

Masan Consumer Corporation
Separate Financial Statements for
the year ended 31 December 2017



**Masan Consumer Corporation
Corporate Information**

Business Registration Certificate No. 0302017440

31 May 2000

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 2 August 2017. The Business Registration Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City.

Board of Directors

Mr Truong Cong Thang	Chairman (from 23 June 2017)
Mr Nguyen Dang Quang	Member (from 23 June 2017)
	Chairman (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 (until 15 February 2017)
Mr Nguyen Anh Nguyen	Deputy Chief Executive Officer
Ms Dinh Kim Nhung	Deputy Chief Executive Officer

Registered Office

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

Masan Consumer Corporation
Separate balance sheet as at 31 December 2017

Form B 01 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2017 VND	1/1/2017 VND
ASSETS				
Current assets				
(100 = 110 + 120 + 130 + 140 + 150)	100		3,339,470,305,579	10,349,274,001,384
Cash and cash equivalents	110	4	677,000,209,110	4,696,551,755,028
Cash	111		9,100,209,110	20,951,755,028
Cash equivalents	112		667,900,000,000	4,675,600,000,000
Short-term financial investments	120		4,175,720,000	1,279,948,841,175
Held-to-maturity investments	123	5(a)	4,175,720,000	1,279,948,841,175
Accounts receivable – short-term	130		2,499,118,637,158	4,283,852,563,033
Accounts receivable from customers	131		399,624,323,346	333,636,196,490
Prepayments to suppliers	132		49,900,293,622	6,589,975,715
Loans receivable – short-term	135	7	-	1,663,716,876,592
Other short-term receivables	136	6(a)	2,049,594,020,190	2,279,909,514,236
Inventories	140	8	152,755,900,467	79,445,760,231
Inventories	141		152,868,576,847	79,725,053,827
Allowance for inventories	149		(112,676,380)	(279,293,596)
Other current assets	150		6,419,838,844	9,475,081,917
Short-term prepaid expenses	151		6,419,838,844	9,475,081,917

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

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

Form B 01 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2017 VND	1/1/2017 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		11,666,944,521,078	5,087,719,815,800
Accounts receivable – long-term	210		5,766,298,135,597	20,667,561,158
Loans receivable – long-term	215	7	5,430,716,876,592	-
Other long-term receivables	216	6(b)	335,581,259,005	20,667,561,158
Fixed assets	220		230,800,048,905	277,006,087,390
Tangible fixed assets	221	9	45,445,819,566	59,257,935,176
<i>Cost</i>	222		97,363,398,884	98,550,132,221
<i>Accumulated depreciation</i>	223		(51,917,579,318)	(39,292,197,045)
Intangible fixed assets	227	10	185,354,229,339	217,748,152,214
<i>Cost</i>	228		276,228,537,827	275,063,053,160
<i>Accumulated depreciation</i>	229		(90,874,308,488)	(57,314,900,946)
Long-term work in progress	240		3,246,249,258	4,413,036,077
Construction in progress	242	11	3,246,249,258	4,413,036,077
Long-term financial investments	250		5,551,271,509,348	4,665,771,509,348
Investments in subsidiaries	251	5(b)	5,551,271,509,348	4,665,771,509,348
Other long-term assets	260		115,328,577,970	119,861,621,827
Long-term prepaid expenses	261	12	9,035,644,733	12,445,534,013
Deferred tax assets	262		106,292,933,237	107,416,087,814
TOTAL ASSETS (270 = 100 + 200)	270		15,006,414,826,657	15,436,993,817,184

