

Masan Consumer Corporation and its subsidiaries

Consolidated Financial Statements
for the nine-month period ended 30 September 2018



Masan Consumer Corporation Corporate Information

Business Registration Certificate No.

0302017440

31 May 2000

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 14 September 2018. The Business Registration Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City.

Board of Directors

Mr Truong Cong Thang	Chairman
Dr Nguyen Dang Quang	Member
Mr Ho Hung Anh	Member (until 12 April 2018)
Ms Nguyen Hoang Yen	Member
Mr Nguyen Thieu Quang	Member
Mr Seokhee Won	Member (until 27 February 2018)
Mr Danny Le	Member (from 24 April 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

Registered Office

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

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

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

	Code	Note	30/9/2018 VND	1/1/2018 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		4,977,265,672,796	5,793,075,753,348
Cash and cash equivalents	110	4	2,706,975,266,119	4,235,913,074,249
Cash	111		105,031,940,420	82,888,074,249
Cash equivalents	112		2,601,943,325,699	4,153,025,000,000
Short-term financial investments	120		482,500,000,000	154,258,720,000
Held-to-maturity investments	123	5(a)	482,500,000,000	154,258,720,000
Accounts receivable – short-term	130		448,235,784,965	348,223,852,227
Accounts receivable from customers	131		235,600,886,597	261,094,359,738
Prepayments to suppliers	132		136,134,448,082	48,438,835,310
Other short-term receivables	136	6(a)	76,508,039,992	38,698,246,885
Allowance for doubtful debts	137		(7,589,706)	(7,589,706)
Inventories	140	8	1,290,121,798,797	1,010,974,147,574
Inventories	141		1,296,309,015,186	1,017,930,397,608
Allowance for inventories	149		(6,187,216,389)	(6,956,250,034)
Other current assets	150		49,432,822,915	43,705,959,298
Short-term prepaid expenses	151		27,643,260,413	17,450,908,457
Deductible value added tax	152		21,655,732,702	23,128,636,709
Taxes receivables from State Treasury	153		133,829,800	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 30 September 2018 (continued)

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

	Code	Note	30/9/2018 VND	1/1/2018 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		12,342,145,698,571	11,851,980,806,425
Accounts receivable – long-term	210		7,156,092,416,723	6,237,572,225,813
Long-term loans receivable	215	7	6,496,716,876,592	5,896,716,876,592
Other long-term receivables	216	6(b)	659,375,540,131	340,855,349,221
Fixed assets	220		4,164,759,116,363	4,412,933,243,930
Tangible fixed assets	221	9	3,142,150,693,769	3,241,037,214,968
<i>Cost</i>	222		5,461,986,404,107	5,230,319,735,557
<i>Accumulated depreciation</i>	223		(2,319,835,710,338)	(1,989,282,520,589)
Intangible fixed assets	227	10	1,022,608,422,594	1,171,896,028,962
<i>Cost</i>	228		2,058,561,185,740	2,103,301,612,207
<i>Accumulated depreciation</i>	229		(1,035,952,763,146)	(931,405,583,245)
Long-term work in progress	240		138,366,118,168	252,152,223,620
Construction in progress	242	11	138,366,118,168	252,152,223,620
Long-term financial investments	250		249,391,858,906	249,391,858,906
Investment in an associate	252	5(b)	249,391,858,906	249,391,858,906
Other long-term assets	260		633,536,188,411	699,931,254,156
Long-term prepaid expenses	261	12	167,479,791,793	190,950,225,630
Deferred tax assets	262		161,921,455,337	153,245,522,534
Goodwill	269	13	304,134,941,281	355,735,505,992
TOTAL ASSETS (270 = 100 + 200)	270		17,319,411,371,367	17,645,056,559,773

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

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

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

	Code	Note	30/9/2018 VND	1/1/2018 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		7,320,571,740,990	6,313,229,100,033
Current liabilities	310		7,052,831,891,349	5,947,095,673,192
Accounts payable to suppliers - short-term	311	14	707,018,529,398	801,573,550,158
Advances from customers	312		41,201,434,689	35,712,183,790
Taxes payable to State Treasury	313	15	283,364,034,169	224,311,703,039
Payables to employees	314		57,170,651,813	24,501,018
Accrued expenses	315	16	941,500,716,254	893,632,037,512
Other short-term payables	319	17(a)	1,450,554,386,656	581,121,178,228
Short-term borrowings	320	18(a)	3,549,059,211,631	3,387,677,592,708
Bonus and welfare funds	322		22,962,926,739	23,042,926,739
Long-term liabilities	330		267,739,849,641	366,133,426,841
Accounts payable to suppliers - long-term	331	14	36,330,147,440	78,525,018,000
Other long-term payables	337	17(b)	19,194,140,437	20,821,499,726
Long-term borrowings	338	18(b)	54,856,182,371	95,998,319,156
Deferred tax liabilities	341		144,838,420,867	157,986,259,876
Provisions - long-term	342		12,520,958,526	12,802,330,083

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

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

	Code	Note	30/9/2018 VND	1/1/2018 VND
EQUITY (400 = 410)	400		9,998,839,630,377	11,331,827,459,740
Owners' equity	410	19	9,998,839,630,377	11,331,827,459,740
Share capital	411	20	6,279,291,230,000	5,431,327,770,000
- Ordinary shares with voting rights	411a		6,279,291,230,000	5,431,327,770,000
Share premium	412	20	4,292,501,204,992	5,088,056,394,992
Other capital	414		(265,775,657,006)	(265,775,657,006)
Treasury shares	415	20	(1,640,252,631,255)	(1,640,252,631,255)
Foreign exchange differences	417		5,531,643,641	2,951,013,886
Investment and development fund	418		22,731,972,844	22,731,972,844
Undistributed profits after tax	421		1,079,236,897,310	2,226,022,362,372
- Undistributed profits after tax brought forward	421a		-	93,929,785,879
- Undistributed profit after tax for current period	421b		1,079,236,897,310	2,132,092,576,493
Non-controlling interests	429		225,574,969,851	466,766,233,907
TOTAL RESOURCES (440 = 300 + 400)	440		17,319,411,371,367	17,645,056,559,773

