



Masan Consumer Corporation
Separate 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
Ms Nguyen Hoang Yen
Mr Nguyen Thieu Quang
Mr Seokhee Won

Chairman
(until 23 June 2017)
Member
Member
Member
(until 27 February 2018)

Board of Management

Mr Truong Cong Thang

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

Mr Seokhee Won

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

Deputy Chief Executive Officer
Deputy Chief Executive Officer
Deputy Chief Executive Officer
Deputy Chief Executive Officer
Deputy Chief Executive Officer
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 separate financial statements of the Company for the year ended 31 December 2017.

The Company’s Board of Management is responsible for the preparation and fair presentation of the separate 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 separate financial statements set out on pages 5 to 42 give a true and fair view of the separate financial position of the Company as at 31 December 2017, and of its separate results of operations and its separate 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 Company 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 separate financial statements for issue.

On behalf of the Board of Management



Trương Công Thành
Chairman of the Board of Directors cum Chief Executive Officer

Hồ Chí Minh City, 7 March 2018



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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 separate financial statements of Masan Consumer Corporation ("the Company"), which comprise the separate balance sheet as at 31 December 2017, the separate 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 42.

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 separate 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 separate 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 separate 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 Company'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 separate financial statements give a true and fair view, in all material respects, of the separate financial position of Masan Consumer Corporation as at 31 December 2017 and of its separate results of operations and its separate 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(a)

CÔNG TY TNHH

KPMG

THÀNH PHỐ HỒ CHÍ MINH

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
Separate balance sheet as at 31 December 2017

Form B 01 – DN
(Issued under Circular No. 200/2014/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		3,339,470,305,579	10,349,274,001,384
Cash and cash equivalents	110	4	677,000,209,110	4,696,551,755,028
Cash	111		9,100,209,110	20,951,755,028
Cash equivalents	112		667,900,000,000	4,675,600,000,000
Short-term financial investments	120		4,175,720,000	1,279,948,841,175
Held-to-maturity investments	123	5(a)	4,175,720,000	1,279,948,841,175
Accounts receivable – short-term	130		2,499,118,637,158	4,283,852,563,033
Accounts receivable from customers	131	6	399,624,323,346	333,636,196,490
Prepayments to suppliers	132		49,900,293,622	6,589,975,715
Short-term loans receivable	135	7	-	1,663,716,876,592
Other short-term receivables	136	8(a)	2,049,594,020,190	2,279,909,514,236
Inventories	140	9	152,755,900,467	79,445,760,231
Inventories	141		152,868,576,847	79,725,053,827
Allowance for inventories	149		(112,676,380)	(279,293,596)
Other current assets	150		6,419,838,844	9,475,081,917
Short-term prepaid expenses	151		6,419,838,844	9,475,081,917

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

Masan Consumer Corporation
Separate balance sheet as at 31 December 2017 (continued)

Form B 01 – DN
(Issued under Circular No. 200/2014/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		11,666,944,521,078	5,087,719,815,800
Accounts receivable – long-term	210		5,766,298,135,597	20,667,561,158
Long-term loans receivable	215	7	5,430,716,876,592	-
Other long-term receivables	216	8(b)	335,581,259,005	20,667,561,158
Fixed assets	220		230,800,048,905	277,006,087,390
Tangible fixed assets	221	10	45,445,819,566	59,257,935,176
Cost	222		97,363,398,884	98,550,132,221
Accumulated depreciation	223		(51,917,579,318)	(39,292,197,045)
Intangible fixed assets	227	11	185,354,229,339	217,748,152,214
Cost	228		276,228,537,827	275,063,053,160
Accumulated amortisation	229		(90,874,308,488)	(57,314,900,946)
Long-term work in progress	240		3,246,249,258	4,413,036,077
Construction in progress	242	12	3,246,249,258	4,413,036,077
Long-term financial investments	250		5,551,271,509,348	4,665,771,509,348
Investments in subsidiaries	251	5(b)	5,551,271,509,348	4,665,771,509,348
Other long-term assets	260		115,328,577,970	119,861,621,827
Long-term prepaid expenses	261	13	9,035,644,733	12,445,534,013
Deferred tax assets	262	14	106,292,933,237	107,416,087,814
TOTAL ASSETS (270 = 100 + 200)	270		15,006,414,826,657	15,436,993,817,184

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

Masan Consumer Corporation
Separate balance sheet as at 31 December 2017 (continued)

Form B 01 – DN
(Issued under Circular No. 200/2014/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)	300		3,029,487,280,688	4,246,769,360,739
Current liabilities	310		3,029,487,280,688	4,246,769,360,739
Accounts payable to suppliers	311	15	391,581,362,507	1,671,575,048,391
Advances from customers	312		15,924,045,598	9,751,691,244
Taxes payable to State Treasury	313	16	106,186,633,805	107,811,056,859
Accrued expenses	315	17	576,395,617,148	581,410,189,142
Other short-term payables	319	18	19,867,595,264	16,908,965,636
Short-term borrowings	320	19	1,919,532,026,366	1,859,312,409,467
EQUITY (400 = 410)	400		11,976,927,545,969	11,190,224,456,445
Owners' equity	410	20	11,976,927,545,969	11,190,224,456,445
Share capital	411	21	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	21	5,088,056,394,992	5,088,056,394,992
Treasury shares	415	21	(1,640,252,631,255)	(1,640,252,631,255)
Undistributed profits after tax	421		3,097,796,012,232	2,360,819,522,708
- Undistributed profits after tax brought forward	421a		20,098,996,208	-
- Undistributed profit after tax for the current year	421b		3,077,697,016,024	2,360,819,522,708
TOTAL RESOURCES (440 = 300 + 400)	440		15,006,414,826,657	15,436,993,817,184