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

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

Form B 01 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2017 VND	1/1/2017 VND
RESOURCES				
LIABILITIES (300 = 310)	300		3,029,487,280,688	4,246,769,360,739
Current liabilities	310		3,029,487,280,688	4,246,769,360,739
Accounts payable to suppliers short-term	311	13	391,581,362,507	1,671,575,048,391
Advances from customers	312		15,924,045,598	9,751,691,244
Taxes payable to State Treasury	313	14	106,186,633,805	107,811,056,859
Accrued expenses	315	15	576,395,617,148	581,410,189,142
Other short-term payables	319	16	19,867,595,264	16,908,965,636
Short-term borrowings	320	17	1,919,532,026,366	1,859,312,409,467
EQUITY (400 = 410)	400		11,976,927,545,969	11,190,224,456,445
Owners' equity	410	18	11,976,927,545,969	11,190,224,456,445
Share capital	411	19	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	19	5,088,056,394,992	5,088,056,394,992
Treasury shares	415	19	(1,640,252,631,255)	(1,640,252,631,255)
Undistributed profits after tax	421		3,097,796,012,232	2,360,819,522,708
- Undistributed profits after tax brought forward	421a		20,098,996,208	-
- Undistributed profit after tax for the current year	421b		3,077,697,016,024	2,360,819,522,708
TOTAL RESOURCES (440 = 300 + 400)	440		15,006,414,826,657	15,436,993,817,184

Prepared by: 

30 January 2018

Approved by:


 Huynh Viet Thang
 Chief Accountant


 Pham Dinh Toai
 Acting Chief Financial Officer


 Seokhee Won
 Chief Executive Officer

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

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

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

	Code	Note	Quarter IV		Year to date	
			2017 VND	2016 VND	2017 VND	2016 VND
Revenue from sales of goods and provision of services	01	21	3,159,995,107,458	3,295,395,199,402	9,521,084,183,896	10,032,147,674,239
Revenue deductions	02	21	7,874,181,864	10,889,501,151	68,677,135,504	48,158,301,706
Net revenue (10 = 01 - 02)	10	21	3,152,120,925,594	3,284,505,698,251	9,452,407,048,392	9,983,989,372,533
Cost of sales	11	22	2,313,846,111,539	2,491,531,681,966	7,062,076,162,048	7,903,907,443,330
Gross profit (20 = 10 - 11)	20		838,274,814,055	792,974,016,285	2,390,330,886,344	2,080,081,929,203
Financial income	21	23	2,671,572,685,943	2,226,297,697,189	3,170,470,210,374	2,892,135,160,332
Financial expenses	22	24	16,034,202,374	17,626,725,867	69,160,221,799	62,410,130,203
<i>In which: Interest expense</i>	23		<i>15,952,126,499</i>	<i>17,304,497,238</i>	<i>68,888,085,335</i>	<i>61,931,658,334</i>
Selling expenses	25		611,750,121,446	589,116,694,325	2,060,648,420,988	1,915,086,900,586
General and administration expenses	26		56,936,465,993	72,258,308,535	263,326,500,032	371,593,863,165
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		2,825,126,710,185	2,340,269,984,747	3,167,665,953,899	2,623,126,195,581
Other income	31		7,492,770	65,775,986	365,472,425	494,671,696
Other expenses	32		13,409	21,211,743	379,234,949	1,756,466,149
Results of other activities (40 = 31 - 32)	40		7,479,361	44,564,243	(13,762,524)	(1,261,794,453)
Accounting profit before tax (50 = 30 + 40)	50		2,825,134,189,546	2,340,314,548,990	3,167,652,191,375	2,621,864,401,128

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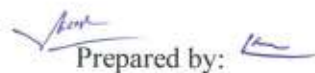
The accompanying notes are an integral part of these separate financial statements

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

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

	Code Note	Quarter IV		Year to date	
		2017 VND	2016 VND	2017 VND	2016 VND
Accounting profit before tax (50 = 30 + 40) (brought forward from previous page)	50	2,825,134,189,546	2,340,314,548,990	3,167,652,191,375	2,621,864,401,128
Income tax expense - current	51	88,832,020,774	47,099,875,223	88,832,020,774	47,099,875,223
Income tax (benefit)/expense - deferred	52	(16,215,900,339)	(33,360,796,614)	1,123,154,577	(23,653,346,445)
Net profit after tax (60 = 50 - 51 - 52)	60	2,752,518,069,111	2,326,575,470,381	3,077,697,016,024	2,598,417,872,350

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 separate financial statements