29 October 2018

Prepared by:

 Phan Thi Thuy Hoa
 Chief Accountant

Approved by:

 Huynh Viet Thang
 Acting Chief Financial Officer


 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 nine-month period ended 30 September 2018

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

	Code	Note	Quarter III		Year to date	
			2018 VND	2017 VND	2018 VND	2017 VND
Revenue from sales of goods and provision of services	01	22	4,386,999,412,830	3,367,621,795,639	11,818,704,167,950	8,954,093,303,770
Revenue deductions	02	22	65,566,718,751	39,253,011,884	159,541,419,822	163,360,256,861
Net revenue (10 = 01 - 02)	10	22	4,321,432,694,079	3,328,368,783,755	11,659,162,748,128	8,790,733,046,909
Cost of sales	11	23	2,383,523,264,168	1,774,020,247,875	6,368,622,709,786	4,813,141,719,231
Gross profit (20 = 10 - 11)	20		1,937,909,429,911	1,554,348,535,880	5,290,540,038,342	3,977,591,327,678
Financial income	21	24	141,780,266,396	114,363,968,509	401,928,993,322	323,608,639,158
Financial expenses	22	25	45,975,161,170	40,206,676,338	132,942,731,261	96,544,337,483
<i>In which: Interest expense</i>	23		45,185,164,161	40,310,261,247	131,621,531,455	94,474,065,220
Share of profit in an associate	24		-	-	5,318,434,000	5,318,434,000
Selling expenses	25		723,573,223,936	662,056,850,786	2,159,980,642,337	2,154,323,280,309
General and administration expenses	26		173,311,042,196	173,364,042,348	503,799,847,043	551,482,634,466
Net operating profit {30 = 20 + (21 - 22) +24 - (25 + 26)}	30		1,136,830,269,005	793,084,934,917	2,901,064,245,023	1,504,168,148,578
Other income	31		53,446,499	250,768,366	488,632,861	1,148,043,215
Other expenses	32		13,499,446,127	1,614,431,375	18,637,672,206	2,857,360,089
Results of other activities (40 = 31 - 32)	40		(13,445,999,628)	(1,363,663,009)	(18,149,039,345)	(1,709,316,874)
Accounting profit before tax (50 = 30 + 40) (carried forward to next page)	50		1,123,384,269,377	791,721,271,908	2,882,915,205,678	1,502,458,831,704

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

Masan Consumer Corporation and its subsidiaries
Consolidated statement of income for the nine-month period ended 30 September 2018 (continued)

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

	Code	Note	Quarter III		Year to date	
			2018 VND	2017 VND	2018 VND	2017 VND
Accounting profit before tax (50 = 30 + 40) (brought forward from previous page)	50		1,123,384,269,377	791,721,271,908	2,882,915,205,678	1,502,458,831,704
Income tax expense - current	51		141,682,112,608	86,198,079,891	389,765,737,207	193,657,848,091
Income tax expense/(benefit) - deferred	52		5,875,172,366	15,608,613,224	(21,823,771,814)	(7,628,347,035)
Net profit after tax (60 = 50 - 51 - 52)	60		975,826,984,403	689,914,578,793	2,514,973,240,285	1,316,429,330,648
Attributable to:						
Equity holders of the Company	61		969,117,174,151	649,040,213,521	2,483,742,013,951	1,267,093,713,438
Non-controlling interests	62		6,709,810,252	40,874,365,272	31,231,226,334	49,335,617,210
Earnings per share						
Basic earnings per share	70	26	1,600	1,082	4,101	2,112

 Prepared by:



Phan Thi Thuy Hoa
Chief Accountant

29 October 2018



Huynh Viet Thang
Acting Chief Financial Officer

Approved by:




Trương Công Thang
Chairman of the Board of Directors

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

Masan Consumer Corporation and its subsidiaries
Consolidated statement of cash flows for the nine-month period ended 30 September 2018
(Indirect method)

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

	Code	For the nine-month period ended	
		30/9/2018 VND	30/9/2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	2,882,915,205,678	1,502,458,831,704
Adjustments for			
Depreciation and amortisation	02	513,923,032,712	496,614,457,399
Allowances and provisions	03	22,215,344,025	15,843,109,009
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	58,625,335	346,990,424
Losses on disposals of fixed assets and long-term prepaid expense	05	14,207,529,426	1,789,156,278
Interest income from investing activities	05	(399,409,108,858)	(322,113,528,944)
Share of profit in an associate	05	(5,318,434,000)	(5,318,434,000)
Interest expense	06	131,621,531,455	94,474,065,220
Operating profit before changes in working capital	08	3,160,213,725,773	1,784,094,647,090
Change in receivables and other current assets	09	(30,610,570,411)	(76,153,189,443)
Change in inventories	10	(301,644,366,806)	(394,976,061,393)
Change in payables and other liabilities	11	3,335,665,987	(243,631,187,001)
Change in prepaid expenses	12	11,528,817,601	7,310,324,326
		2,842,823,272,144	1,076,644,533,579
Interest paid	14	(133,570,723,023)	(95,985,932,399)
Corporate income tax paid	15	(311,848,769,968)	(229,298,531,195)
Other payments for operating activities	17	(80,000,000)	(117,600,000)
Net cash flows from operating activities	20	2,397,323,779,153	751,242,469,985

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 nine-month period ended 30 September 2018
(Indirect method – continued)

