

**Masan Consumer Corporation and its subsidiaries**

Consolidated Financial Statement  
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<br>(from 23 June 2017)  |
| Mr Nguyen Dang Quang  | Member<br>(from 23 June 2017)    |
|                       | Chairman<br>(until 23 June 2017) |
| Mr Ho Hung Anh        | Member                           |
| Ms Nguyen Hoang Yen   | Member                           |
| Mr Nguyen Thieu Quang | Member                           |
| Mr Seokhee Won        | Member                           |

**Board of Management**

|                      |  |
|----------------------|--|
| Mr Seokhee Won       | Chief Executive Officer                                    |
| 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 Le Trung Thanh    | Deputy Chief Executive Officer<br>(until 15 February 2017) |
| Mr Nguyen Anh Nguyen | Deputy Chief Executive Officer                             |
| Ms Dinh Kim Nhung    | Deputy Chief Executive Officer                             |

**Registered Office**

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

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

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

|  | Code       | Note     | 31/12/2017<br>VND        | 1/1/2017<br>VND           |
|--|------------|----------|--------------------------|---------------------------|
| <b>ASSETS</b>  |            |          |                          |                           |
| <b>Current assets</b><br>(100 = 110 + 120 + 130 + 140 + 150) | <b>100</b> |          | <b>5,793,075,753,348</b> | <b>11,519,694,860,637</b> |
| <b>Cash and cash equivalents</b>                             | <b>110</b> | <b>4</b> | <b>4,235,913,074,249</b> | <b>6,914,244,921,330</b>  |
| Cash   | 111        |          | 82,888,074,249           | 113,124,921,330           |
| Cash equivalents   | 112        |          | 4,153,025,000,000        | 6,801,120,000,000         |
| <b>Short-term financial investments</b>                      | <b>120</b> |          | <b>154,258,720,000</b>   | <b>1,732,948,841,175</b>  |
| Held-to-maturity investments                                 | 123        | 5(a)     | 154,258,720,000          | 1,732,948,841,175         |
| <b>Accounts receivable – short-term</b>                      | <b>130</b> |          | <b>348,223,852,227</b>   | <b>2,121,205,426,935</b>  |
| Accounts receivable from customers                           | 131        |          | 261,094,359,738          | 232,759,444,755           |
| Prepayments to suppliers                                     | 132        |          | 48,438,835,310           | 61,482,083,206            |
| Short-term loans receivable                                  | 135        | 7        | -                        | 1,663,716,876,592         |
| Other short-term receivables                                 | 136        | 6(a)     | 38,698,246,885           | 164,464,049,739           |
| Allowance for doubtful debts                                 | 137        |          | (7,589,706)              | (1,217,027,357)           |
| <b>Inventories</b>   | <b>140</b> | <b>8</b> | <b>1,010,974,147,574</b> | <b>715,921,028,319</b>    |
| Inventories  | 141        |          | 1,017,930,397,608        | 729,024,288,790           |
| Allowance for inventories                                    | 149        |          | (6,956,250,034)          | (13,103,260,471)          |
| <b>Other current assets</b>                                  | <b>150</b> |          | <b>43,705,959,298</b>    | <b>35,374,642,878</b>     |
| Short-term prepaid expenses                                  | 151        |          | 17,450,908,457           | 19,718,137,599            |
| Deductible value added tax                                   | 152        |          | 23,128,636,709           | 15,656,505,279            |
| Taxes receivables from State Treasury                        | 153        |          | 3,126,414,132            | -                         |

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

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

**Form B 01 – DN/HN**

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

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

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

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

**Form B 01 – DN/HN**

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

|   | Code       | Note      | 31/12/2017<br>VND         | 1/1/2017<br>VND           |
|---|------------|-----------|---------------------------|---------------------------|
| <b>RESOURCES</b>                                      |            |           |                           |                           |
| <b>LIABILITIES (300 = 310 + 330)</b>                  | <b>300</b> |           | <b>6,313,229,100,033</b>  | <b>5,449,387,898,339</b>  |
| <b>Current liabilities</b>                            | <b>310</b> |           | <b>5,947,095,673,192</b>  | <b>4,942,371,387,944</b>  |
| Accounts payable to suppliers – short-term            | 311        | 14        | 801,573,550,158           | 708,987,463,602           |
| Advances from customers                               | 312        |           | 35,712,183,790            | 18,887,115,066            |
| Taxes payable to State Treasury                       | 313        | 15        | 224,311,703,039           | 312,750,964,401           |
| Payables to employees                                 | 314        |           | 24,501,018                | 4,383,144,705             |
| Accrued expenses                                      | 315        | 16        | 893,632,037,512           | 958,703,296,344           |
| Other short-term payables                             | 319        | 17(a)     | 581,121,178,228           | 27,461,089,550            |
| Short-term borrowings                                 | 320        | 18(a)     | 3,387,677,592,708         | 2,887,958,787,537         |
| Bonus and welfare funds                               | 322        |           | 23,042,926,739            | 23,239,526,739            |
| <b>Long-term liabilities</b>                          | <b>330</b> |           | <b>366,133,426,841</b>    | <b>507,016,510,395</b>    |
| Accounts payable to suppliers – long-term             | 331        | 14        | 78,525,018,000            | 88,334,503,000            |
| Other long-term payables                              | 337        | 17(b)     | 20,821,499,726            | 22,360,630,839            |
| Long-term borrowings                                  | 338        | 18(b)     | 95,998,319,156            | 209,856,177,246           |
| Deferred tax liabilities                              | 341        |           | 157,986,259,876           | 177,354,781,060           |
| Provisions – long-term                                | 342        |           | 12,802,330,083            | 9,110,418,250             |
| <b>EQUITY (400 = 410)</b>                             | <b>400</b> |           | <b>11,331,827,459,740</b> | <b>11,928,438,348,061</b> |
| <b>Owners' equity</b>                                 | <b>410</b> | <b>19</b> | <b>11,331,827,459,740</b> | <b>11,928,438,348,061</b> |
| Share capital   | 411        | 20        | 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        | 20        | 5,088,056,394,992         | 5,088,056,394,992         |
| Other capital   | 414        |           | (265,775,657,006)         | (265,775,657,006)         |
| Treasury shares                                       | 415        | 20        | (1,640,252,631,255)       | (1,640,252,631,255)       |
| Foreign exchange differences                          | 417        |           | 2,951,013,886             | (2,253,725,216)           |
| Investment and development fund                       | 418        |           | 22,731,972,844            | 22,731,972,844            |
| Undistributed profit after tax                        | 421        |           | 2,226,022,362,372         | 2,434,650,312,379         |
| - Undistributed profit after tax brought forward      | 421a       |           | 93,929,785,879            | 326,210,121,712           |
| - Undistributed profit after tax for the current year | 421b       |           | 2,132,092,576,493         | 2,108,440,190,667         |
| Non-controlling interests                             | 429        |           | 466,766,233,907           | 909,680,511,323           |
| <b>TOTAL RESOURCES (440 = 300 + 400)</b>              | <b>440</b> |           | <b>17,645,056,559,773</b> | <b>17,377,826,246,400</b> |

