2017		Movements during the year		31/12/2017	
	Carrying amount VND	Amount within repayment capacity VND	Addition VND	Decrease VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	2,804,302,605,157	2,804,302,605,157	7,743,458,724,442	(7,214,939,919,271)	3,332,821,410,328	3,332,821,410,328
Current portion of long-term borrowings	83,656,182,380	83,656,182,380	54,856,182,380	(83,656,182,380)	54,856,182,380	54,856,182,380
	<u>2,887,958,787,537</u>	<u>2,887,958,787,537</u>	<u>7,798,314,906,822</u>	<u>(7,298,596,101,651)</u>	<u>3,387,677,592,708</u>	<u>3,387,677,592,708</u>

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

	Currency	Annual interest rate	31/12/2017 VND	1/1/2017 VND
Short-term borrowings				
▪ Secured bank loans	VND	5.00% - 5.50%	399,546,993,783	453,236,733,465
▪ Unsecured bank loans	VND	3.42% - 5.50%	2,933,274,416,545	2,351,065,871,692
			3,332,821,410,328	2,804,302,605,157

As at 31 December 2017 and 1 January 2017, the secured bank loans of the Group were guaranteed by the Company.

(b) Long-term borrowings

	31/12/2017 VND	1/1/2017 VND
Long-term borrowings	150,854,501,536	293,512,359,626
Repayable within 12 months	(54,856,182,380)	(83,656,182,380)
Repayable after 12 months	95,998,319,156	209,856,177,246

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

	Currency	Annual interest rate	Year of maturity	31/12/2017 VND	1/1/2017 VND
Long-term borrowings					
▪ Secured bank loans	VND	9.0%	2020	150,854,501,536	293,512,359,626

The secured bank loans of the Group were secured over fixed assets of the Group with a carrying amount of VND615,689 million (1/1/2017: fixed assets and construction in progress with carrying amount of VND816,233 million and VND3,306 million, respectively).

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

As at 31 December 2017 and 1 January 2017, the Group does not have any overdue borrowings including principle and interest.

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24. 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 ("NCI") VND	Total VND
Balance as at 1 January 2016	5,351,601,170,000	5,088,056,394,992	(265,775,657,006)	(1,640,252,631,255)	-	22,731,972,844	2,984,708,427,270	1,274,377,326,585	12,815,447,003,430
Share capital issued (Note 25)	30,000,000,000	-	-	-	-	-	-	-	30,000,000,000
Net profit for the year	-	-	-	-	-	-	2,679,382,871,020	111,729,376,375	2,791,112,247,395
Dividends (Note 26)	-	-	-	-	-	-	(2,896,096,655,200)	-	(2,896,096,655,200)
Payment for Board of Directors' fees of a subsidiary	-	-	-	-	-	-	(967,126,924)	(616,625,077)	(1,583,752,001)
Acquisition of NCI	-	-	-	-	-	-	(332,377,308,207)	(477,190,588,281)	(809,567,896,488)
Disposals to NCI without a change in control	-	-	-	-	-	-	104,420	205,380	309,800
Acquisition of a subsidiary with NCI	-	-	-	-	-	-	-	1,380,686,995	1,380,686,995
Capital contribution in a subsidiary by NCI	-	-	-	-	-	-	-	134,010	134,010
Currency translation differences	-	-	-	-	(2,253,725,216)	-	-	(4,664)	(2,253,729,880)
Balance as at 31 December 2016	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

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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 ("NCP") VND	Total VND
Balance as 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
Share capital issued (Note 25)	49,726,600,000	-	-	-	-	-	-	-	49,726,600,000
Net profit for the year	-	-	-	-	-	-	2,131,847,621,907	114,150,054,174	2,245,997,676,081
Dividends (Note 26)	-	-	-	-	-	-	(2,340,720,526,500)	-	(2,340,720,526,500)
Purchase of shares in a subsidiary (Note 5)	-	-	-	-	-	-	244,954,586	(492,154,586)	(247,200,000)
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(556,572,186,000)	(556,572,186,000)
Currency translation differences	-	-	-	-	5,204,739,102	-	-	8,996	5,204,748,098
Balance as at 31 December 2017	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

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25. Share capital, share premium and treasury shares

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

	31/12/2017		1/1/2017	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	543,132,777	5,431,327,770,000	538,160,117	5,381,601,170,000
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	520,160,117	5,201,601,170,000
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 year were as follows:

	2017		2016	
	Number of shares	Par value VND	Number of shares	Par value VND
Balance at the beginning of the year – currently in circulation	520,160,117	5,201,601,170,000	517,160,117	5,171,601,170,000
Shares issued during the year	4,972,660	49,726,600,000	3,000,000	30,000,000,000
Balance at the end of the year – currently in circulation	525,132,777	5,251,327,770,000	520,160,117	5,201,601,170,000

26. Dividends

The Annual General Meeting of Shareholders of the Company on 20 April 2017 resolved to distribute dividends by cash amounting to VND2,340,721 million (2016: VND2,896,097 million).