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

	Code	For the nine-month period ended	
		30/9/2018 VND	30/9/2017 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(227,581,263,993)	(372,219,831,249)
Proceeds from disposals of fixed assets and long-term prepaid expense	22	2,320,902,293	1,237,914,676
Payment for granting loans	23	(600,000,000,000)	(4,346,905,000,000)
Placement of term deposits to banks and other investments	23	(522,511,720,000)	(3,007,876,000,000)
Withdrawal of term deposits from banks	24	194,270,440,000	3,679,466,841,175
Payments for acquisition of non-controlling interests in a subsidiary	25	(1,612,925,442,493)	-
Receipts of interests and dividend	27	88,231,566,192	203,966,703,564
Net cash flows from investing activities	30	(2,678,195,518,001)	(3,842,329,371,834)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share capital issued	31	52,408,270,000	49,726,600,000
Proceeds from capital contribution in a subsidiary by non-controlling interest	31	76,343,325,699	-
Payments for shares repurchased in a subsidiary	32	-	(247,200,000)
Proceeds from bank borrowings	33	9,526,033,135,344	5,138,071,549,656
Payments to settle loan principals to banks	34	(9,405,793,653,206)	(5,544,975,007,411)
Payments of dividends	36	(1,499,019,388,200)	(1,153,987,434,100)
Net cash flows from financing activities	40	(1,250,028,310,363)	(1,511,411,491,855)
Net cash flows during the period (50 = 20 + 30 + 40)	50	(1,530,900,049,211)	(4,602,498,393,704)
Cash and cash equivalents at the beginning of the period	60	4,235,913,074,249	6,914,244,921,330
Effect of exchange rate fluctuations	61	1,962,241,081	4,687,075,508
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	2,706,975,266,119	2,316,433,603,134

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Masan Consumer Corporation and its subsidiaries
Consolidated statement of cash flows for the nine-month period ended 30 September 2018
(Indirect method – continued)

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NON-CASH INVESTING AND FINANCING TRANSACTION

	For the nine-month period ended	
	30/9/2018	30/9/2017
	VND	VND
• Net-off dividend payable with loan receivable from the parent company	-	1,187,405,000,000

29 October 2018


 Prepared by:


Phan Thi Thuy Hoa
Chief Accountant

Approved by:


Huynh Viet Thang
Acting Chief Financial Officer




Trương Công Thang
Chairman of the Board of Directors

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the nine-month period ended 30
September 2018

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

1. Reporting entity

(a) Ownership structure

Masan Consumer Corporation (“the Company”) is a joint stock company incorporated in Vietnam. The consolidated financial statements for the nine-month period ended 30 September 2018 comprise the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interest in an associate.

(b) Principal activities

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

(c) Normal operating cycle

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

Masan Consumer Corporation and its subsidiaries**Notes to the consolidated financial statements for the nine-month period ended 30 September 2018 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***(d) Group structure**

As at 30 September 2018, the Group has 3 directly owned subsidiaries, 13 indirectly owned subsidiaries and 1 associate (1/1/2018: 3 directly owned subsidiaries, 13 indirectly owned subsidiaries and 1 associate). Information of the subsidiaries and an associate are described as follows:

Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
			30/9/2018	1/1/2018	30/9/2018	1/1/2018
<i>Direct subsidiaries</i>						
Masan Food Company Limited ("MSF")	Trading and distribution	12th Floor, MPlaza Saigon – 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	100%	100%	100%	100%
Masan Beverage Company Limited ("MSB")	Trading and distribution	12th Floor, MPlaza Saigon – 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	100%	100%	100%	100%
Masan Consumer (Thailand) Limited ("MTH")	Trading and distribution	No.83, 4th Floor, Amnuay Songkhram Road, Tanon Nakornchaisri Sub-District, Dusit District, Bangkok, Thailand	99.99%	99.99%	99.99%	99.99%

Masan Consumer Corporation and its subsidiaries

Notes to the consolidated financial statements for the nine-month period ended 30 September 2018 (continued)

Form B 09a – DN/HN

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Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
			30/9/2018	1/1/2018	30/9/2018	1/1/2018
<i>Indirect owned subsidiaries</i>						
Masan Industrial One Member Company Limited ("MSI")	(i) Seasonings, convenience food manufacturing and packaging	Lot 6, Tan Dong Hiep A Industrial Park, Di An Ward, Binh Duong Province, Vietnam	100%	100%	100%	100%
Masan HD One Member Company Limited ("MHD")	(i) Convenience food manufacturing	Lot 22, Dai An Industrial Park, Tu Minh Ward, Hai Duong City, Hai Duong Province, Vietnam	100%	100%	100%	100%
Viet Tien Food Technology One Member Company Limited ("VTF")	(i) Seasonings manufacturing	Lot III-10, Street No. 1, Industrial Group III, Tan Binh Industrial Park, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City, Vietnam	100%	100%	100%	100%
Ma San PQ Corporation ("MPQ")	(i) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam	99.99%	99.99%	99.99%	99.99%
Nam Ngu Phu Quoc One Member Company Limited ("NPQ")	(i) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam	100%	100%	100%	100%
Masan MB One Member Company Limited ("MMB")	(i) Seasonings, convenience food manufacturing and packaging	Area B, Nam Cam Industrial Park – Dong Nam Nghe An Economic Zone, Nghi Loc District, Nghe An Province, Vietnam	100%	100%	100%	100%
Masan Jinju Joint Stock Company (formerly known as "Saigon Nutri Food Joint Stock Company")	(i); (vi) 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	75%	99.99%	75%	99.99%

Masan Consumer Corporation and its subsidiaries

Notes to the consolidated financial statements for the nine-month period ended 30 September 2018 (continued)

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Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
			30/9/2018	1/1/2018	30/9/2018	1/1/2018
Masan HG One Member Company Limited (“MHG”)	(i) Seasonings, convenience food manufacturing and packaging	Song Hau Industrial Park, Dong Phu Ward, Chau Thanh District, Hau Giang Province, Vietnam	100%	100%	100%	100%
Vinacafê Bien Hoa Joint Stock Company (“VCF”)	(ii), (v) Beverage manufacturing and trading	Bien Hoa Industrial Park I, Bien Hoa City, Dong Nai Province, Vietnam	98.49%	68.46%	98.49%	68.46%
Vinh Hao Mineral Water Corporation (“VHW”)	(ii) Beverage manufacturing and trading and packaging	Vinh Son Hamlet, Vinh Hao Commune, Tuy Phong District, Binh Thuan Province, Vietnam	88.56%	88.56%	88.56%	88.56%
KronFa., JSC (“KRP”)	(iii) Beverage manufacturing	Km 37, Highway 27, Tan Son Town, Ninh Son District, Ninh Thuan Province, Vietnam	88.55%	88.55%	99.99%	99.99%
Quang Ninh Mineral Water Corporation (“QNW”)	(ii) Beverage manufacturing and trading	No. 3A, Area 4, Suoi Mo Town, Bai Chay District, Ha Long City, Quang Ninh Province, Vietnam	65.85%	65.85%	65.85%	65.85%
CDN Production Trading Corporation (“CDN”)	(iv) Beverage manufacturing and trading	Lot C I.III-3+5+7, Long Thanh Industrial Park, Tam An Commune, Long Thanh District, Dong Nai Province, Vietnam	83.72%	58.19%	85%	85%
Associate						
Cholimex Food Joint Stock Company	(i) Seasonings manufacturing and trading	Lot C40 – 43/I, Street No. 7, Vinh Loc Industrial Park, Binh Chanh District, Ho Chi Minh City, Vietnam	32.83%	32.83%	32.83%	32.83%