Prepared by: 

  
Huynh Viet Thang  
Chief Accountant

30 January 2018

  
Pham Dinh Toai  
Acting Chief Financial Officer

Approved by:   
  
Seokhee Won  
Chief Executive Officer

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

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

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

|   | Code      | Note      | Quarter IV               |                          |                           |                           |
|---|-----------|-----------|--------------------------|--------------------------|---------------------------|---------------------------|
|   |           |           | 2017<br>VND              | 2016<br>VND              | 2017<br>VND               | 2016<br>VND               |
| Revenue from sales of goods and provision of services                                       | 01        | 22        | 4,468,833,401,657        | 4,729,053,876,632        | 13,422,926,705,427        | 13,971,502,083,035        |
| Revenue deductions  | 02        | 22        | 45,926,175,150           | 39,796,108,446           | 209,286,432,011           | 181,742,640,558           |
| <b>Net revenue (10 = 01 - 02)</b>   | <b>10</b> | <b>22</b> | <b>4,422,907,226,507</b> | <b>4,689,257,768,186</b> | <b>13,213,640,273,416</b> | <b>13,789,759,442,477</b> |
| Cost of sales   | 11        | 23        | 2,367,917,118,047        | 2,477,164,998,825        | 7,181,058,837,278         | 7,539,940,954,915         |
| <b>Gross profit (20 = 10 - 11)</b>  | <b>20</b> |           | <b>2,054,990,108,460</b> | <b>2,212,092,769,361</b> | <b>6,032,581,436,138</b>  | <b>6,249,818,487,562</b>  |
| Financial income  | 21        | 24        | 133,379,823,876          | 112,431,006,965          | 456,988,463,034           | 486,486,717,049           |
| Financial expenses  | 22        | 25        | 39,098,470,663           | 34,195,650,836           | 135,642,808,146           | 120,181,485,914           |
| <i>In which: Interest expense</i>   | 23        |           | <i>37,402,478,491</i>    | <i>32,696,990,219</i>    | <i>131,876,543,711</i>    | <i>117,857,140,158</i>    |
| Share of profit in an associate   | 24        |           | -                        | -                        | 5,318,434,000             | 6,648,042,500             |
| Selling expenses  | 25        |           | 859,084,768,407          | 820,768,203,340          | 3,013,408,048,716         | 2,619,544,147,421         |
| General and administration expenses   | 26        |           | 169,993,302,679          | 210,838,764,493          | 721,475,937,145           | 840,490,029,516           |
| <b>Net operating profit</b><br><b>{30 = 20 + (21 - 22) + 24 - (25 + 26)}</b>                | <b>30</b> |           | <b>1,120,193,390,587</b> | <b>1,258,721,157,657</b> | <b>2,624,361,539,165</b>  | <b>3,162,737,584,260</b>  |
| Other income  | 31        |           | 192,118,524              | 859,965,082              | 1,340,161,739             | 3,946,391,087             |
| Other expenses  | 32        |           | 876,768,451              | 487,542,693              | 3,734,128,540             | 3,831,459,210             |
| <b>Results of other activities (40 = 31 - 32)</b>   | <b>40</b> |           | <b>(684,649,927)</b>     | <b>372,422,389</b>       | <b>(2,393,966,801)</b>    | <b>114,931,877</b>        |
| <b>Accounting profit before tax (50 = 30 + 40)</b><br><b>(carried forward to next page)</b> | <b>50</b> |           | <b>1,119,508,740,660</b> | <b>1,259,093,580,046</b> | <b>2,621,967,572,364</b>  | <b>3,162,852,516,137</b>  |

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

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

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

|   | Code | Note | Quarter IV        |                   | 2017<br>VND       | 2016<br>VND       |
|---|------|------|-------------------|-------------------|-------------------|-------------------|
|   |      |      | 2017<br>VND       | 2016<br>VND       |                   |                   |
| Accounting profit before tax (50 = 30 + 40)<br>(brought forward from previous page) | 50   |      | 1,119,508,740,660 | 1,259,093,580,046 | 2,621,967,572,364 | 3,162,852,516,137 |
| Income tax expense - current  | 51   |      | 204,753,398,770   | 186,285,685,424   | 398,411,246,861   | 432,682,942,969   |
| Income tax benefit - deferred   | 52   |      | (14,813,003,543)  | (34,388,656,287)  | (22,441,350,578)  | (60,942,674,227)  |
| Net profit after tax (60 = 50 - 51 - 52)  | 60   |      | 929,568,345,433   | 1,107,196,550,909 | 2,245,997,676,081 | 2,791,112,247,395 |
| <b>Attributable to:</b>   |      |      |                   |                   |                   |                   |
| Equity holders of the Company   | 61   |      | 864,753,908,469   | 1,032,956,592,130 | 2,131,847,621,907 | 2,679,382,871,020 |
| Non-controlling interests   | 62   |      | 64,814,436,964    | 74,239,958,779    | 114,150,054,174   | 111,729,376,375   |
| <b>Earnings per share</b>   |      |      |                   |                   |                   |                   |
| Basic earnings per share  | 70   | 26   | 1,655             | 1,991             | 4,080             | 5,165             |

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

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

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

|   | Code      | <u>Proforma (*)</u>      |                          |                           |                           |
|---|-----------|--------------------------|--------------------------|---------------------------|---------------------------|
|   |           | Quarter IV               |                          | 2017<br>VND               | 2016<br>VND               |
|   |           | 2017<br>VND              | 2016<br>VND              |                           |                           |
| Revenue from sales of goods and provision of services                                       | 01        | 4,468,833,401,657        | 4,729,053,876,632        | 13,422,926,705,427        | 13,971,502,083,035        |
| Revenue deductions  | 02        | 45,926,175,150           | 39,796,108,446           | 209,286,432,011           | 181,742,640,558           |
| <b>Net revenue (10 = 01 - 02)</b>   | <b>10</b> | <b>4,422,907,226,507</b> | <b>4,689,257,768,186</b> | <b>13,213,640,273,416</b> | <b>13,789,759,442,477</b> |
| Cost of sales   | 11        | 2,367,917,118,047        | 2,477,164,998,825        | 7,181,058,837,278         | 7,539,940,954,915         |
| <b>Gross profit (20 = 10 - 11)</b>  | <b>20</b> | <b>2,054,990,108,460</b> | <b>2,212,092,769,361</b> | <b>6,032,581,436,138</b>  | <b>6,249,818,487,562</b>  |
| Financial income  | 21        | 133,379,823,876          | 112,431,006,965          | 456,988,463,034           | 486,486,717,049           |
| Financial expenses  | 22        | 39,098,470,663           | 34,195,650,836           | 135,642,808,146           | 120,181,485,914           |
| Share of profit in an associate   | 24        | -                        | -                        | 5,318,434,000             | 6,648,042,500             |
| Selling expenses  | 25        | 859,084,768,407          | 820,768,203,340          | 3,013,408,048,716         | 2,619,544,147,421         |
| General and administration expenses   | 26        | 125,730,106,245          | 145,625,246,887          | 534,570,738,111           | 597,991,784,681           |
| <b>Net operating profit</b><br><b>{30 = 20 + (21 - 22) + 24 - (25 + 26)}</b>                | <b>30</b> | <b>1,164,456,587,021</b> | <b>1,323,934,675,263</b> | <b>2,811,266,738,199</b>  | <b>3,405,235,829,095</b>  |
| Other income  | 31        | 192,118,524              | 859,965,082              | 1,340,161,739             | 3,946,391,087             |
| Other expenses  | 32        | 876,768,451              | 487,542,693              | 3,734,128,540             | 3,831,459,210             |
| <b>Results of other activities (40 = 31 - 32)</b>   | <b>40</b> | <b>(684,649,927)</b>     | <b>372,422,389</b>       | <b>(2,393,966,801)</b>    | <b>114,931,877</b>        |
| <b>Accounting profit before tax (50 = 30 + 40)</b><br><b>(carried forward to next page)</b> | <b>50</b> | <b>1,163,771,937,094</b> | <b>1,324,307,097,652</b> | <b>2,808,872,771,398</b>  | <b>3,405,350,760,972</b>  |