7 March 2018

Prepared by: 


 Huynh Viet Thang
 Chief Accountant


 Pham Dinh Toai
 Acting Chief Financial Officer

Approved by: 

 Trương Công Thang
 Chairman of the Board of Directors

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

Masan Consumer Corporation
Separate statement of income for the year ended 31 December 2017

Form B 02 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2017 VND	2016 VND
Revenue from sale of goods	01	24	9,521,084,183,896	10,032,147,674,239
Revenue deductions	02	24	68,677,135,504	48,158,301,706
Net revenue (10 = 01 - 02)	10	24	9,452,407,048,392	9,983,989,372,533
Cost of sales	11	25	7,062,076,162,048	7,903,907,443,330
Gross profit (20 = 10 - 11)	20		2,390,330,886,344	2,080,081,929,203
Financial income	21	26	3,170,470,210,374	2,892,135,160,332
Financial expenses	22	27	69,160,221,799	62,410,130,203
<i>In which: Interest expense</i>	23		68,888,085,335	61,931,658,334
Selling expenses	25	28	2,060,648,420,988	1,915,086,900,586
General and administration expenses	26	29	263,326,500,032	371,593,863,165
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		3,167,665,953,899	2,623,126,195,581
Other income	31		365,472,425	494,671,696
Other expenses	32		379,234,949	1,756,466,149
Results of other activities (40 = 31 - 32)	40		(13,762,524)	(1,261,794,453)
Accounting profit before tax (50 = 30 + 40)	50		3,167,652,191,375	2,621,864,401,128
Income tax expense – current	51	31	88,832,020,774	47,099,875,223
Income tax expense/(benefit) – deferred	52	31	1,123,154,577	(23,653,346,445)
Net profit after tax (60 = 50 - 51 - 52)	60		3,077,697,016,024	2,598,417,872,350

7 March 2018

Prepared by: 

Approved by: 

Huynh Viet Thang
Chief Accountant

Pham Dinh Toai
Acting Chief Financial Officer

Trương Công Thang
Chairman of the Board of Directors

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

Masan Consumer Corporation
Separate statement of cash flows for the year ended 31 December 2017
(Indirect method)

Form B 03 – DN
(Issued under Circular No. 200/2014/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	3,167,652,191,375	2,621,864,401,128
Adjustments for			
Depreciation and amortisation	02	47,596,534,352	45,464,450,213
Allowances and provisions	03	2,895,285,836	9,503,958,579
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	45,502,462	26,357,930
(Gain)/losses on disposals of fixed assets and construction in progress	05	(250,000,000)	1,726,020,769
Interest income, distributed profits and related income from investing activities	05	(3,170,037,390,868)	(2,891,333,787,157)
Interest expense	06	68,888,085,335	61,931,658,334
Operating profit/(loss) before changes in working capital	08	116,790,208,492	(150,816,940,204)
Change in receivables and other current assets	09	(108,311,200,136)	(89,575,534,425)
Change in inventories	10	(76,205,426,072)	(14,532,541,650)
Change in payables and other liabilities	11	(1,285,205,081,531)	120,547,947,949
Change in prepaid expenses	12	10,782,450,430	772,568,899
		(1,342,149,048,817)	(133,604,499,431)
Interest paid	14	(66,223,562,694)	(61,342,661,027)
Corporate income tax paid	15	(83,221,652,715)	(66,057,681,306)
Net cash flows from operating activities	20	(1,491,594,264,226)	(261,004,841,764)

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

Masan Consumer Corporation
Separate statement of cash flows for the year ended 31 December 2017
(Indirect method – continued)

Form B 03 – DN
(Issued under Circular No. 200/2014/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	(4,866,048,925)	(31,962,539,433)
Proceeds from disposals of fixed assets and construction in progress	22	250,000,000	2,994,089,006
Payments for granting loans	23	(4,954,405,000,000)	(3,559,078,712,592)
Receipts from collecting loans	24	-	6,735,714,068,000
Placement of term deposits to banks	23	(746,193,720,000)	(27,675,348,841,175)
Withdrawal of term deposits from banks	24	2,021,966,841,175	26,395,400,000,000
Payments for investments in subsidiaries	25	(885,500,000,000)	(976,471,500,000)
Receipts of interest and distributed profits	27	3,084,663,803,930	2,687,221,202,240
Net cash flows from investing activities	30	(1,484,084,123,820)	3,578,467,766,046
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share capital issued	31	49,726,600,000	30,000,000,000
Proceeds from borrowings from banks	33	4,436,888,255,174	5,453,343,599,258
Payments to settle loan principals to banks	34	(4,376,668,638,275)	(4,547,471,968,364)
Payments of dividends	36	(1,153,819,442,500)	(1,005,186,769,200)
Net cash flows from financing activities	40	(1,043,873,225,601)	(69,315,138,306)
Net cash flows during the year (50 = 20 + 30 + 40)	50	(4,019,551,613,647)	3,248,147,785,976
Cash and cash equivalents at the beginning of the year	60	4,696,551,755,028	1,448,427,905,127
Effect of exchange rate fluctuations on cash and cash equivalents	61	67,729	(23,936,075)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 4)	70	677,000,209,110	4,696,551,755,028