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

Form B 03 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	2017 VND	2016 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	3,167,652,191,375	2,621,864,401,128
Adjustments for			
Depreciation and amortisation	02	47,596,534,352	45,464,450,213
Allowances and provisions	03	2,895,285,836	9,503,958,579
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	45,502,462	26,357,930
(Gains)/losses on disposals of fixed assets and construction in progress	05	(250,000,000)	1,726,020,769
Interest income, distributed profits and related income from investing activities	05	(3,170,037,390,868)	(2,891,333,787,157)
Interest expense	06	68,888,085,335	61,931,658,334
Operating profit/(loss) before changes in working capital	08	116,790,208,492	(150,816,940,204)
Change in receivables and other current assets	09	(108,311,200,136)	(89,575,534,425)
Change in inventories	10	(76,205,426,072)	(14,532,541,650)
Change in payables and other liabilities	11	(1,285,205,081,531)	120,547,947,949
Change in prepaid expenses	12	10,782,450,430	772,568,899
		(1,342,149,048,817)	(133,604,499,431)
Interest paid	14	(66,223,562,694)	(61,342,661,027)
Corporate income tax paid	15	(83,221,652,715)	(66,057,681,306)
Net cash flows from operating activities	20	(1,491,594,264,226)	(261,004,841,764)

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

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

Form B 03 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	2017 VND	2016 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(4,866,048,925)	(31,962,539,433)
Proceeds from disposals of fixed assets and construction in progress	22	250,000,000	2,994,089,006
Loans provided	23	(4,954,405,000,000)	(3,559,078,712,592)
Collections of loans	24	-	6,735,714,068,000
Placement of term deposits to banks	23	(746,193,720,000)	(27,675,348,841,175)
Withdrawal of term deposits	24	2,021,966,841,175	26,395,400,000,000
Payments for investments in subsidiaries	25	(885,500,000,000)	(976,471,500,000)
Receipts of interest and distributed profits	27	3,084,663,803,930	2,687,221,202,240
Net cash flows from investing activities	30	(1,484,084,123,820)	3,578,467,766,046
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share capital issued	31	49,726,600,000	30,000,000,000
Proceeds from borrowings	33	4,436,888,255,174	5,453,343,599,258
Payments to settle loan principals	34	(4,376,668,638,275)	(4,547,471,968,364)
Payments of dividends	36	(1,153,819,442,500)	(1,005,186,769,200)
Net cash flows from financing activities	40	(1,043,873,225,601)	(69,315,138,306)
Net cash flows during the year (50 = 20 + 30 + 40)	50	(4,019,551,613,647)	3,248,147,785,976
Cash and cash equivalents at the beginning of the year	60	4,696,551,755,028	1,448,427,905,127
Effect of exchange rate fluctuations	61	67,729	(23,936,075)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 4)	70	677,000,209,110	4,696,551,755,028

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

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

Form B 03 – DN
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NON-CASH INVESTING AND FINANCING TRANSACTIONS

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

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 separate financial statements

Masan Consumer Corporation

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

Form B 09 – DN

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

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

1. Reporting entity

(a) Ownership structure

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

(b) Principal activities

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

(c) Normal operating cycle

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

(d) Company structure

As at 31 December 2017, the Company has 3 subsidiaries (1/1/2017: 4 subsidiaries) as listed at Notes 5(b).

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

2. Basis of preparation

(a) Statement of compliance

These separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the Company’s consolidated financial position, its consolidated results of operations and its consolidated cash flows, these separate financial statements should be read in conjunction with the consolidated financial statements.

(b) Basis of measurement

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

(c) Annual accounting period

The annual accounting period of the Company is from 1 January to 31 December. The separate financial statements are prepared for the year ended 31 December 2017.

(d) Accounting and presentation currency

The Company'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 Company in the preparation of these separate financial statements.

(a) Foreign currency transactions

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

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the average of the account transfer buying rate and selling rate at the end of the year quoted by the commercial bank where the Company most frequently conducts transactions.

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

(b) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known 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.

(c) Investments

(i) Held-to-maturity investments

Held-to-maturity investments are those that the Company's Board of Management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks. These investments are stated at costs less allowance for doubtful debts.