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the nine-month period ended 30
September 2018 (continued)

Form B 09a – DN/HN
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- (i) These subsidiaries and an associate are indirectly owned by the Company through Masan Food Company Limited (“MSF”).
- (ii) These subsidiaries are indirectly owned by the Company through Masan Beverage Company Limited (“MSB”).
- (iii) KronFa., JSC is indirectly owned by the Company through Vinh Hao Mineral Water Corporation.
- (iv) CDN Production Trading Corporation is indirectly owned by the Company through VinaCafé Bien Hoa Joint Stock Company.
- (v) In February 2018, MSB, a subsidiary of the Company, acquired further 7,982,361 shares of VCF. As a result of this transaction, the Company’s equity interest in VCF increased from 68.46% to 98.49%.
- (vi) In June 2018, Masan Jinju Joint Stock Company (“MSJ”) (formerly known as “Saigon Nutri food Joint Stock Company”), a subsidiary indirectly owned by the Company through MSF, has issued 334,480 its ordinary shares to Non-controlling interest, therefore, Its share capital increased from VND10,034 million to VND13,379 million. As a result of this transaction, the Company’s equity interest in MSJ drop from 99.99% to 75%.

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

As at 30 September 2018, the Group had 4,370 employees (1/1/2018: 4,382 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December. These consolidated financial statements are prepared for the nine-month period ended 30 September 2018.

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(d) Accounting and presentation currency

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

(e) Corresponding figures

The corresponding figures as at 1 January 2018 were brought forward from the audited figures as at 31 December 2017.

3. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Non-controlling interests

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with shareholders. Prior to 1 January 2015, the difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in other capital under equity. From 1 January 2015, as a result of the adoption of Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance ("Circular 202"), such difference is recorded directly in undistributed profits after tax under equity.

(iii) Loss of control

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

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(iv) Associates (equity accounted investees)

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

(v) Transactions eliminated on consolidation

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

(vi) Business combinations under common control

Business combination where the same group of shareholders ("the Controlling Shareholders") control the combining companies before and after the business combination meets the definition of business combination under common control because there is a continuation of the risks and benefits to the Controlling Shareholders. Such common control business combination is specifically excluded from the scope of Vietnamese Accounting Standard No. 11 – *Business Combination* and in selecting its accounting policies with respect to such transaction, the Group has considered Vietnamese Accounting Standard No. 01 – *Framework* and Vietnamese Accounting Standard No. 21 – *Presentation of Financial Statements*. Based on these standards, the Group has adopted the merger ("carry-over") basis of accounting. The assets and liabilities of the combining companies are consolidated using the existing book values from the Controlling Shareholders' perspective. Prior to 1 January 2015, any difference between the cost of acquisition and net assets value acquired is treated as a deemed distribution to or contribution from shareholders and recorded directly in other capital under equity. From 1 January 2015, as a result of the adoption of Circular 202, such difference is recorded in undistributed profits after tax under equity.

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

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(vii) Business combinations under non-common control

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

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

Foreign currency differences arising from the translation of foreign operation's financial statements to VND are recognised in the consolidated balance sheet under the caption "Foreign exchange differences" in equity.

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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 and other investments. These investments are stated at costs less allowance for doubtful debts.

(e) Accounts receivable from customers and other receivables

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

(f) Inventories

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

The Group applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the period in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

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(ii) Depreciation

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

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

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

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

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

(ii) Software

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

(iii) Exploitation rights

Expenditure on obtaining exploitation rights for mineral water resources is capitalised and treated as an intangible fixed asset. Amortisation is computed on a straight-line basis over their useful lives ranging from 4 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 at the end of the accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group are excluded.

(n) Equity

(i) Share capital and share premium

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

(ii) Other capital

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

(iii) Treasury shares

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

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(o) Taxation

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

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the end of the accounting period, and any adjustment to tax payable in respect of previous periods.

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

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

(p) Revenue

(i) Sale of goods

Revenue from sale of goods is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue from sale of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

(ii) Rental income

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

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(q) Financial income and financial expenses

(i) Financial income

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

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

(ii) Financial expenses

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

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

(r) Earnings per share

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

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

(s) Related parties

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

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

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4. Cash and cash equivalents

	30/9/2018	1/1/2018
	VND	VND
Cash on hand	617,662,249	1,296,649,680
Cash in banks	104,414,278,171	81,591,424,569
Cash equivalents	2,601,943,325,699	4,153,025,000,000
	<hr/>	<hr/>
Cash and cash equivalents	2,706,975,266,119	4,235,913,074,249
	<hr/> <hr/>	<hr/> <hr/>

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

5. Investments

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

	30/9/2018	1/1/2018
	VND	VND
Held-to-maturity investments - short-term	482,500,000,000	154,258,720,000
	<hr/>	<hr/>
	482,500,000,000	154,258,720,000
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Held-to-maturity investments – short-term represented term deposits at banks and other investments with remaining terms to maturity of twelve months or less from the end of the accounting period.