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



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

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

**Proforma (\*)**

|   | Code | Quarter IV        |                   | 2017<br>VND       | 2016<br>VND       | 2017<br>VND | 2016<br>VND |
|---|------|-------------------|-------------------|-------------------|-------------------|-------------|-------------|
|   |      | 2017<br>VND       | 2016<br>VND       |                   |                   |             |             |
| Accounting profit before tax (50 = 30 + 40)<br>(brought forward from previous page) | 50   | 1,163,771,937,094 | 1,324,307,097,652 | 2,808,872,771,398 | 3,405,350,760,972 |             |             |
| Income tax expense - current  | 51   | 204,753,398,770   | 186,285,685,424   | 398,411,246,861   | 432,682,942,969   |             |             |
| Income tax benefit - deferred   | 52   | (10,340,338,745)  | (26,157,340,373)  | (3,072,829,394)   | (33,065,345,505)  |             |             |
| Net profit after tax (60 = 50 - 51 - 52)  | 60   | 969,358,877,069   | 1,164,178,752,601 | 2,413,534,353,931 | 3,005,733,163,508 |             |             |
| <b>Attributable to:</b>   |      |                   |                   |                   |                   |             |             |
| Equity holders of the Company   | 61   | 904,544,440,105   | 1,080,896,377,913 | 2,279,943,217,195 | 2,846,463,536,970 |             |             |
| Non-controlling interests   | 62   | 64,814,436,964    | 83,282,374,688    | 133,591,136,736   | 159,269,626,538   |             |             |
| <b>Earnings per share</b>   |      |                   |                   |                   |                   |             |             |
| Basic earnings per share  | 70   | 1,731             | 2,084             | 4,363             | 5,487             |             |             |

(\*) Added-back amortisation of goodwill and fair value adjustments from the acquisition of Vinacafé Bien Hoa Joint Stock Company, Vinh Hao Mineral Water Corporation, Kronfa Joint Stock Company, Saigon Nutri Food Joint Stock Company, Quang Ninh Mineral Water Corporation and CDN Production Trading Corporation.

30 January 2018

Prepared by: 

  
 Huynh Viet Thang  
 Chief Accountant

  
 Pham Dinh Toai  
 Acting Chief Financial Officer

Approved by:   
  
 Seokhee Won  
 Chief Executive Officer

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

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

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

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

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

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

**Form B 03 – DN/HN**  
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|  | Code      | 2017<br>VND                | 2016<br>VND              |
|--|-----------|----------------------------|--------------------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |           |                            |                          |
| Payments for additions to fixed assets and other long-term assets                    | 21        | (489,808,473,401)          | (634,843,683,452)        |
| Proceeds from disposals of fixed assets and construction in progress                 | 22        | 1,848,263,994              | 3,863,456,185            |
| Loans provided and other investments   | 23        | (6,820,405,000,000)        | (3,559,078,712,592)      |
| Collections of loans and other investments   | 24        | 1,400,000,000,000          | 6,735,714,068,000        |
| Placement of term deposits to banks  | 23        | (2,273,376,720,000)        | (41,036,269,841,175)     |
| Withdrawal of term deposits from banks   | 24        | 3,852,066,841,175          | 39,303,321,000,000       |
| Acquisition of a subsidiary, net of cash acquired                                    | 25        | -                          | (11,555,624,763)         |
| Payments for acquisition of non-controlling interests in subsidiaries                | 25        | -                          | (773,433,922,965)        |
| Proceeds from pre-acquisition dividends received from an associate                   | 26        | -                          | 5,410,434,000            |
| Receipts of interest and dividend  | 27        | 255,682,931,659            | 724,885,024,521          |
| <b>Net cash flows from investing activities</b>                                      | <b>30</b> | <b>(4,073,992,156,573)</b> | <b>758,012,197,759</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |           |                            |                          |
| Proceeds from share capital issued   | 31        | 49,726,600,000             | 30,000,000,000           |
| Proceeds from capital contribution in a subsidiary by non-controlling interest       | 31        | -                          | 134,010                  |
| Payments for shares repurchased in a subsidiary                                      | 32        | (247,200,000)              | -                        |
| Proceeds from bank borrowings  | 33        | 7,798,314,906,822          | 8,481,450,471,251        |
| Payments to settle loan principals to banks  | 34        | (7,412,453,959,741)        | (7,682,156,882,445)      |
| Payments of dividends  | 36        | (1,157,089,232,500)        | (1,005,198,769,200)      |
| <b>Net cash flows from financing activities</b>                                      | <b>40</b> | <b>(721,748,885,419)</b>   | <b>(175,905,046,384)</b> |
| <b>Net cash flows during the year</b><br>(50 = 20 + 30 + 40)                         | <b>50</b> | <b>(2,682,790,774,301)</b> | <b>3,549,849,197,176</b> |
| <b>Cash and cash equivalents at the beginning of the year</b>                        | <b>60</b> | <b>6,914,244,921,330</b>   | <b>3,366,663,621,920</b> |
| <b>Effect of exchange rate fluctuations</b>  | <b>61</b> | <b>4,458,927,220</b>       | <b>(2,267,897,766)</b>   |
| <b>Cash and cash equivalents at the end of the year</b> (70 = 50 + 60 + 61) (Note 4) | <b>70</b> | <b>4,235,913,074,249</b>   | <b>6,914,244,921,330</b> |

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

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

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**NON-CASH INVESTING AND FINANCING TRANSACTION**

|   | <b>2017</b><br><b>VND</b> | <b>2016</b><br><b>VND</b> |
|---|---------------------------|---------------------------|
| ♦ Net-off dividend payable with loan receivable from the parent company | 1,187,405,000,000         | 1,889,261,836,000         |

Prepared by: 

  
 Huynh Viet Thang  
 Chief Accountant

30 January 2018

Approved by:

  
 Pham Dinh Toai  
 Acting Chief Financial Officer

  
 Seokhee Won  
 Chief Executive Officer


 The stamp is red and circular, containing the text: "M.S.D.N. 00017440.C.T.", "CÔNG TY CỔ PHẦN HÀNG TIÊU DÙNG MASAN", and "QUẬN 1 - T.P.HỒ CHÍ MINH".