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

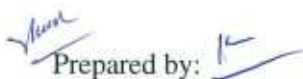
Masan Consumer Corporation
Separate statement of cash flows for the year ended 31 December 2017
(Indirect method – continued)

Form B 03 – DN
(Issued under Circular No. 200/2014/TT-BTC
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NON-CASH INVESTING AND FINANCING ACTIVITIES

	2017	2016
	VND	VND
Net-off dividends payable with loans receivable from related parties	1,187,405,000,000	1,889,261,836,000

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

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

Masan Consumer Corporation
Notes to the separate financial statements for the year ended 31 December 2017

Form B 09 – DN
*(Issued under Circular No. 200/2014/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 separate financial statements.

1. Reporting entity

(a) Ownership structure

Masan Consumer Corporation (“the Company”) is a joint stock company incorporated in Vietnam.

(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.

(d) Company structure

As at 31 December 2017, the Company had 1,080 employees (1/1/2017: 1,192 employees).

2. Basis of preparation

(a) Statement of compliance

These separate 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.

The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the consolidated financial position as at 31 December 2017 of the Company and its subsidiaries (collectively referred to as “the Group”), their consolidated results of operations and their consolidated cash flows for the year then ended, these separate financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2017.

(b) Basis of measurement

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

Masan Consumer Corporation
Notes to the separate financial statements for the year ended 31 December 2017
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(c) Annual accounting period

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

(d) Accounting and presentation currency

The Company's accounting currency is Vietnam Dong ("VND"), 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 Company in the preparation of these separate financial statements.

(a) 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 rate and selling rate at the end of the annual accounting period quoted by the commercial bank where the Company most frequently conducts transactions.

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

(b) 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.

Masan Consumer Corporation
Notes to the separate financial statements for the year ended 31 December 2017
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
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(c) Investments

(i) Held-to-maturity investments

Held-to-maturity investments are those that the Company's Board of Management has 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.

(ii) Investments in subsidiaries

For the purpose of the separate financial statements, investments in subsidiaries are initially recognised at cost which includes purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the subsidiary has suffered a loss, except where such a loss was anticipated by the Company's Board of Management before making the investment. The allowance is reversed if the subsidiary subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(d) Accounts receivable from customers and other receivables

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

(e) 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 Company applies the perpetual method of accounting for inventories.

Masan Consumer Corporation
Notes to the separate financial statements for the year ended 31 December 2017
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(f) 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 separate 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.

(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 – 6 years
▪ leasehold improvements	3 – 5 years
▪ office equipment	3 – 8 years
▪ machinery and equipment	3 – 7 years
▪ motor vehicles	3 – 7 years

(g) Intangible fixed assets

(i) Software

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

(ii) 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.

(h) 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.

Masan Consumer Corporation
Notes to the separate financial statements for the year ended 31 December 2017
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
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(i) Long-term prepaid expenses

Tools and supplies

Tools and supplies include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of those assets are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(j) Accounts payable to suppliers and other payables

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

(k) Provisions

A provision is recognised if, as a result of a past event, the Company 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.

(l) 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) 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.

Masan Consumer Corporation
Notes to the separate financial statements for the year ended 31 December 2017
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(m) Taxation

Income tax on the separate profit or loss for the year comprises current and deferred tax. Income tax is recognised in the separate 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.

(n) Revenue

Sale of goods

Revenue from sale of goods is recognised in the separate 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.

(o) Financial income and financial expenses

(i) Financial income

Financial income mainly comprises interest income from deposits at banks, interest income from loans and profits distributed by subsidiaries and foreign exchange gains.

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

Profits distributed by subsidiaries are recognised when the right to receive profits distributed by subsidiaries is established. Distributed profits which are attributable to the period before investment acquisition date are deducted from the carrying amount of the investment.

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(ii) Financial expenses

Financial expenses mainly comprise interest expense on borrowings 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.

(p) Operating lease payments

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

(q) Related parties

Parties are considered to be related to the Company 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 whether the Company 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.

4. Cash and cash equivalents

	31/12/2017	1/1/2017
	VND	VND
Cash on hand	77,070,074	70,049,263
Cash at banks	9,023,139,036	20,881,705,765
Cash equivalents	667,900,000,000	4,675,600,000,000
Cash and cash equivalents in the separate statement of cash flows	677,000,209,110	4,696,551,755,028

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

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5. 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	4,175,720,000	1,279,948,841,175

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 accounting period.