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(b) Investment in an associate

	30/9/2018			1/1/2018		
	Number of shares	% of equity owned and % of voting rights	Book value under the equity method VND	Number of shares	% of equity owned and % of voting rights	Book value under the equity method VND
Cholimex Food Joint Stock Company	2,659,217	32.83%	249,391,858,906	2,659,217	32.83%	249,391,858,906

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

Movement in carrying amount of investment in an associate of the Group during the period were as follows:

	Cholimex Food Joint Stock Company VND
Carrying amount of investment in an associate at the beginning of the period	249,391,858,906
Share of post-acquisition profit in an associate during the period	5,318,434,000
Dividends shared from an associate during the period	(5,318,434,000)
Carrying amount of investment in an associate at the end of the period	249,391,858,906

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6. Other receivables

(a) Other short-term receivables

	30/9/2018	1/1/2018
	VND	VND
Short-term deposits	4,076,542,250	21,976,745,630
Non-trade receivable due from related parties	35,099,365,365	-
Accrued interests receivable	28,897,717,399	9,545,537,923
Other receivables	8,434,414,978	7,175,963,332
	<hr/> <hr/>	<hr/> <hr/>
	76,508,039,992	38,698,246,885

(b) Other long-term receivables

	30/9/2018	1/1/2018
	VND	VND
Accrued interest receivable	632,182,564,759	335,038,767,569
Long-term deposits	27,192,975,372	5,816,581,652
	<hr/> <hr/>	<hr/> <hr/>
	659,375,540,131	340,855,349,221

7. Long-term loans receivable

	30/9/2018	1/1/2018
	VND	VND
Long-term loans receivable	6,496,716,876,592	5,896,716,876,592
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8. Inventories

	30/9/2018		1/1/2018	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	2,478,299	-	52,156,943,848	-
Raw materials	535,534,860,954	(3,158,848,561)	579,492,610,142	(1,166,227,003)
Tools and supplies	76,024,906,088	-	76,197,364,169	-
Work in progress	90,066,001,078	-	76,069,236,191	-
Finished goods	590,476,311,013	(3,028,367,828)	228,837,186,075	(5,783,610,499)
Merchandise inventories	1,534,161,439	-	5,177,057,183	(6,412,532)
Goods on consignment	2,670,296,315	-	-	-
	<u>1,296,309,015,186</u>	<u>(6,187,216,389)</u>	<u>1,017,930,397,608</u>	<u>(6,956,250,034)</u>

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

	For the nine-month period ended	
	30/9/2018 VND	30/9/2017 VND
Opening balance	6,956,250,034	13,103,260,471
Increase in allowance during the period	23,045,804,385	18,125,112,112
Allowance utilised during the period	(23,265,749,227)	(27,195,489,729)
Written back	(549,088,803)	(1,746,070,603)
Closing balance	<u>6,187,216,389</u>	<u>2,286,812,251</u>

Included in inventories of the Group as at 30 September 2018 was VND6,187 million (1/1/2018: VND6,956 million) of slow-moving inventories.

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9. Tangible fixed assets

	Buildings VND	Leasehold improvements VND	Office equipment VND	Machinery and equipment VND	Motor vehicles VND	Total VND
Cost						
Opening balance	1,436,687,308,233	62,791,110,984	65,778,567,325	3,637,257,479,750	27,805,269,265	5,230,319,735,557
Additions	373,927,815	-	-	846,404,546	-	1,220,332,361
Transfer from construction in progress	50,200,584,654	-	1,505,048,626	224,531,028,975	-	276,236,662,255
Transfer to short-term prepaid expenses	-	-	-	(49,108,886)	-	(49,108,886)
Net transfer to long-term prepaid expenses	-	-	-	(283,341,705)	-	(283,341,705)
Disposals	(2,261,318,008)	-	(412,849,547)	(26,921,348,444)	(3,812,126,145)	(33,407,642,144)
Written off	(2,019,146,922)	-	(612,998,925)	(2,201,088,273)	(7,216,999,211)	(12,050,233,331)
Closing balance	1,482,981,355,772	62,791,110,984	66,257,767,479	3,833,180,025,963	16,776,143,909	5,461,986,404,107
Accumulated depreciation						
Opening balance	306,627,179,424	29,935,955,606	37,472,523,021	1,597,882,447,252	17,364,415,286	1,989,282,520,589
Charge for the period	57,527,956,460	7,838,781,804	5,214,045,139	284,888,043,644	2,064,872,387	357,533,699,434
Net transfer to long-term prepaid expenses	-	-	-	(48,787,128)	-	(48,787,128)
Disposals	(229,902,091)	-	(412,849,547)	(12,588,652,208)	(2,950,677,962)	(16,182,081,808)
Written off	(1,428,556,333)	-	(612,998,925)	(2,174,096,702)	(6,533,988,789)	(10,749,640,749)
Closing balance	362,496,677,460	37,774,737,410	41,660,719,688	1,867,958,954,858	9,944,620,922	2,319,835,710,338
Net book value						
Opening balance	1,130,060,128,809	32,855,155,378	28,306,044,304	2,039,375,032,498	10,440,853,979	3,241,037,214,968
Closing balance	1,120,484,678,312	25,016,373,574	24,597,047,791	1,965,221,071,105	6,831,522,987	3,142,150,693,769

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10. Intangible fixed asset

	Land use rights VND	Software VND	Exploitation rights VND	Brand name VND	Customer relationships VND	Mineral water resources VND	Total VND
Cost							
Opening balance	119,085,818,402	291,102,724,674	117,945,577,348	758,354,816,571	404,114,911,701	412,697,763,511	2,103,301,612,207
Additions	-	-	2,765,431,200	-	-	-	2,765,431,200
Transfer to long-term prepaid expenses	-	(1,069,892,667)	-	-	-	-	(1,069,892,667)
Other decrease	-	-	(46,435,965,000)	-	-	-	(46,435,965,000)
Closing balances	119,085,818,402	290,032,832,007	74,275,043,548	758,354,816,571	404,114,911,701	412,697,763,511	2,058,561,185,740
Accumulated amortisation							
Opening balance	29,862,531,845	98,028,541,320	13,898,704,478	385,228,742,429	352,923,944,341	51,463,118,832	931,405,583,245
Charge for the period	2,798,161,056	26,310,316,626	2,955,507,367	50,169,651,381	6,104,130,930	16,451,001,207	104,788,768,567
Transfer to long-term prepaid expenses	-	(241,588,666)	-	-	-	-	(241,588,666)
Closing balance	32,660,692,901	124,097,269,280	16,854,211,845	435,398,393,810	359,028,075,271	67,914,120,039	1,035,952,763,146
Net book value							
Opening balance	89,223,286,557	193,074,183,354	104,046,872,870	373,126,074,142	51,190,967,360	361,234,644,679	1,171,896,028,962
Closing balance	86,425,125,501	165,935,562,727	57,420,831,703	322,956,422,761	45,086,836,430	344,783,643,472	1,022,608,422,594