**Masan Consumer Corporation and its subsidiaries**

**Notes to the consolidated financial statements for the year ended 31 December 2017**

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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 year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in an associate.

**(b) Principal activities**

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

**(c) Normal operating cycle**

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

**Masan Consumer Corporation and its subsidiaries**

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

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**(d) Group structure**

As at 31 December 2017, the Group has 3 directly owned subsidiaries, 13 indirectly owned subsidiaries and 1 associate (1/1/2017: 4 directly owned subsidiaries, 13 indirectly owned subsidiaries and 1 associate). Information of the subsidiaries and an associate are described as follows:

| Name  | Principal activity   | Address  | Percentage of economic interests |          | Percentage of voting rights |          |
|---|--|--|----------------------------------|----------|-----------------------------|----------|
|   |  |  | 31/12/2017                       | 1/1/2017 | 31/12/2017                  | 1/1/2017 |
| <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 ĐN One Member Company Limited ("MDN") | (v) Seasonings, convenience food manufacturing and packaging | Street No.7, Hoa Khanh Industrial Park, Hoa Khanh Bac Ward, Lien Chieu District, Da Nang District, Vietnam | -                                | 100%     | -                           | 100%     |
| Masan Consumer (Thailand) Limited ("MTH")   | Trading and distribution                                     | 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 year ended 31 December 2017 (continued)**

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| Name   | Principal activity   | Address   | Percentage of economic interests |          | Percentage of voting rights |          |  |
|--|--|---|----------------------------------|----------|-----------------------------|----------|--|
|  |  |   | 31/12/2017                       | 1/1/2017 | 31/12/2017                  | 1/1/2017 |  |
| <i>Indirect subsidiaries</i>                                 |  |   |                                  |          |                             |          |  |
| Masan Industrial One Member Company Limited ("MSI")          | (i) Seasonings, convenience food manufacturing and packaging | Lot 6, Tan Dong Hiep A Industrial Park, Di An Ward, Binh Duong Province, Vietnam  | 100%                             | 100%     | 100%                        | 100%     |  |
| Masan HD One Member Company Limited ("MHD")                  | (i) Convenience food manufacturing                           | Lot 22, Dai An Industrial Park, Tu Minh Ward, Hai Duong City, Hai Duong Province, Vietnam   | 100%                             | 100%     | 100%                        | 100%     |  |
| Viet Tien Food Technology One Member Company Limited ("VTF") | (i) Seasonings manufacturing                                 | Lot III-10, Street No. 1, Industrial Group III, Tan Binh Industrial Park, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City, Vietnam | 100%                             | 100%     | 100%                        | 100%     |  |
| Ma San PQ Corporation ("MPQ")                                | (i) Seasonings manufacturing                                 | Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam  | 99.99%                           | 99.99%   | 99.99%                      | 99.99%   |  |
| Nam Ngu Phu Quoc One Member Company Limited ("NPQ")          | (i) Seasonings manufacturing                                 | Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam  | 100%                             | 100%     | 100%                        | 100%     |  |
| Masan MB One Member Company Limited ("MMB")                  | (i) Seasonings, convenience food manufacturing and packaging | Area B, Nam Cam Industrial Park – Dong Nam Nghe An Economic Zone, Nghi Loc District, Nghe An Province, Vietnam                        | 100%                             | 100%     | 100%                        | 100%     |  |
| Saigon Nutri Food Joint Stock Company ("SNF")                | (i) Convenience food manufacturing and trading               | Lot K4, No. 2 Street, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam                               | 99.99%                           | 99.99%   | 99.99%                      | 99.99%   |  |

**Masan Consumer Corporation and its subsidiaries**

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

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| Name  | Principal activity   | Address  | Percentage of economic interests |          | Percentage of voting rights |          |
|---|--|--|----------------------------------|----------|-----------------------------|----------|
|   |  |  | 31/12/2017                       | 1/1/2017 | 31/12/2017                  | 1/1/2017 |
| Masan HG One Member Company Limited (“MHG”)   | (i) Seasonings, convenience food manufacturing and packaging | Song Hau Industrial Park, Dong Phu Ward, Chau Thanh District, Hau Giang Province, Vietnam                      | 100%                             | 100%     | 100%                        | 100%     |
| Vinacafé Bien Hoa Joint Stock Company (“VCF”) | (ii) Beverage manufacturing and trading                      | Bien Hoa Industrial Park I, Bien Hoa City, Dong Nai Province, Vietnam  | 68.46%                           | 68.46%   | 68.46%                      | 68.46%   |
| Vinh Hao Mineral Water Corporation (“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), (vi) Beverage manufacturing and trading                | No. 3A, Suoi Mo Town, Bai Chay District, Ha Long City, Quang Ninh Province, Vietnam                            | 65.85%                           | 65.68%   | 65.85%                      | 65.68%   |
| 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 | 58.19%                           | 58.19%   | 85%                         | 85%      |
| <b>Associate</b>                              |  |  |                                  |          |                             |          |
| 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 year ended 31 December 2017**  
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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) Masan DN One Member Company Limited (“MDN”) was established on 12 September 2014 under the Business Registration Certificate No. 0401622417 issued by the Department of Planning and Investment of Da Nang City. The Board of Director Resolution No.7/2017/NQ-HDQT on 28 April 2017 resolved and approved to dissolve MDN. As at the date of issuance of these consolidated financial statements, the dissolution of MDN has been completed.
- (vi) In August 2017, the Company’s subsidiary, QNW acquired 20,600 treasury shares under the Board of Director Resolution No.04/2017/NQ-HDQT on 20 March 2017, such transaction resulted in an equity interest being increased from 65.68% to 65.85%.

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

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

## **2. Basis of preparation**

### **(a) Statement of compliance**

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

### **(b) Basis of measurement**

These consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows are 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 year ended 31 December 2017.

### **(d) Accounting and presentation currency**

The Group’s accounting currency is Vietnam Dong (“VND”) which is also the currency used for financial statement presentation purpose.

### **(e) Corresponding figures**

The corresponding figures as at 1 January 2017 were brought forward from the audited figures as at 31 December 2016.