Masan Consumer Corporation

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

Form B 09 – DN

(Issued under Circular No. 200/2014/TT-BTC
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(ii) *Investments in subsidiaries*

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

(d) **Accounts receivable from customers and other receivables**

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

(e) **Inventories**

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

The Company applies the perpetual method of accounting for inventories.

(f) **Tangible fixed assets**

(i) *Cost*

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul cost, is charged to the separate 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 - 6 years
▪ leasehold improvements	3 - 5 years
▪ office equipment	3 - 8 years
▪ machinery and equipment	3 - 7 years
▪ motor vehicles	3 - 7 years

Masan Consumer Corporation

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

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
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(g) Intangible fixed assets

(i) 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.

(ii) 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.

(h) Construction in progress

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(i) Long-term prepaid expenses

Tools and supplies

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

(j) Accounts payable to suppliers and other payables

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

(k) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Masan Consumer Corporation

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

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
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(l) Equity

(i) Share capital and share premium

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

(ii) Treasury shares

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

(m) Taxation

Income tax on the separate profit or loss for the year comprises current and deferred tax. Income tax is recognised in the separate statement of income except to the extent that it relates to items recognised directly 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.

(n) Revenue

(i) Sale of goods

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

(ii) Provision of services

Revenue from provision of services is recognised in the separate 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.

(o) Financial income and financial expenses

(i) Financial income

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

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

Profits distributed by subsidiaries are recognised when the right to receive profits distributed by subsidiaries is established.

(ii) Financial expenses

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

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

(p) Related parties

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

Related companies refer to the parent company 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.

Masan Consumer Corporation

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

Form B 09 – DN

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

4. Cash and cash equivalents

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

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

5. Investments

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

	31/12/2017	1/1/2017
	VND	VND
Held-to-maturity investments - short-term		
▪ Term deposits at banks	<u>4,175,720,000</u>	<u>1,279,948,841,175</u>

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

(b) Investments in subsidiaries

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

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

Masan DN One Member Company Limited (“MDN”) is a wholly owned subsidiary of the Company and was established on 12 September 2014 under the Business Registration Certificate No. 0401622417 issue by the Department of Planning and Investment of Da Nang City. The Board of Director’s Resolution No. 7/2017/NQ-HDQT on 28 April 2017 resolved and approved to liquidate MDN. As at the date of issuance of these separate financial statements, no capital contribution was made by the Company and the dissolution of MDN has been completed.

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

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

(b) Other long-term receivables

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

7. Loans receivable

	31/12/2017 VND	1/1/2017 VND
Short-term loans receivable	-	1,663,716,876,592
Long-term loans receivable	5,430,716,876,592	-
	5,430,716,876,592	1,663,716,876,592

Masan Consumer Corporation**Notes to the separate financial statements for the year ended 31 December 2017 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***8. Inventories**

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

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

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

Masan Consumer Corporation

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

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

9. Tangible fixed assets

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

Masan Consumer Corporation

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

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*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***10. Intangible fixed assets**

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

11. Construction in progress

For the year ended

31/12/2017

VND

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

12. Long-term prepaid expenses

For the year ended	31/12/2017
	Tools and supplies VND
Opening balance	12,445,534,013
Additions	1,094,535,967
Transfer from construction in progress	4,317,318,077
Amortisation for the year	(8,805,993,324)
Disposals	(15,750,000)
Closing balance	9,035,644,733

13. Accounts payable to suppliers – short-term

	31/12/2017		1/1/2017	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Short-term	391,581,362,507	391,581,362,507	1,671,575,048,391	1,671,575,048,391

14. Taxes payable to State Treasury

	31/12/2017	1/1/2017
	VND	VND
Value added tax	50,503,782,781	57,164,701,911
Corporate income tax	53,915,936,517	48,305,568,458
Personal income tax	1,766,914,507	2,340,786,490
	106,186,633,805	107,811,056,859