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11. Construction in progress

For the nine-month period ended	30/9/2018
	VND
Opening balance	252,152,223,620
Additions during the period	176,445,281,299
Transfer to tangible fixed assets	(276,187,553,369)
Transfer to long-term prepaid expenses	(14,043,833,382)
	<hr/>
Closing balance	138,366,118,168
	<hr/> <hr/>

Major constructions in progress were as follows:

	30/9/2018
	VND
Buildings	4,791,793,198
Machinery and equipment	124,675,008,752
Software	9,203,182
Others	8,890,113,036
	<hr/>
	138,366,118,168
	<hr/> <hr/>

Masan Consumer Corporation and its subsidiaries**Notes to the consolidated financial statements for the nine-month period ended 30 September 2018 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC
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	Prepaid land costs VND	Tools and supplies VND	Goodwill from equitisation VND	Total VND
Opening balance	85,669,355,388	80,205,901,013	25,074,969,229	190,950,225,630
Additions during the period	-	8,935,200,868	-	8,935,200,868
Net transfer from tangible fixed assets	-	234,554,577	-	234,554,577
Transfer from intangible fixed assets	-	828,304,001	-	828,304,001
Net transfer from short-term prepaid expenses	-	263,652,504	-	263,652,504
Transfer from construction in progress	-	14,043,833,382	-	14,043,833,382
Amortisation for the period	(1,572,191,856)	(27,583,902,111)	(2,350,778,364)	(31,506,872,331)
Disposals	-	(16,303,154,834)	-	(16,303,154,834)
Translation differences	-	34,047,996	-	34,047,996
Closing balance	84,097,163,532	60,658,437,396	22,724,190,865	167,479,791,793

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13. Goodwill

For the nine-month period ended	30/9/2018
	VND
Cost	
Opening balance	693,961,414,227
Closing balance	<u>693,961,414,227</u>
Accumulated amortisation	
Opening balance	338,225,908,235
Charge for the period	51,600,564,711
Closing balance	<u>389,826,472,946</u>
Net book value	
Opening balance	355,735,505,992
Closing balance	<u><u>304,134,941,281</u></u>

14. Accounts payable to suppliers

	30/9/2018		1/1/2018	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Short-term	707,018,529,398	707,018,529,398	801,573,550,158	801,573,550,158
Long-term	36,330,147,440	36,330,147,440	78,525,018,000	78,525,018,000
	<u>743,348,676,838</u>	<u>743,348,676,838</u>	<u>880,098,568,158</u>	<u>880,098,568,158</u>

15. Taxes payable to State Treasury

	30/9/2018	1/1/2018
	VND	VND
Corporate income tax	225,021,546,512	148,627,947,893
Value added tax	53,625,544,215	72,045,746,024
Personal income tax	3,948,374,794	2,550,402,744
Other taxes	768,568,648	1,087,606,378
	<u>283,364,034,169</u>	<u>224,311,703,039</u>

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16. Accrued expenses

	30/9/2018	1/1/2018
	VND	VND
Advertising and promotion expenses	449,720,271,626	570,590,834,872
Logistic expense	100,364,845,776	74,505,500,282
Exhibition expense	26,384,114,374	15,855,033,925
Bonus and 13th month salary	65,062,166,596	85,716,216,827
Sales discounts	32,889,970,564	37,228,040,655
Market research expense	21,452,356,174	19,597,265,927
Accrued interest expense	6,747,126,407	8,696,317,975
Construction in progress	12,921,360,411	9,293,959,972
Purchases not yet received invoices	142,153,848,599	15,878,108,053
Accrued information and technology expenses	24,991,918,479	14,910,270,008
Others	58,812,737,248	41,360,489,016
	941,500,716,254	893,632,037,512

17. Other payables

(a) Other short-term payables

	30/9/2018	1/1/2018
	VND	VND
Dividend payable	1,423,221,410,300	555,872,942,000
Obligation to issue shares	-	4,705,416,500
Trade union fee, social insurance, health insurance and unemployment insurance	15,788,267,112	15,717,691,116
Short-term deposit received	2,106,921,901	2,817,633,596
Others	9,437,787,343	2,007,495,016
	1,450,554,386,656	581,121,178,228

(b) Other long-term payables

	30/9/2018	1/1/2018
	VND	VND
Long-term deposit received	19,194,140,437	20,821,499,726

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18. Borrowings

(a) Short-term borrowings

	30/9/2018		1/1/2018	
	Carrying amount VND	Amount within repayment capacity VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	3,494,203,029,251	3,494,203,029,251	3,332,821,410,328	3,332,821,410,328
Current portion of long-term borrowings	54,856,182,380	54,856,182,380	54,856,182,380	54,856,182,380
	<u>3,549,059,211,631</u>	<u>3,549,059,211,631</u>	<u>3,387,677,592,708</u>	<u>3,387,677,592,708</u>

(b) Long-term borrowings

	30/9/2018 VND	1/1/2018 VND
Long-term borrowings	109,712,364,751	150,854,501,536
Repayable within twelve months	(54,856,182,380)	(54,856,182,380)
Repayable after twelve months	<u>54,856,182,371</u>	<u>95,998,319,156</u>

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19. Changes in owners' equity