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27. Off balance sheet items

(a) Lease commitments

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

	31/12/2017	1/1/2017
	VND	VND
Within 1 year	68,171,420,108	130,627,053,331
Within 2 to 5 years	34,583,920,018	105,726,617,900
	<hr/>	<hr/>
	102,755,340,126	236,353,671,231
	<hr/>	<hr/>

(b) Foreign currencies

	31/12/2017		1/1/2017	
	Original currency	VND equivalent	Original currency	VND Equivalent
USD	68,009	1,541,076,916	616,066	13,997,015,659
THB	84,093,681	56,931,421,922	97,959,692	60,637,049,233
		<hr/>		<hr/>
		58,472,498,838		74,634,064,892
		<hr/>		<hr/>

(c) Capital expenditure commitments

As at the reporting date, the Group had the following outstanding capital commitments approved but not provided for in the consolidated balance sheet:

	31/12/2017	1/1/2017
	VND	VND
Approved and contracted	34,772,517,932	260,303,831,552
Approved but not contracted	59,105,280,099	125,949,862,404
	<hr/>	<hr/>
	93,877,798,031	386,253,693,956
	<hr/>	<hr/>

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28. 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:

	2017	2016
	VND	VND
Total revenue		
▪ Sale of goods	13,387,481,139,058	13,932,802,827,746
▪ Other sales	35,445,566,369	38,699,255,289
	<hr/>	<hr/>
	13,422,926,705,427	13,971,502,083,035
Less revenue deductions		
▪ Sales discounts	119,637,550,845	129,354,512,110
▪ Sales returns	89,648,881,166	52,388,128,448
	<hr/>	<hr/>
	209,286,432,011	181,742,640,558
Net revenue	<hr/>	<hr/>
	13,213,640,273,416	13,789,759,442,477

29. Cost of sales

	2017	2016
	VND	VND
Total cost of sales		
▪ Goods sold	7,101,751,091,727	7,444,564,708,089
▪ Other cost of goods sold	52,215,065,786	50,646,348,082
▪ Allowance for inventories	27,092,679,765	44,729,898,744
	<hr/>	<hr/>
	7,181,058,837,278	7,539,940,954,915

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30. Financial income

	2017 VND	2016 VND
Interest income from deposits at banks	214,047,422,698	310,130,343,695
Interest income from loans provided to a related party	220,132,965,010	114,905,802,559
Interest income from other loan investing activities	18,992,237,443	55,311,896,449
Foreign exchange gains	3,815,837,883	3,617,735,128
Realised gains from derivative financial instruments	-	2,509,420,890
Other financial income	-	11,518,328
	<hr/> 456,988,463,034	<hr/> 486,486,717,049

31. Financial expenses

	2017 VND	2016 VND
Interest expense on borrowings from banks	131,876,543,711	117,857,140,158
Foreign exchange losses	3,766,264,435	2,243,573,433
Other financial expenses	-	80,772,323
	<hr/> 135,642,808,146	<hr/> 120,181,485,914

32. Selling expenses

	2017 VND	2016 VND
Advertising and promotion expenses	2,058,692,697,367	1,651,243,161,739
Logistic expense	510,524,903,640	574,860,334,364
Staff costs	271,109,257,566	278,924,620,729
Exhibition expense	87,993,128,341	40,237,657,913
Marketing research expense	49,294,638,984	24,364,413,803
Others	35,793,422,818	49,913,958,873
	<hr/> 3,013,408,048,716	<hr/> 2,619,544,147,421

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33. General and administration expenses

	2017 VND	2016 VND
Staff costs	234,320,300,793	272,314,162,990
Amortisation of fair value uplift of fixed assets arising in business combination	118,104,446,087	174,829,829,682
Leased line system and information technology services	107,771,402,668	130,636,650,920
Amortisation of goodwill	68,800,752,948	67,668,415,153
Depreciation and amortisation of fixed assets	64,799,939,488	58,377,753,606
Office rental	51,183,011,983	50,502,129,664
Research and development expenses	13,930,816,202	32,098,863,136
Others	62,565,266,976	54,062,224,365
	<hr/>	<hr/>
	721,475,937,145	840,490,029,516
	<hr/>	<hr/>

34. Income tax

(a) Recognised in the consolidated statement of income

	2017 VND	2016 VND
Current tax expense		
Current year	369,263,690,931	432,202,862,289
Under provision in prior years	29,147,555,930	480,080,680
	<hr/>	<hr/>
	398,411,246,861	432,682,942,969
	<hr/>	<hr/>
Deferred tax benefit		
Origination and reversal of temporary differences	(15,811,983,211)	(60,942,674,227)
Effect of change in tax rate	(6,629,367,367)	-
	<hr/>	<hr/>
	(22,441,350,578)	(60,942,674,227)
	<hr/>	<hr/>
Income tax expense	375,969,896,283	371,740,268,742
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(b) Reconciliation of effective tax rate