### **3. Summary of significant accounting policies**

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

#### **(a) Basis of consolidation**

##### **(i) Subsidiaries**

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

##### **(ii) Non-controlling interests**

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

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with shareholders. Prior to 1 January 2015, the difference between the change in the Group’s share of net assets of the subsidiary and any consideration paid or received is recorded directly in other capital under equity. From 1 January 2015, as a result of the adoption of Circular 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.

##### **(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.

**Masan Consumer Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the year ended 31 December 2017**  
**(continued)**

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**(v) *Transactions eliminated on consolidation***

Intra-group 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 11 – *Business Combination* and in selecting its accounting policies with respect to such transaction, the Group has considered Vietnamese Accounting Standard 01 – *Framework* and Vietnamese Accounting Standard 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.

**(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

**Masan Consumer Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the year ended 31 December 2017**  
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to effect the business combination. Transaction costs are capitalised into the cost of business combination. General administrative costs and other costs that cannot be directly attributed to the particular business combination being accounted for are not included in the cost of the business combination, they are recognised as an expense when incurred.

**(b) Foreign currency**

**(i) Foreign currency transactions**

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

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

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

**(ii) Foreign operations**

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

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

**(c) Cash and cash equivalents**

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount 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 Boards of Management of the Company and its subsidiaries have the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks. These investments are stated at costs less allowance for doubtful debts.

**Masan Consumer Corporation and its subsidiaries**  
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**(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 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 and maintenance and overhaul cost, is charged to the consolidated statement of income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

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

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

**(h) Intangible fixed assets**

**(i) Land use rights**

Land use rights comprise:

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

**Masan Consumer Corporation and its subsidiaries**

**Notes to the consolidated financial statements for the year ended 31 December 2017**

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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 new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is 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 asset. Amortisation is computed on a straight-line basis over their useful lives ranging from 8 to 30 years.

**(iv) Brand name**

Cost of acquiring 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 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.

**(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 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 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.

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**(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 term of the lease from 42 to 50 years.

**(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.

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**(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.

***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 current salary level.

Provision for severance allowance to be paid to the existing eligible employees as of 31 December 2017 has been made based on the eligible employees’ years of service, being the total employees’ years of service less the number of years for which the employees 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, if any, and their average salary for the year prior to the end of the annual accounting period.

**(n) Equity**

***(i) Share capital and share premium***

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

***(ii) Other capital***

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

***(iii) Treasury shares***

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



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**(o) Taxation**

Income tax on the consolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to 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 amount of assets and liabilities using tax rates enacted or substantively enacted at the end of the annual accounting period.

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

**(p) Revenue**

**(i) Sale of goods**

Revenue from the 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 on 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.

**(iii) Provision of services**

Revenue from provision of services is recognised in the consolidated statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(q) Financial income and financial expenses**

**(i) Financial income**

Financial income mainly comprise interest income from deposits at banks, interest income from loans, foreign exchange gains and other financial investments.

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

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**(ii) Financial expenses**

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

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

**(r) Operating lease payments**

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

**(s) Earnings per share**

The Group presents basic and diluted earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting consolidated the profit or loss attributable to the 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 the ordinary shareholders of the Company is determined after deducting any amounts appropriated to bonus and welfare funds for the annual accounting period.

**(t) 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 and the ultimate parent company and its subsidiaries and associates.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

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**4. Cash and cash equivalents**

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

|   | <b>31/12/2017</b> | <b>1/1/2017</b>   |
|---|-------------------|-------------------|
|   | <b>VND</b>        | <b>VND</b>        |
| Held-to-maturity investments - short-term | 154,258,720,000   | 1,732,948,841,175 |
|   | <hr/>             | <hr/>             |
|   | 154,258,720,000   | 1,732,948,841,175 |
|   | <hr/>             | <hr/>             |

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

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**(b) Investment in an associate**

|                                   | 31/12/2017       |  |  | 1/1/2017         |  |  |
|-----------------------------------|------------------|--|--|------------------|--|--|
|                                   | 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                        |

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

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

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**6. Other receivables**

**(a) Other short-term receivables**

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

**(b) Other long-term receivables**

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

**7. Loans receivable**

Loans receivable from a related party

|            | <b>31/12/2017</b> | <b>1/1/2017</b>   |
|------------|-------------------|-------------------|
|            | <b>VND</b>        | <b>VND</b>        |
| Short-term | -                 | 1,663,716,876,592 |
| Long-term  | 5,896,716,876,592 | -                 |
|            | <hr/>             | <hr/>             |

**Masan Consumer Corporation and its subsidiaries****Notes to the consolidated financial statements for the year ended 31 December 2017**

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

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

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

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9. Tangible fixed assets

|   | Buildings<br>VND  | Leasehold<br>improvements<br>VND | Office<br>equipment<br>VND | Machinery and<br>equipment<br>VND | Motor<br>vehicles<br>VND | Total<br>VND      |
|---|-------------------|----------------------------------|----------------------------|-----------------------------------|--------------------------|-------------------|
| <b>Cost</b>                               |                   |                                  |                            |                                   |                          |                   |
| Opening balance                           | 1,324,954,035,367 | 62,791,110,984                   | 63,408,917,510             | 3,211,564,534,175                 | 32,162,488,959           | 4,694,881,086,995 |
| Additions                                 | 139,774,241       | -                                | 147,915,454                | 2,427,925,149                     | 75,821,200               | 2,791,436,044     |
| Reclassifications                         | (1,876,249,030)   | -                                | -                          | 1,876,249,030                     | -                        | -                 |
| Transfer from construction<br>in progress | 119,933,500,606   | -                                | 5,192,954,052              | 447,813,453,040                   | 203,957,522              | 573,143,865,220   |
| Disposals                                 | (4,105,775,277)   | -                                | (335,304,545)              | (25,890,516,029)                  | (4,636,998,416)          | (34,968,594,267)  |
| Written off                               | (2,357,977,674)   | -                                | (2,635,915,146)            | (534,165,615)                     | -                        | (5,528,058,435)   |
| Closing balance                           | 1,436,687,308,233 | 62,791,110,984                   | 65,778,567,325             | 3,637,257,479,750                 | 27,805,269,265           | 5,230,319,735,557 |
| <b>Accumulated depreciation</b>           |                   |                                  |                            |                                   |                          |                   |
| Opening balance                           | 234,785,355,878   | 19,484,246,535                   | 32,794,245,843             | 1,258,023,912,009                 | 17,682,965,730           | 1,562,770,725,995 |
| Charge for the year                       | 77,170,019,006    | 10,451,709,071                   | 7,630,751,809              | 364,024,457,452                   | 3,912,535,135            | 463,189,472,473   |
| Reclassifications                         | (46,906,227)      | -                                | -                          | 46,906,227                        | -                        | -                 |
| Disposals                                 | (2,923,311,559)   | -                                | (335,304,545)              | (23,703,850,321)                  | (4,231,085,579)          | (31,193,552,004)  |
| Written off                               | (2,357,977,674)   | -                                | (2,617,170,086)            | (508,978,115)                     | -                        | (5,484,125,875)   |
| Closing balance                           | 306,627,179,424   | 29,935,955,606                   | 37,472,523,021             | 1,597,882,447,252                 | 17,364,415,286           | 1,989,282,520,589 |
| <b>Net book value</b>                     |                   |                                  |                            |                                   |                          |                   |
| Opening balance                           | 1,090,168,679,489 | 43,306,864,449                   | 30,614,671,667             | 1,953,540,622,166                 | 14,479,523,229           | 3,132,110,361,000 |
| Closing balance                           | 1,130,060,128,809 | 32,855,155,378                   | 28,306,044,304             | 2,039,375,032,498                 | 10,440,853,979           | 3,241,037,214,968 |