(b) Investments in subsidiaries

	31/12/2017		1/1/2017	
	% of equity owned and voting rights	Cost VND	% of equity owned and voting rights	Cost VND
Investments in subsidiaries:				
▪ Masan Food Company Limited (*)	100%	2,103,500,009,348	100%	1,906,000,009,348
▪ Masan Beverage Company Limited (**)	100%	3,383,000,000,000	100%	2,695,000,000,000
▪ Masan Consumer (Thailand) Limited (***)	99.99%	64,771,500,000	99.99%	64,771,500,000
		5,551,271,509,348		4,665,771,509,348

The Company has not determined the fair values of the equity investments for disclosure in the separate 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 values of the equity investments may differ from their carrying amounts.

There was no allowance from diminution in value of these investments in subsidiaries in these separate financial statements for the years ended 31 December 2017 and 2016.

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- (*) Masan Food Company Limited has 8 subsidiaries, which include Masan Industrial One Member Company Limited (“MSI”), Viet Tien Food Technology One Member Company Limited (“VTF”), Masan PQ Corporation (“MPQ”), Masan HD One Member Company Limited (“MHD”), Masan MB One Member Company Limited (“MMB”), Masan HG One Member Company Limited (“MHG”), Saigon Nutri Food Joint Stock Company (“SNF”) and Nam Ngu Phu Quoc One Member Company Limited (“NPQ”). These subsidiaries, except for MHG, are manufacturing companies and sell their products to the Company who then distributes them to the market. MHG was established in 2015, and as at the date of issuance of these separate financial statements, it has not yet started its operations. Please see Note 32 for significant transactions between the Company and these subsidiaries.
- (**) Masan Beverage Company Limited has 5 subsidiaries, which include VinaCafé Bien Hoa Joint Stock Company (“VCF”), CDN Production Trading Corporation (“CDN”), Vinh Hao Mineral Water Corporation (“VHC”), Kronfa., JSC and Quang Ninh Mineral Water Corporation (“QNW”). VCF, VHC and QNW are beverage manufacturing companies and distribute their products directly to the market. CDN is beverage manufacturing company and sells their products to VCF who then distributes them to the market. Please see Note 32 for significant transactions between the Company and these subsidiaries.
- (***) Masan Consumer (Thailand) Limited (“MTH”) was established in 2016.

MTH is incorporated in Thailand. Other subsidiaries are incorporated in Vietnam.

Masan DN One Member Company Limited (“MDN”) is a wholly owned subsidiary of the Company and 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 Directors’ Resolution No. 07/2017/NQ-HDQT on 28 April 2017 resolved and approved to dissolve MDN. As at the date of issuance of these separate financial statements, no capital contribution was made by the Company and the dissolution of MDN was completed.

Movements of the investments in subsidiaries during the year were as follows:

	2017	2016
	VND	VND
Opening balance	4,665,771,509,348	4,665,771,509,348
Additions during the year	885,500,000,000	-
Closing balance	<u>5,551,271,509,348</u>	<u>4,665,771,509,348</u>

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6. Accounts receivable from customers

Accounts receivable from customers who are related parties

	31/12/2017	1/1/2017
	VND	VND
Related parties		
▪ VinaCafé Bien Hoa Joint Stock Company	91,698,614,861	111,638,116,313
▪ Masan Industrial One Member Company Limited	78,686,317,617	-
▪ Masan Brewery Distribution One Member Company Limited	46,477,916,828	31,752,716,796
▪ Agro Nutrition International Joint Stock Company	22,576,228,130	-
▪ Vietnamese - French Cattle Feed Joint Stock Company	20,198,243,738	-
▪ Vinh Hao Mineral Water Corporation	19,654,007,992	40,873,126,994
▪ Masan Consumer (Thailand) Limited	18,163,278,771	-
▪ Masan Brewery HG One Member Company Limited	1,906,695,091	3,833,035,010
▪ Nam Ngu Phu Quoc One Member Company Limited	208,000,020	666,575,479
▪ Ma San PQ Corporation	-	1,510,898,062
▪ CDN Production Trading Corporation	-	2,082,020
▪ Masan Brewery PY One Member Company Limited	-	5,644,586

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

7. Loans receivable

	31/12/2017	1/1/2017
	VND	VND
Loans receivable from a subsidiary		
▪ Short-term	-	1,663,716,876,592
▪ Long-term	5,430,716,876,592	-

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 dates. Interest is receivable on the maturity date of loan agreements.

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8. Other receivables

(a) Other short-term receivables

	31/12/2017	1/1/2017
	VND	VND
Non-trade amounts due from related parties:		
▪ Distributed profits receivable	2,027,777,099,313	2,143,460,848,545
▪ Accrued interest receivable (*)	-	114,905,802,559
Accrued interest receivable from deposits at banks	1,879,747,645	19,461,623,060
Short-term deposits	17,736,998,330	468,100,000
Others	2,200,174,902	1,613,140,072
	2,049,594,020,190	2,279,909,514,236

(b) Other long-term receivables

	31/12/2017	1/1/2017
	VND	VND
Accrued interest receivable (*)	333,545,014,144	-
Long-term deposits	2,036,244,861	20,667,561,158
	335,581,259,005	20,667,561,158

(*) These represented interest income receivable from loans provided to a related party. Please see Notes 7 and 32 for further information.