	2017 VND	2016 VND
Accounting profit before tax	2,621,967,572,364	3,162,852,516,137
Tax at the Company's income tax rate	524,393,514,473	632,570,503,227
Effect of incentive tax rates in subsidiaries	(199,751,491,179)	(282,158,433,150)
Effect of share of profit in an associate	(1,063,686,798)	(1,329,608,500)
Non-deductible expenses	5,211,913,869	3,449,838,134
Under provision in prior years	29,147,555,930	480,080,680
Tax losses utilised	(213,273,480)	-
Effect of amortisation of goodwill	13,760,150,587	13,533,683,031
Unrecognised deferred tax assets	4,485,212,881	5,194,205,320
	<u>375,969,896,283</u>	<u>371,740,268,742</u>

(c) Applicable tax rates

The Company has an obligation to pay corporate income tax to the government at corporate income tax rate of 20% from 2016 onwards.

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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35. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2017 was based on the profit attributable to ordinary shareholders of the Company after deducting the amounts appropriated to bonus and welfare funds for the year, of VND2,131,848 million (2016: VND2,679,383 million) and a weighted average number of ordinary shares outstanding of 522,530,645 (2016: 518,746,418), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2017	2016
	VND	VND
Net profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare funds	2,131,847,621,907	2,679,382,871,020

(ii) Weighted average number of ordinary shares

	2017	2016
Issued ordinary shares at the beginning of the year - currently in circulation	520,160,117	517,160,117
Effect of shares issued during the year	2,370,528	1,586,301
Weighted average number of ordinary shares at the end of the year - currently in circulation	522,530,645	518,746,418

(iii) Basic earnings per share

	2017	2016
	VND	VND
Basic earnings per share	4,080	5,165

(b) Diluted earnings per share

As at 31 December 2017 and 1 January 2017, the Company did not have potential ordinary shares therefore the presentation of diluted earnings per share is not applicable.



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36. Significant transactions with related parties

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

Relationship	Nature of transactions	Transaction value		Receivable/(payable) as at	
		2017 VND	2016 VND	31/12/2017 VND	1/1/2017 VND
Parent company					
MasanConsumerHoldings Company Limited	Loans receivable	5,420,405,000,000	3,559,078,712,592	5,896,716,876,592	1,663,716,876,592
	Collection of loans	-	6,100,000,000	-	-
	Collection of loans through net-off with dividends payable	1,187,405,000,000	1,889,261,836,000	-	-
	Interest income receivable from loans	220,132,965,010	114,905,802,559	335,038,767,569	114,905,802,559
	Dividends declared	2,270,686,203,000	2,799,261,836,000	-	-
	Dividends paid by cash	1,083,281,203,000	910,000,000,000	-	-
Associate					
Cholimex Food Joint Stock Company	Pre-acquisition dividends received	-	5,410,434,000	-	-
	Post-acquisition dividends receivable	5,318,443,000	6,648,042,500	-	-
Other related parties					
Masan Brewery PY One Member Company Limited	Sale of goods	30,145,786	39,439,978	-	5,644,586
Masan Brewery Distribution One Member Company Limited	Purchase of goods	1,620,813,794	1,880,413,261	(409,681,308)	-
	Sale of goods	816,513,690	1,153,360	10,614,490	-
	Management fee	42,212,820,014	28,990,613,560	46,467,302,338	31,752,716,796

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Relationship	Nature of transactions	Transaction value		Receivable/(payable) as at	
		2017 VND	2016 VND	31/12/2017 VND	1/1/2017 VND
Masan Brewery HG One Member Company Limited	Sale of goods	177,621,475	34,422,542	-	6,107,257
	Management fee	1,733,359,174	3,479,025,231	1,906,695,091	3,826,927,753
	Purchase of goods	55,000,000	-	(49,500,000)	-
	Payment on behalf of land rental fee	-	11,546,396,400	-	11,546,396,400
Agro Nutrition International Joint Stock Company	Sale of goods	96,707,481	-	16,698,000	-
	Management fee	22,385,193,556	-	22,576,228,130	-
Vietnamese – French Cattle Feed Joint Stock Company	Sale of goods	163,992,600	-	-	-
	Management fee	19,162,415,771	-	20,198,243,738	-
Key management personnel	Remuneration to key management personnel (*)	22,505,992,606	29,984,910,463	-	-

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As at 31 December 2017, 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 Board of Directors' members of the Company for the years ended 31 December 2017 and 2016.

37. Post balance sheet event

In February 2018, MSB, a subsidiary of the Company, successfully acquired additional 7,982,361 shares of VCF. As a result of this transaction, the Company's equity interest in VCF has increased from 68.46% to 98.49%.

7 March 2018


Prepared by: 


Huynh Viet Thang
Chief Accountant

Approved by: 

Pham Dinh Toai
Acting Chief Financial Officer


Truong Cong Thang
Chairman of the Board of Directors