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10. Intangible fixed assets

|   | Land use<br>rights<br>VND | Software<br>VND | Exploitation<br>rights<br>VND | Brand name<br>VND | Customer<br>relationships<br>VND | Mineral water<br>resources<br>VND | Total<br>VND      |
|---|---------------------------|-----------------|-------------------------------|-------------------|----------------------------------|-----------------------------------|-------------------|
| <b>Cost</b>                               |                           |                 |                               |                   |                                  |                                   |                   |
| Opening balance                           | 119,085,818,402           | 290,444,510,787 | 117,800,213,296               | 758,354,816,571   | 404,114,911,701                  | 412,697,763,511                   | 2,102,498,034,268 |
| Additions                                 | -                         | 1,069,892,667   | -                             | -                 | -                                | -                                 | 1,069,892,667     |
| Transfer from construction<br>in progress | -                         | 395,592,000     | 145,364,052                   | -                 | -                                | -                                 | 540,956,052       |
| Written off                               | -                         | (807,270,780)   | -                             | -                 | -                                | -                                 | (807,270,780)     |
| Closing balances                          | 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 |
| <b>Accumulated amortisation</b>           |                           |                 |                               |                   |                                  |                                   |                   |
| Opening balance                           | 26,068,492,542            | 63,380,703,674  | 7,817,687,894                 | 318,335,873,925   | 344,785,103,101                  | 29,528,450,556                    | 789,916,311,692   |
| Charge for the year                       | 3,794,039,303             | 35,413,614,661  | 6,081,016,584                 | 66,892,868,504    | 8,138,841,240                    | 21,934,668,276                    | 142,255,048,568   |
| Written off                               | -                         | (765,777,015)   | -                             | -                 | -                                | -                                 | (765,777,015)     |
| Closing balance                           | 29,862,531,845            | 98,028,541,320  | 13,898,704,478                | 385,228,742,429   | 352,923,944,341                  | 51,463,118,832                    | 931,405,583,245   |
| <b>Net book value</b>                     |                           |                 |                               |                   |                                  |                                   |                   |
| Opening balance                           | 93,017,325,860            | 227,063,807,113 | 109,982,525,402               | 440,018,942,646   | 59,329,808,600                   | 383,169,312,955                   | 1,312,581,722,576 |
| Closing balance                           | 89,223,286,557            | 193,074,183,354 | 104,046,872,870               | 373,126,074,142   | 51,190,967,360                   | 361,234,644,679                   | 1,171,896,028,962 |



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**11. Construction in progress**

| <b>For the year ended</b>              | <b>31/12/2017</b> |
|--|-------------------|
|  | <b>VND</b>        |
| Opening balance                        | 371,351,502,339   |
| Additions during the year              | 485,775,571,467   |
| Transfer to tangible fixed assets      | (573,143,865,220) |
| Transfer to intangible fixed assets    | (540,956,052)     |
| Transfer to long-term prepaid expenses | (31,290,028,914)  |
|  | <hr/>             |
| Closing balance                        | 252,152,223,620   |
|  | <hr/>             |

**12. Long-term prepaid expenses**

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

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**13. Goodwill**

| <b>For the year ended</b>       | <b>31/12/2017</b> |
|---------------------------------|-------------------|
|                                 | <b>VND</b>        |
| <b>Cost</b>                     |                   |
| Opening balance                 | 693,961,414,227   |
| Closing balance                 | 693,961,414,227   |
| <b>Accumulated amortisation</b> |                   |
| Opening balance                 | 269,425,155,287   |
| Charge for the year             | 68,800,752,948    |
| Closing balance                 | 338,225,908,235   |
| <b>Net book value</b>           |                   |
| Opening balance                 | 424,536,258,940   |
| Closing balance                 | 355,735,505,992   |

**14. Accounts payable to suppliers**

**Accounts payable to suppliers classified by payment term**

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

**15. Taxes payable to State Treasury**

|                      | <b>31/12/2017</b> | <b>1/1/2017</b> |
|----------------------|-------------------|-----------------|
|                      | <b>VND</b>        | <b>VND</b>      |
| Value added tax      | 72,045,746,024    | 142,285,775,265 |
| Corporate income tax | 148,627,947,893   | 165,922,388,261 |
| Personal income tax  | 2,550,402,744     | 3,257,586,774   |
| Other taxes          | 1,087,606,378     | 1,285,214,101   |
|                      | 224,311,703,039   | 312,750,964,401 |

**Masan Consumer Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the year ended 31 December 2017**  
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**16. Accrued expenses**

|                                     | <b>31/12/2017</b> | <b>1/1/2017</b> |
|-------------------------------------|-------------------|-----------------|
|                                     | <b>VND</b>        | <b>VND</b>      |
| Advertising and promotion expenses  | 570,590,834,872   | 572,533,158,360 |
| Logistic expenses                   | 74,505,500,282    | 92,335,239,793  |
| Exhibition expense                  | 15,855,033,925    | 19,595,353,810  |
| Bonus and 13th month salary         | 85,716,216,827    | 88,970,497,961  |
| Sales discounts                     | 37,228,040,655    | 29,710,794,483  |
| Market research expenses            | 19,597,265,927    | 16,534,099,796  |
| Accrued interest expenses           | 8,696,317,975     | 5,786,985,888   |
| Construction in progress            | 9,293,959,972     | 26,528,811,619  |
| Purchases not yet received invoices | 15,878,108,053    | 29,565,152,100  |
| Others                              | 56,270,759,024    | 77,143,202,534  |
|                                     | <hr/>             | <hr/>           |
|                                     | 893,632,037,512   | 958,703,296,344 |
|                                     | <hr/>             | <hr/>           |