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9. Inventories

	31/12/2017		1/1/2017	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	5,542,163,766	-	3,237,879,500	-
Raw materials	22,587,397,115	-	9,974,429,552	-
Tools and supplies	-	-	55,000,000	-
Finished goods	1,124,900,926	-	24,604,198	-
Merchandise inventories	123,614,115,040	(112,676,380)	66,433,140,577	(279,293,596)
	<u>152,868,576,847</u>	<u>(112,676,380)</u>	<u>79,725,053,827</u>	<u>(279,293,596)</u>

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

	2017 VND	2016 VND
Opening balance	279,293,596	-
Increase in allowance during the year	3,174,579,430	9,503,958,579
Allowance utilised during the year	(3,061,903,052)	(9,224,664,983)
Written back	(279,293,594)	-
Closing balance	<u>112,676,380</u>	<u>279,293,596</u>

Included in inventories as at 31 December 2017 was VND113 million (1/1/2017: VND279 million) of slow-moving inventories.

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10. Tangible fixed assets

	Buildings VND	Leasehold improvements VND	Office equipment VND	Machinery and equipment VND	Motor vehicles VND	Total VND
Cost						
Opening balance	1,511,680,743	55,688,424,678	21,374,775,898	3,678,969,980	16,296,280,922	98,550,132,221
Additions during the year	-	-	36,500,000	112,690,000	75,821,200	225,011,200
Disposals	-	-	(219,122,727)	-	(1,192,621,810)	(1,411,744,537)
Closing balance	1,511,680,743	55,688,424,678	21,192,153,171	3,791,659,980	15,179,480,312	97,363,398,884
Accumulated depreciation						
Opening balance	1,511,680,743	12,381,560,233	9,552,770,735	2,607,259,863	13,238,925,471	39,292,197,045
Charge for the year	-	10,451,709,067	1,958,675,329	479,782,922	1,146,959,492	14,037,126,810
Disposals	-	-	(219,122,727)	-	(1,192,621,810)	(1,411,744,537)
Closing balance	1,511,680,743	22,833,269,300	11,292,323,337	3,087,042,785	13,193,263,153	51,917,579,318
Net book value						
Opening balance	-	43,306,864,445	11,822,005,163	1,071,710,117	3,057,355,451	59,257,935,176
Closing balance	-	32,855,155,378	9,899,829,834	704,617,195	1,986,217,159	45,445,819,566

Included in the cost of tangible fixed assets were assets costing VND21,886 million which were fully depreciated as of 31 December 2017 (1/1/2017: VND18,599 million), but which are still in active use.

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11. Intangible fixed assets

	Software VND	Brand name VND	Total VND
Cost			
Opening balance	274,426,689,524	636,363,636	275,063,053,160
Additions during the year	1,069,892,667	-	1,069,892,667
Transfer from construction in progress	95,592,000	-	95,592,000
Closing balance	275,592,174,191	636,363,636	276,228,537,827
Accumulated amortisation			
Opening balance	56,678,537,310	636,363,636	57,314,900,946
Charge for the year	33,559,407,542	-	33,559,407,542
Closing balance	90,237,944,852	636,363,636	90,874,308,488
Net book value			
Opening balance	217,748,152,214	-	217,748,152,214
Closing balance	185,354,229,339	-	185,354,229,339

Included in the cost of intangible fixed assets were assets costing VND11,019 million which was fully amortised as of 31 December 2017 (1/1/2017: VND10,447 million), but which are still in active use.

12. Construction in progress

	VND
Opening balance	4,413,036,077
Additions during the year	3,246,123,258
Transfer to intangible fixed assets	(95,592,000)
Transfer to long-term prepaid expenses	(4,317,318,077)
Closing balance	3,246,249,258

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13. Long-term prepaid expenses

	Tools and supplies VND
Opening balance	12,445,534,013
Additions during the year	1,094,535,967
Transfer from construction in progress	4,317,318,077
Amortisation for the year	(8,805,993,324)
Disposals	(15,750,000)
	9,035,644,733
Closing balance	9,035,644,733

14. Deferred tax assets

Recognised deferred tax assets

	31/12/2017 VND	1/1/2017 VND
Accrued advertising and promotion expenses	84,881,905,159	78,654,098,879
Accrued logistic expense	9,952,764,794	14,294,842,087
Accrued sales discounts	1,602,216,674	2,985,486,550
Other accruals	9,856,046,610	11,481,660,298
	106,292,933,237	107,416,087,814
	106,292,933,237	107,416,087,814

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Notes to the separate financial statements for the year ended 31 December 2017
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15. 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	391,581,362,507	391,581,362,507	1,671,575,048,391	1,671,575,048,391