	Share capital VND	Share premium VND	Other capital VND	Treasury shares VND	Foreign exchange differences VND	Investment-development fund VND	Undistributed profit after tax VND	Non-controlling interests ("NCI") VND	Total VND
Balance at 1 January 2017	5,381,601,170,000	5,088,056,394,992	(265,775,657,006)	(1,640,252,631,255)	(2,253,725,216)	22,731,972,844	2,434,650,312,379	909,680,511,323	11,928,438,348,061
Share capital issued	49,726,600,000	-	-	-	-	-	-	-	49,726,600,000
Net profit for the period	-	-	-	-	-	-	1,267,093,713,438	49,335,617,210	1,316,429,330,648
Dividends	-	-	-	-	-	-	(2,340,720,526,500)	(3,270,360,000)	(2,343,990,886,500)
Acquisition of NCI	-	-	-	-	-	-	372,011,396	(619,211,396)	(247,200,000)
Foreign exchange differences	-	-	-	-	4,678,888,276	-	-	9,570	4,678,897,846
Balance at 30 September 2017	5,431,327,770,000	5,088,056,394,992	(265,775,657,006)	(1,640,252,631,255)	2,425,163,060	22,731,972,844	1,361,395,510,713	955,126,566,707	10,955,035,090,055
Balance at 1 January 2018	5,431,327,770,000	5,088,056,394,992	(265,775,657,006)	(1,640,252,631,255)	2,951,013,886	22,731,972,844	2,226,022,362,372	466,766,233,907	11,331,827,459,740
Share capital issued	52,408,270,000	-	-	-	-	-	-	-	52,408,270,000
Bonus share issued	795,555,190,000	(795,555,190,000)	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	2,483,742,013,951	31,231,226,334	2,514,973,240,285
Dividends	-	-	-	-	-	-	(2,363,097,496,500)	(3,270,360,000)	(2,366,367,856,500)
Transaction with NCI	-	-	-	-	-	-	(1,301,506,857,458)	(311,418,585,035)	(1,612,925,442,493)
Capital contribution in a subsidiary by NCI	-	-	-	-	-	-	34,076,874,945	42,266,450,754	76,343,325,699
Foreign exchange differences	-	-	-	-	2,580,629,755	-	-	3,891	2,580,633,646
Balance at 30 September 2018	6,279,291,230,000	4,292,501,204,992	(265,775,657,006)	(1,640,252,631,255)	5,531,643,641	22,731,972,844	1,079,236,897,310	225,574,969,851	9,998,839,630,377

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20. Share capital, share premium and treasury shares

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

	30/9/2018		1/1/2018	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	627,929,123	6,279,291,230,000	543,132,777	5,431,327,770,000
Treasury shares				
Ordinary shares	18,000,000	1,640,252,631,255	18,000,000	1,640,252,631,255
Shares currently in circulation				
Ordinary shares	609,929,123	6,099,291,230,000	525,132,777	5,251,327,770,000
Share premium	-	4,292,501,204,992	-	5,088,056,394,992

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

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

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

	For the nine-month period ended			
	30/9/2018		30/9/2017	
	Number of shares	Par value VND	Number of shares	Par value VND
Opening balance - currently in circulation	525,132,777	5,251,327,770,000	520,160,117	5,201,601,170,000
Shares issued during the period	5,240,827	52,408,270,000	4,972,660	49,726,600,000
Bonus share issued	79,555,519	795,555,190,000	-	-
Closing balance - currently in circulation	609,929,123	6,099,291,230,000	525,132,777	5,251,327,770,000

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21. Off balance sheet items

Foreign currencies

	30/9/2018		1/1/2018	
	Original currency	Equivalent VND	Original currency	Equivalent VND
USD	158,090	3,682,056,591	68,009	1,541,076,916
THB	99,586,085	70,009,017,489	84,093,681	56,931,421,922
		73,691,074,080		58,472,498,838
		73,691,074,080		58,472,498,838

22. Revenue from sale of goods and provision of services

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

Net revenue comprised of:

	For the nine-month period ended	
	30/9/2018 VND	30/9/2017 VND
Total revenue	11,818,704,167,950	8,954,093,303,770
Less revenue deductions		
▪ Sales discounts	135,278,620,030	75,222,844,363
▪ Sales returns	24,262,799,792	88,137,412,498
	159,541,419,822	163,360,256,861
Net revenue	11,659,162,748,128	8,790,733,046,909
	11,659,162,748,128	8,790,733,046,909

23. Cost of sales

	For the nine-month period ended	
	30/9/2018 VND	30/9/2017 VND
Total cost of sales		
▪ Goods sold	6,346,125,994,204	4,796,762,677,722
▪ Allowance for inventories	22,496,715,582	16,379,041,509
	6,368,622,709,786	4,813,141,719,231
	6,368,622,709,786	4,813,141,719,231

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24. Financial income

	For the nine-month period ended	
	30/9/2018	30/9/2017
	VND	VND
Interest income from deposits to banks and other investments	102,265,311,668	187,325,911,666
Interest income from loans provided	297,143,797,190	134,787,617,278
Foreign exchange gains	2,440,727,090	1,495,110,214
Other financial income	79,157,374	-
	401,928,993,322	323,608,639,158
	401,928,993,322	323,608,639,158

25. Financial expenses

	For the nine-month period ended	
	30/9/2018	30/9/2017
	VND	VND
Interest expense on borrowings from banks	131,621,531,455	94,474,065,220
Foreign exchange losses	1,321,199,806	2,070,272,263
	132,942,731,261	96,544,337,483
	132,942,731,261	96,544,337,483

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26. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the nine-month period ended 30 September 2018 was based on the profit attributable to ordinary shareholders of the Company after deducting the amounts appropriated to bonus and welfare funds for the period and a weighted average number of ordinary shares outstanding calculated as follows:

(i) Net profit attributable to ordinary shareholders

	For the nine-month period ended	
	30/9/2018	30/9/2017
	VND	VND
Net profit attributable to ordinary shareholders	2,483,742,013,951	1,267,093,713,438

(ii) Weighted average number of ordinary shares

	For the nine-month period ended	
	30/9/2018	30/9/2017
Issued ordinary shares at the beginning of the period - currently in circulation	525,132,777	520,160,117
Effect of shares issued during the period	1,535,773	1,493,619
Weighted average number of ordinary shares at the end of the period - currently in circulation	526,668,550	521,653,736
Effect of bonus shares issued during the period	78,999,765	78,247,547
Weighted average number of ordinary shares at the end of the period - currently in circulation	605,668,315	599,901,283

(iii) Basic earnings per share

	For the nine-month period ended	
	30/9/2018	30/9/2017
	VND	VND
Basic earnings per share	4,101	2,112

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27. Significant transactions with related parties