**17. Other payables**

**(a) Other short-term payables**

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

**(b) Other long-term payables**

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

**Masan Consumer Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the year ended 31 December 2017**  
**(continued)**

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**18. Borrowings**

**(a) Short-term borrowings**

|  | 31/12/2017                |   | 1/1/2017                  |   |
|--|---------------------------|---|---------------------------|---|
|  | Carrying<br>amount<br>VND | Amount within<br>repayment<br>capacity<br>VND | Carrying<br>amount<br>VND | Amount within<br>repayment<br>capacity<br>VND |
| Short-term borrowings                      | 3,332,821,410,328         | 3,332,821,410,328                             | 2,804,302,605,157         | 2,804,302,605,157                             |
| Current portion of<br>long-term borrowings | 54,856,182,380            | 54,856,182,380                                | 83,656,182,380            | 83,656,182,380                                |
|  | <u>3,387,677,592,708</u>  | <u>3,387,677,592,708</u>                      | <u>2,887,958,787,537</u>  | <u>2,887,958,787,537</u>                      |

**(b) Long-term borrowings**

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

Masan Consumer Corporation and its subsidiaries

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

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

19. Changes in owners' equity

|   | Share capital<br>VND | Share premium<br>VND | Other capital<br>VND | Treasury shares<br>VND | Foreign exchange differences<br>VND | Investment-development fund<br>VND | Undistributed profit after tax<br>VND | Non-controlling interests ("NCI")<br>VND | Total<br>VND        |
|---|----------------------|----------------------|----------------------|------------------------|-------------------------------------|------------------------------------|---------------------------------------|--|---------------------|
| Balance at 1 January 2016                           | 5,351,601,170,000    | 5,088,056,394,992    | (265,775,657,006)    | (1,640,252,631,255)    | -                                   | 22,731,972,844                     | 2,984,708,427,270                     | 1,274,377,326,585                        | 12,815,447,003,430  |
| Share capital issued                                | 30,000,000,000       | -                    | -                    | -                      | -                                   | -                                  | -                                     | -  | 30,000,000,000      |
| Net profit for the year                             | -                    | -                    | -                    | -                      | -                                   | -                                  | 2,679,382,871,020                     | 111,729,376,375                          | 2,791,112,247,395   |
| Dividends   | -                    | -                    | -                    | -                      | -                                   | -                                  | (2,896,096,655,200)                   | -  | (2,896,096,655,200) |
| Acquisition of NCI                                  | -                    | -                    | -                    | -                      | -                                   | -                                  | (332,377,308,207)                     | (477,190,588,281)                        | (809,567,896,488)   |
| NCI at acquisition date                             | -                    | -                    | -                    | -                      | -                                   | -                                  | -                                     | 1,380,686,995                            | 1,380,686,995       |
| Disposal to NCI without a change in control         | -                    | -                    | -                    | -                      | -                                   | -                                  | 104,420                               | 205,380                                  | 309,800             |
| Capital contribution in a subsidiary by NCI         | -                    | -                    | -                    | -                      | -                                   | -                                  | -                                     | 134,010                                  | 134,010             |
| Payment for Board of Directors fees of a subsidiary | -                    | -                    | -                    | -                      | -                                   | -                                  | (967,126,924)                         | (616,625,077)                            | (1,583,752,001)     |
| Foreign exchange differences                        | -                    | -                    | -                    | -                      | (2,253,725,216)                     | -                                  | -                                     | (4,664)                                  | (2,253,729,880)     |
| Balance at 31 December 2016                         | 5,381,601,170,000    | 5,088,056,394,992    | (265,775,657,006)    | (1,640,252,631,255)    | (2,253,725,216)                     | 22,731,972,844                     | 2,434,650,312,379                     | 909,680,511,323                          | 11,928,438,348,061  |

**Masan Consumer Corporation and its subsidiaries**

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

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

|  | 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 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 year                      | -                 | -                 | -                 | -                   | -                                | -                               | 2,131,847,621,907                  | 114,150,054,174               | 2,245,997,676,081   |
| Dividends                                    | -                 | -                 | -                 | -                   | -                                | -                               | (2,340,720,526,500)                | (556,572,186,000)             | (2,897,292,712,500) |
| Acquisition of stocks of NCI in a subsidiary | -                 | -                 | -                 | -                   | -                                | -                               | 244,954,586                        | (492,154,586)                 | (247,200,000)       |
| Foreign exchange differences                 | -                 | -                 | -                 | -                   | 5,204,739,102                    | -                               | -                                  | 8,996                         | 5,204,748,098       |
| Balance at 31 December 2017                  | 5,431,327,770,000 | 5,088,056,394,992 | (265,775,657,006) | (1,640,252,631,255) | 2,951,013,886                    | 22,731,972,844                  | 2,226,022,362,372                  | 466,766,233,907               | 11,331,827,459,740  |

**Masan Consumer Corporation and its subsidiaries****Notes to the consolidated financial statements for the year ended 31 December 2017**

(continued)

**Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***20. Share capital, share premium and treasury shares**

The Company's authorised and issued share capital are:

|  | 31/12/2017       |                   | 1/1/2017         |                   |
|--|------------------|-------------------|------------------|-------------------|
|  | Number of shares | VND               | Number of shares | VND               |
| <b>Authorised and issued share capital</b> |                  |                   |                  |                   |
| Ordinary shares                            | 543,132,777      | 5,431,327,770,000 | 538,160,117      | 5,381,601,170,000 |
| <b>Treasury shares</b>                     |                  |                   |                  |                   |
| Ordinary shares                            | 18,000,000       | 1,640,252,631,255 | 18,000,000       | 1,640,252,631,255 |
| <b>Shares currently in circulation</b>     |                  |                   |                  |                   |
| Ordinary shares                            | 525,132,777      | 5,251,327,770,000 | 520,160,117      | 5,201,601,170,000 |
| <b>Share premium</b>                       | -                | 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 in shares currently in circulation during the year were as follows:

|  | 31/12/2017       |                   | 31/12/2016       |                   |
|--|------------------|-------------------|------------------|-------------------|
|  | Number of shares | Par value VND     | Number of shares | Par value VND     |
| Opening balance - 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    |
| Closing balance - currently in circulation | 525,132,777      | 5,251,327,770,000 | 520,160,117      | 5,201,601,170,000 |

**Masan Consumer Corporation and its subsidiaries****Notes to the consolidated financial statements for the year ended 31 December 2017**

(continued)

**Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***21. Off balance sheet items****Foreign currencies**

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

**22. Revenue from sales 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:

|                         | 2017<br>VND               | 2016<br>VND               |
|-------------------------|---------------------------|---------------------------|
| Total revenue           | 13,422,926,705,427        | 13,971,502,083,035        |
| Less revenue deductions |                           |                           |
| ▪ Sales discounts       | 119,637,550,845           | 129,354,512,110           |
| ▪ Sales returns         | 89,648,881,166            | 52,388,128,448            |
|                         | <u>209,286,432,011</u>    | <u>181,742,640,558</u>    |
| Net revenue             | <u>13,213,640,273,416</u> | <u>13,789,759,442,477</u> |