(b) Accounts payable to suppliers who are related parties

	31/12/2017 VND	1/1/2017 VND
Related parties		
▪ Viet Tien Food Technology One Member Company Limited	178,743,996,256	293,403,208,653
▪ Masan Industrial One Member Company Limited	-	268,490,649,315
▪ Masan HD One Member Company Limited	103,660,354,580	32,291,494,140
▪ Masan MB One Member Company Limited	19,950,867,204	978,486,498,095
▪ Saigon Nutri Food Joint Stock Company	9,636,224,394	4,014,833,237

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



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	1/1/2017 VND	Incurred VND	Paid VND	Deducted VND	31/12/2017 VND
Value added tax	57,164,701,911	962,983,771,191	(77,059,628,042)	(892,585,062,279)	50,503,782,781
Corporate income tax	48,305,568,458	88,832,020,774	(83,221,652,715)	-	53,915,936,517
Personal income tax	2,340,786,490	36,791,426,008	(35,949,349,645)	(1,415,948,346)	1,766,914,507
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	107,811,056,859	1,088,607,217,973	(196,230,630,402)	(894,001,010,625)	106,186,633,805

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17. Accrued expenses

	31/12/2017	1/1/2017
	VND	VND
Advertising and promotion expenses	424,409,525,794	393,270,494,395
Logistic expense	49,763,823,968	71,474,210,434
Exhibition expense	11,203,662,963	18,186,085,801
Bonus and 13 th month salary	39,862,208,085	40,714,735,246
Sales discounts	8,011,083,372	14,927,432,751
Market research expense	15,279,254,584	11,150,495,547
Accrued interest expense	4,098,129,639	1,433,606,998
Accrued information and technology expenses	14,910,270,008	17,931,285,060
Purchases not yet received invoices	970,613,231	2,085,688,819
Others	7,887,045,504	10,236,154,091
	<hr/>	<hr/>
	576,395,617,148	581,410,189,142
	<hr/>	<hr/>

18. Other short-term payables

	31/12/2017	1/1/2017
	VND	VND
Trade union fee, social, health and unemployment insurances	12,555,998,725	9,226,945,025
Others	7,311,596,539	7,682,020,611
	<hr/>	<hr/>
	19,867,595,264	16,908,965,636
	<hr/>	<hr/>

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19. 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	1,859,312,409,467	1,859,312,409,467	4,436,888,255,174	(4,376,668,638,275)	1,919,532,026,366	1,919,532,026,366

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				
▪ Unsecured bank loans	VND	3.42% - 5.50%	1,919,532,026,366	1,859,312,409,467

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20. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Undistributed profits after tax VND	Total VND
Balance as at 1 January 2016	5,351,601,170,000	5,088,056,394,992	(1,640,252,631,255)	2,658,498,305,558	11,457,903,239,295
Share capital issued (Note 21)	30,000,000,000	-	-	-	30,000,000,000
Net profit for the year	-	-	-	2,598,417,872,350	2,598,417,872,350
Dividends (Note 22)	-	-	-	(2,896,096,655,200)	(2,896,096,655,200)
Balance as at 1 January 2017	5,381,601,170,000	5,088,056,394,992	(1,640,252,631,255)	2,360,819,522,708	11,190,224,456,445
Share capital issued (Note 21)	49,726,600,000	-	-	-	49,726,600,000
Net profit for the year	-	-	-	3,077,697,016,024	3,077,697,016,024
Dividends (Note 22)	-	-	-	(2,340,720,526,500)	(2,340,720,526,500)
Balance as at 31 December 2017	5,431,327,770,000	5,088,056,394,992	(1,640,252,631,255)	3,097,796,012,232	11,976,927,545,969

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21. 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

22. 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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23. 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	39,077,742,491	96,092,770,180
Within 2 to 5 years	19,240,553,000	90,128,537,429
	<hr/>	<hr/>
	58,318,295,491	186,221,307,609
	<hr/>	<hr/>

(b) Foreign currency

	31/12/2017		1/1/2017	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	3,971	89,980,821	442,583	10,055,480,535
		<hr/>		<hr/>

(c) Capital expenditure commitments

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

	31/12/2017	1/1/2017
	VND	VND
Approved but not contracted	4,917,650,742	-
Approved and contracted	481,796,200	-
	<hr/>	<hr/>
	5,399,446,942	-
	<hr/>	<hr/>

Masan Consumer Corporation

Notes to the separate financial statements for the year ended 31 December 2017

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

Net revenue comprised of:

	2017 VND	2016 VND
Total revenue		
▪ Sale of goods	9,519,200,303,515	10,031,841,281,835
▪ Other sales	1,883,880,381	306,392,404
	<hr/>	<hr/>
	9,521,084,183,896	10,032,147,674,239
Less revenue deductions		
▪ Sales discounts	19,096,167,283	22,348,923,650
▪ Sales returns	49,580,968,221	25,809,378,056
	<hr/>	<hr/>
	68,677,135,504	48,158,301,706
Net revenue	<hr/>	<hr/>
	9,452,407,048,392	9,983,989,372,533