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

Relationships	Nature of transactions	Transaction value		Receivables/(payables) as at	
		For the nine-month period ended 30/9/2018	30/9/2017	as at 30/9/2018	1/1/2018
		VND	VND	VND	VND
Parent company					
MasanConsumerHoldings Company limited	Interest income from loans	292,656,125,957	134,787,617,278	627,694,893,526	335,038,767,569
	Loan provided	300,000,000,000	4,346,905,000,000	6,196,716,876,592	5,896,716,876,592
	Dividends declared	2,270,686,203,000	2,270,686,203,000	(1,417,686,203,000)	-
	Collection of loan through net-off with dividends payable	-	1,187,405,000,000	-	-
	Dividends paid by cash	853,000,000,000	1,083,281,203,000	-	-
Other related parties					
Cholimex Food Joint Stock Company	Post-acquired dividends received	5,318,434,000	5,318,434,000	-	-
Masan Brewery PY One Member Company Limited	Sales of merchadise inventories	33,680,677	30,145,786	14,097,666	-
Masan Brewery Distribution One Member Company Limited	Sales of merchadise inventories	1,519,540	807,753,498	-	10,614,490
	Purchases of goods	27,237,512,773	1,620,813,794	(890,791,501)	(409,681,308)
	Management fee	18,217,119,363	30,690,805,024	64,278,139,694	46,467,302,338
Masan Brewery HG One Member Company Limited	Sales of merchadise inventories	23,114,838	177,621,475	7,493,354	-
	Purchases of goods	15,000,000	40,000,000	(16,500,000)	(49,500,000)
	Management fee	1,810,446,656	1,989,084,519	3,717,141,747	1,906,695,091

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Relationships	Nature of transactions	Transaction value		Receivables/(payables) as at	
		For the nine-month period ended		as at	
		30/9/2018	30/9/2017	30/9/2018	1/1/2018
		VND	VND	VND	VND
Masan Brewery MB Company Limited	Sales of fixed assets	19,240,043,103	-	21,164,047,413	-
Agro Nutrition International Joint Stock Company	Sales of merchandise inventories	43,960,000	42,990,627	-	16,698,000
	Management fee	4,396,616,654	9,289,629,896	1,559,768,521	8,970,161,887
MNS Feed Tien Giang Company Limited (formerly known as Agro Nutrition International Tien Giang One Member Limited Company)	Sales of merchandise inventories	-	6,844,745	-	-
	Management fee	1,321,075,309	780,690,735	469,085,404	1,373,793,155
MNS Feed Thai Nguyen Company Limited (formerly known as Agro Nutrition International Thai Nguyen Company Limited)	Sales of merchandise inventories	23,108,000	6,516,573	-	-
	Management fee	1,245,482,724	781,454,832	380,647,613	1,386,217,181
MNS Feed Vinh Long Company Limited (formerly known as Aqua Nutrition International Joint Venture Co., Ltd)	Sales of merchandise inventories	-	16,924,336	-	-
	Management fee	1,423,284,778	909,174,600	491,855,507	1,537,180,683
MNS Feed Hau Giang Company Limited (formerly known as Agro Nutrition International Hau Giang One Member Limited Liability Company)	Sales of merchandise inventories	-	1,875,273	-	-
	Management fee	1,006,176,009	568,603,077	392,139,319	993,478,103
MNS Feed Nghe An Company Limited (formerly known as Agro Nutrition International Nghe An Company Limited)	Sales of merchandise inventories	27,184,000	5,953,991	-	-
	Management fee	1,333,389,999	806,360,677	458,698,563	1,416,606,447

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Relationships	Nature of transactions	Transaction value		Receivables/(payables) as at	
		For the nine-month period ended		as at	
		30/9/2018	30/9/2017	30/9/2018	1/1/2018
		VND	VND	VND	VND
MNS Farm Nghe An Company Limited (formerly known as Masan Nutri-Farm (N.A) Limited Liability Company)	Sales of merchandise inventories	14,472,982	421,936	-	-
	Management fee	3,299,854,977	1,857,718,252	1,099,951,658	6,898,790,674
MNS Meat Ha Nam Company	Sales of merchandise inventories	13,574,019	-	3,172,400	-
Vietnamese – French Cattle Feed Joint Stock Company	Sales of merchandise inventories	52,640,800	132,675,545	7,031,200	-
	Management fee	8,802,395,280	10,168,876,709	2,895,913,975	15,432,135,658
Proconco Can Tho One Member Company Limited	Sales of merchandise inventories	-	17,861,973	-	-
	Management fee	1,840,186,732	1,095,960,616	639,800,251	1,959,543,205
Conco Binh Dinh Co.,Ltd	Sales of merchandise inventories	-	6,469,691	-	-
	Management fee	1,485,204,784	934,320,471	1,585,400,236	1,619,539,159
Proconco Hung Yen Manufacturing and Trading Company Limited	Sales of merchandise inventories	5,238,000	6,985,391	-	-
	Management fee	864,327,300	698,289,360	134,887,103	1,187,025,716
Key management personnel	Remuneration to key management personnel (*)	39,596,157,375	17,755,797,909	-	-

As at 30 September 2018, the Group has current and term deposit accounts at Vietnam Technological and Commercial Joint Stock Bank at normal term.

(*) No board fees were paid to members of the Board of Directors of the Company for the periods ended 30 September 2018 and 30 September 2017.

Masan Consumer Corporation and its subsidiaries
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28. Explanation of profit

Net Profit After Tax (“NPAT”) for quarter 3 2018 increased by VND286 billion, equivalent to 41% compared to similar period in previous year, the key areas contributing to the net profit after tax increase includes:

- ♦ Net revenue increased by VND993 billion by 30% as compared the quarter 3 of previous year, as a result of the increase of the Group’s distribution network and the transformation from sales driven to brand driven business model;
- ♦ Net financial result increased by 29% compared to the same period in previous year from optimization of the Group’s cash flow.

29 October 2018

 Prepared by:



Phan Thi Thuy Hoa
Chief Accountant

Approved by:



Huynh Viet Thang
Acting Chief Financial Officer



Trương Công Thang
Chairman of the Board of Directors