**23. Cost of sales**

|                             | 2017<br>VND              | 2016<br>VND              |
|-----------------------------|--------------------------|--------------------------|
| Total cost of sales         |                          |                          |
| ▪ Goods sold                | 7,153,966,157,513        | 7,495,211,056,171        |
| ▪ Allowance for inventories | 27,092,679,765           | 44,729,898,744           |
|                             | <u>7,181,058,837,278</u> | <u>7,539,940,954,915</u> |



**Masan Consumer Corporation and its subsidiaries****Notes to the consolidated financial statements for the year ended 31 December 2017**

(continued)

**Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***24. Financial income**

|  | <b>2017</b>     | <b>2016</b>     |
|--|-----------------|-----------------|
|  | <b>VND</b>      | <b>VND</b>      |
| Interest income from deposits to banks               | 214,047,422,698 | 310,130,343,695 |
| Interest income from financial activities            | 239,125,202,453 | 170,217,699,008 |
| Foreign exchange gains                               | 3,815,837,883   | 3,617,735,128   |
| Realised gains from derivative financial instruments | -               | 2,509,420,890   |
| Other financial income                               | -               | 11,518,328      |
|  | <hr/>           | <hr/>           |
|  | 456,988,463,034 | 486,486,717,049 |

**25. Financial expenses**

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

**Masan Consumer Corporation and its subsidiaries****Notes to the consolidated financial statements for the year ended 31 December 2017**

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**Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***26. Basic earnings per share**

The calculation of basic earnings per share for the year ended 31 December 2017 was based on the profit after tax attributable to ordinary shareholders of the Company and a weighted average number of ordinary shares outstanding calculated as follows:

**(i) Net profit attributable to ordinary shareholders**

|  | <b>2017</b>       | <b>2016</b>       |
|--|-------------------|-------------------|
|  | <b>VND</b>        | <b>VND</b>        |
| Net profit attributable to ordinary shareholders | 2,131,847,621,907 | 2,679,382,871,020 |

**(ii) Weighted average number of ordinary shares**

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

**(iii) Basic earnings per share**

|                          | <b>2017</b> | <b>2016</b> |
|--------------------------|-------------|-------------|
|                          | <b>VND</b>  | <b>VND</b>  |
| Basic earnings per share | 4,080       | 5,165       |

**Masan Consumer Corporation and its subsidiaries**

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**27. Significant transactions with related parties**

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

| Relationships   | Nature of transactions                                    | Transaction value |                   | Receivables/(payables) as at |                   |
|---|---|-------------------|-------------------|------------------------------|-------------------|
|   |   | 2017              | 2016              | 31/12/2017                   | 1/1/2017          |
|   |   | VND               | VND               | VND                          | VND               |
| <b>Parent company</b>                                 |   |                   |                   |                              |                   |
| MasanConsumerHoldings                                 | Interest income from loans                                | 220,132,965,010   | 114,905,802,559   | 335,038,767,569              | 114,905,802,559   |
| Company limited                                       | Loan provided   | 5,420,405,000,000 | 3,559,078,712,592 | 5,896,716,876,592            | 1,663,716,876,592 |
|   | Collection of loans                                       | -                 | 6,100,000,000     | -                            | -                 |
|   | Dividends declared  | 2,270,686,203,000 | 2,799,261,836,000 | -                            | -                 |
|   | Collection of loan 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   | -                            | -                 |
| <b>Other related parties</b>                          |   |                   |                   |                              |                   |
| Cholimex Food Joint Stock Company                     | Pre-acquired dividends received                           | -                 | 5,320,434,000     | -                            | -                 |
|   | Post-acquisition dividends receivable                     | 5,318,434,000     | 6,648,042,500     | -                            | -                 |
| Masan Brewery PY One Member Company limited           | Sales of merchandise inventories                          | 30,145,786        | 39,439,978        | -                            | 5,644,586         |
| Masan Brewery Distribution One Member Company limited | Sales of merchandise inventories                          | 816,513,690       | 1,153,360         | -                            | -                 |
|   | Purchases of goods  | 1,620,813,794     | 1,880,413,261     | (409,681,308)                | -                 |
|   | Management support charge                                 | 42,212,820,014    | 28,990,613,560    | 46,477,916,828               | 31,752,716,796    |

**Masan Consumer Corporation and its subsidiaries**

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| Relationships                                       | Nature of transactions                       | Transaction value |                | Receivables/(payables) as at |                 |
|---|--|-------------------|----------------|------------------------------|-----------------|
|   |  | 2017<br>VND       | 2016<br>VND    | 31/12/2017<br>VND            | 1/1/2017<br>VND |
| <b>Other related parties</b>                        |  |                   |                |                              |                 |
| Masan Brewery HG One                                | Sales of merchandise inventories             | 177,621,475       | 34,422,542     | -                            | 6,107,257       |
| Member Company limited                              | Purchases of goods                           | 55,000,000        | -              | (49,500,000)                 | -               |
|   | Management support charge                    | 1,733,359,174     | 3,479,025,231  | 1,906,695,091                | 3,826,927,753   |
|   | Payment on behalf of land rental fee         | -                 | 11,546,396,400 | -                            | 11,546,396,400  |
| Agro Nutrition International Joint Stock Company    | Sales of merchandise inventories             | 81,527,481        | -              | -                            | -               |
|   | Management support charge                    | 22,385,193,556    | -              | 22,576,228,130               | -               |
| Vietnamese - French Cattle Feed Joint Stock Company | Sales of merchandise inventories             | 163,992,600       | -              | -                            | -               |
|   | Management support charge                    | 19,162,415,771    | -              | 20,198,243,738               | -               |
| <b>Key management personnel</b>                     | Remuneration to key management personnel (*) | 22,505,992,606    | 29,984,910,463 | -                            | -               |

(\*) No board fees were paid to members of the Board of Directors of the Company for the years ended 31 December 2017 and 31 December 2016.

**28. Subsequent event after the balance sheet date**

Masan Beverage Company Limited, a direct subsidiary of the Company is in the progress of completing the tender offer for the shares in Vinacafé Bien Hoa Joint Stock Company in order to increase its current ownership from 68.5% to 98.5%.

Except for the above event, there has been no other significant event occurring after the balance sheet date which would require adjustment or disclosures to be made in the consolidated financial statements.

**Masan Consumer Corporation and its subsidiaries**

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**29. Explanation of profit**

Net Profit After Tax (“NPAT”) for the quarter 4 2017 decreased by VND178 billion, 16% drop compared to similar period in previous year, this is mainly due to:

- ♦ Net revenue decreased by 5.7% as compared to the same period in the previous year;

Whilst the key areas contributing to the net profit after tax includes:

- ♦ Total selling, general and administrative expense being 0.3% lower compared to the same period in the previous year and
- ♦ Net financial result increased by 20.5% as compared to the quarter 4 of previous year from optimization of cash flow.

30 January 2018

Prepared by: 

  
Huynh Viet Thang  
Chief Accountant

Approved by:

  
Pham Dinh Toai  
Acting Chief Financial Officer

  
Seokhee Won  
Chief Executive Officer