25. Cost of sales

	2017 VND	2016 VND
Total cost of sales		
▪ Goods sold	7,059,180,876,212	7,894,403,484,751
▪ Allowance for inventories	2,895,285,836	9,503,958,579
	<hr/>	<hr/>
	7,062,076,162,048	7,903,907,443,330

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26. Financial income

	2017 VND	2016 VND
Interest income from deposits at banks	116,733,910,032	216,224,504,098
Interest income from loans provided to a related party	218,639,211,585	114,905,802,559
Interest income from other loan investing activities	-	55,311,896,449
Profits distributed by subsidiaries	2,834,664,269,251	2,504,891,584,051
Foreign exchange gains	432,819,506	790,433,623
Other financial income	-	10,939,552
	<hr/> 3,170,470,210,374	<hr/> 2,892,135,160,332 <hr/>

27. Financial expenses

	2017 VND	2016 VND
Interest expense on borrowings from banks	68,888,085,335	61,931,658,334
Foreign exchange losses	272,136,464	447,926,819
Other financial expenses	-	30,545,050
	<hr/> 69,160,221,799	<hr/> 62,410,130,203 <hr/>

28. Selling expenses

	2017 VND	2016 VND
Advertising and promotion expenses	1,466,362,456,468	1,330,092,726,996
Logistic expense	305,023,065,838	371,328,331,254
Staff costs	148,539,752,698	137,611,488,460
Exhibition expense	71,389,209,714	25,105,153,087
Marketing research expense	33,261,503,699	15,941,574,048
Others	36,072,432,571	35,007,626,741
	<hr/> 2,060,648,420,988	<hr/> 1,915,086,900,586 <hr/>



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29. General and administration expenses

	2017	2016
	VND	VND
Staff costs	100,749,994,956	158,468,646,397
Leased line system and information technology services	43,740,298,881	96,883,509,045
Office rental	49,784,570,659	49,438,971,016
Research and development expenses	4,162,975,341	14,477,799,758
Depreciation and amortisation of fixed assets	47,412,079,592	43,821,813,062
Others	17,476,580,603	8,503,123,887
	<hr/>	<hr/>
	263,326,500,032	371,593,863,165
	<hr/>	<hr/>

30. Trading and business costs by elements

	2017	2016
	VND	VND
Cost of merchandise goods sold	7,059,180,876,212	7,894,403,484,751
Staff costs	249,289,747,654	296,080,134,857
Depreciation and amortisation	47,596,534,352	45,464,450,213
Outside services	1,973,724,080,600	1,903,268,065,204
Other expenses	56,259,844,250	51,372,072,056
	<hr/>	<hr/>

31. Income tax

(a) Recognised in the separate statement of income

	2017	2016
	VND	VND
Current tax expense		
Current year	66,263,203,834	47,099,875,223
Under provision in prior years	22,568,816,940	-
	<hr/>	<hr/>
	88,832,020,774	47,099,875,223
	<hr/>	<hr/>
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	1,123,154,577	(23,653,346,445)
	<hr/>	<hr/>
Income tax expense	89,955,175,351	23,446,528,778
	<hr/>	<hr/>

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(b) Reconciliation of effective tax rate

	2017	2016
	VND	VND
Accounting profit before tax (*)	3,167,652,191,375	2,621,864,401,128
Tax at the Company's income tax rate	633,530,438,275	524,372,880,226
Tax exempt income	(566,932,853,850)	(500,978,316,810)
Non-deductible expenses	788,773,986	51,965,362
Under provision in prior years	22,568,816,940	-
	89,955,175,351	23,446,528,778

(*) The Company's profit before tax included VND2,834,664 million (2016: VND2,504,891 million) profits distributed by subsidiaries which is not subject to tax.

(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.

(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.

Masan Consumer Corporation**Notes to the separate financial statements for the year ended 31 December 2017 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***32. Significant transactions with related parties**

During the year and as at the year ended, the Company has the following significant transactions and balances with its 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					
Masan Consumer Holdings Company Limited	Dividends declared	2,270,686,203,000	2,799,261,836,000	-	-
	Collection of loans through net-off with dividends payable	1,187,405,000,000	1,889,261,836,000	-	-
	Dividends paid by cash	1,083,281,203,000	910,000,000,000	-	-
Subsidiaries					
Masan Food Company Limited	Distributed profits (**)	1,633,743,185,251	2,504,891,584,051	826,856,015,313	10,925,756,293
	Capital contribution	197,500,000,000	-	-	-
Masan Industrial One Member Company Limited	Sale of goods	188,296,228,292	216,813,632,511	78,686,317,617	-
	Purchase of goods and services	3,300,260,145,310	3,806,669,294,926	-	(268,490,649,315)
	Prepayment for purchase of goods	14,639,880,515	-	14,639,880,515	-
	Collection of loans	-	6,100,000,000	-	-
	Loans provided	4,954,405,000,000	3,559,078,712,592	5,430,716,876,592	1,663,716,876,592
	Collection of loans through net-off with dividends payable	1,187,405,000,000	1,889,261,836,000	-	-
	Interest income from loans receivable	218,639,211,585	114,905,802,559	333,545,014,144	114,905,802,559
	Distributed profits (**)	-	-	-	845,466,699,032

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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
Viet Tien Food Technology One Member Company Limited	Purchase of goods	542,711,441,650	956,987,322,695	(178,743,996,256)	(293,403,208,653)
	Sale of goods	8,034,292,370	19,777,683,529	-	-
	Distributed profits (**)	-	-	-	209,362,343,040
Masan HD One Member Company Limited	Sale of goods	14,658,176,371	14,955,550,322	-	-
	Purchase of goods	725,417,798,671	935,445,127,484	(103,660,354,580)	(32,291,494,140)
	Sale of fixed assets	-	41,221,616	-	-
	Distributed profits (**)	-	-	-	83,077,588,453
Ma San PQ Corporation	Sale of goods	2,509,472	3,734,305	-	1,510,898,062
	Sale of fixed assets	-	16,488,646	-	-
	Purchase of goods	1,748,200	7,799,600	-	-
Nam Ngu Phu Quoc One Member Company Limited	Sale of goods	350,910,756	605,977,708	208,000,020	666,575,479
	Purchase of goods	73,413,427,890	-	-	-
	Prepayment for purchase of goods	18,531,591,916	-	18,531,591,916	-
Masan Beverage Company Limited	Distributed profits (***)	1,200,921,084,000	-	1,200,921,084,000	-
	Capital contribution	688,000,000,000	-	-	-
VinaCafé Bien Hoa Joint Stock Company	Sale of goods	50,224,165,565	52,836,007,262	3,870,083,455	6,078,604,247
	Sale of fixed assets	-	9,743,291	-	-
	Purchase of goods	411,007,822	1,163,846,614	-	-
	Management fee	159,438,082,170	151,605,481,211	87,828,531,406	105,559,512,066

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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
CDN Production Trading Corporation	Sale of goods	2,458,106	3,609,821	-	2,082,020
	Purchase of goods	25,800,000	623,341,390	-	-
Masan MB One Member Company Limited	Sale of goods	88,143,951,789	97,569,181,152	-	-
	Sale of fixed assets	-	199,362,726	-	-
	Purchase of goods	2,021,112,842,168	2,394,555,820,788	(19,950,867,204)	(978,486,498,095)
	Distributed profits (**)	-	-	-	994,628,461,727
Saigon Nutri Food Joint Stock Company	Purchase of goods	151,166,693,876	14,042,928,191	(9,636,224,394)	(4,014,833,237)
	Sale of goods	1,806,328,808	743,079,942	-	-
Vinh Hao Mineral Water Corporation	Purchase of goods	754,531,022	22,863,369	-	-
	Sale of goods	17,244,889,254	21,437,933,775	-	3,259,383,364
	Management fee	41,389,312,688	34,194,312,391	19,654,007,992	37,613,743,630
Quang Ninh Mineral Water Corporation	Sale of goods	64,232,422	47,844,291	-	-
Masan Consumer (Thailand) Limited	Sale of goods	18,163,278,771	-	18,163,278,771	-
Other related parties					
Masan Brewery PY One Member Company Limited	Sale of goods	15,451,254	30,498,268	-	5,644,586

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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 Distribution One Member Company Limited	Purchase of goods	395,205,600	491,267,362	-	-
	Sale of goods	39,831,648	784,580	10,614,490	-
	Management fee	42,212,820,014	28,990,613,560	46,467,302,338	31,752,716,796
Masan Brewery HG One Member Company Limited	Sale of goods	35,465,044	27,771,151	-	6,107,257
	Management fee	1,733,359,174	3,479,025,230	1,906,695,091	3,826,927,753
Agro Nutrition International Joint Stock Company	Sale of goods	81,527,481	-	-	-
	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 Company has current and term deposit accounts at Vietnam Technological and Commercial Joint Stock Bank at normal terms.

- (*) No board fees were paid to members of the Board of Directors of the Company for the years ended 31 December 2017 and 2016.
- (**) During the year, the chairmans of MSI, VTF, MHD, and MMB resolved to distribute their profits amounting to VND1,627,112 million (2016: MSI, VTF, MHD, and MMB resolved to distribute their profits amounting to VND2,493,966 million) to Masan Food Company Limited (“MSF”). At the same time, the Chairman of MSF resolved to distribute profits amounting to VND1,633,743 million to the Company, of which VND711,887 million are to be paid directly to the Company by these subsidiaries (2016: distributed profits of VND2,504,892 million to the Company, of which VND2,493,966 million are to be paid directly to the Company by these subsidiaries).
- (***) During the year, The General Meeting of Shareholders of VCF and QNW resolved to distribute dividends by cash amounting to VND1,200,921 million and VND6,305 million, respectively, to Masan Beverage Company Limited (“MSB”). On 29 December 2017, Chairman of MSB resolved to distribute its profits amounting to VND1,200,921 million to the Company.

7 March 2018


Prepared by: 


Huynh Viet Thang
Chief Accountant


Pham Dinh Toai
Acting Chief Financial Officer

Approved by 

Trương Công Thang
Chairman of the Board of Directors