15. Accrued expenses

	31/12/2017 VND	1/1/2017 VND
Advertising and promotion expenses	424,409,525,794	393,270,494,395
Logistic expenses	49,763,823,968	71,474,210,434
Exhibition expense	11,203,662,963	18,186,085,801
Bonus and 13th month salary	39,862,208,085	40,714,735,246
Sales discounts	8,011,083,372	14,927,432,751
Market research expenses	15,279,254,584	11,150,495,547
Accrued interest expenses	4,098,129,639	1,433,606,998
Purchases not yet received invoices	970,613,231	2,085,688,819
Others	22,797,315,512	28,167,439,151
	576,395,617,148	581,410,189,142
	576,395,617,148	581,410,189,142

16. Other short-term payables

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

17. Short-term borrowings

	31/12/2017		1/1/2017	
	Carrying amount VND	Amount within repayment capacity VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	1,919,532,026,366	1,919,532,026,366	1,859,312,409,467	1,859,312,409,467
	1,919,532,026,366	1,919,532,026,366	1,859,312,409,467	1,859,312,409,467
	1,919,532,026,366	1,919,532,026,366	1,859,312,409,467	1,859,312,409,467

Masan Consumer Corporation**Notes to the separate financial statements for the year ended 31 December 2017 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***18. Changes in owners' equity**

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

19. 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
Authorised and issued share capital				
Ordinary shares	543,132,777	5,431,327,770,000	538,160,117	5,381,601,170,000
Treasury shares				
Ordinary shares	18,000,000	1,640,252,631,255	18,000,000	1,640,252,631,255
Shares currently in circulation				
Ordinary shares	525,132,777	5,251,327,770,000	520,160,117	5,201,601,170,000
Share premium	-	5,088,056,394,992	-	5,088,056,394,992

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

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

Movements in shares currently in circulation during the year were as follows:

	2017		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

20. Off balance sheet items

Foreign currency

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

21. 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 VND	2016 VND
Total revenue	9,521,084,183,896	10,032,147,674,239
Less revenue deductions		
▪ Sales discounts	19,096,167,283	22,348,923,650
▪ Sales returns	49,580,968,221	25,809,378,056
	<u>68,677,135,504</u>	<u>48,158,301,706</u>
Net revenue	<u>9,452,407,048,392</u>	<u>9,983,989,372,533</u>

22. Cost of sales

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

23. Financial income

	2017 VND	2016 VND
Interest income from deposits to banks	116,733,910,032	216,224,504,098
Interest income from financial activities	218,639,211,585	170,217,699,008
Distributed profits income from subsidiaries	2,834,664,269,251	2,504,891,584,051
Foreign exchange gains	432,819,506	790,433,623
Other financial income	-	10,939,552
	3,170,470,210,374	2,892,135,160,332
	3,170,470,210,374	2,892,135,160,332

24. Financial expenses

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

Masan Consumer Corporation

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

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25. Significant transactions with related parties

During the year and as at 31 December 2017, the Company has the following transactions and balances with its related parties:

Relationships	Nature of transactions	Transaction value		Receivables/(payables) as at	
		2017 VND	2016 VND	31/12/2017 VND	1/1/2017 VND
Parent company					
Masan Consumer Holdings	Dividends declared	2,270,686,203,000	2,799,261,836,000	-	-
Company limited	Net-off dividends payable with loan receivables from related parties	1,187,405,000,000	1,889,261,836,000	-	-
	Dividends paid by cash	1,083,281,203,000	910,000,000,000	-	-
Subsidiaries					
Masan Food Company Limited	Distributed profits	1,633,743,185,251	2,504,891,584,051	826,856,015,313	10,925,756,293
	Capital contribution in the year	197,500,000,000	-	-	-
Masan Industrial One Member Company Limited	Sales of merchandise inventories	188,296,228,292	216,813,632,511	78,686,317,617	-
	Purchases of goods	3,300,260,145,310	3,806,669,294,926	-	(268,490,649,315)
	Loans payment	-	6,100,000,000	-	-
	Loans provided	4,954,405,000,000	3,559,078,712,592	5,430,716,876,592	1,663,716,876,592
	Collection of loan through net-off with dividends payable	1,187,405,000,000	1,889,261,836,000	-	-
	Interest income receivable	218,639,211,585	114,905,802,559	333,545,014,144	114,905,802,559
	Distributed profits receivables	-	-	-	845,466,699,032

Masan Consumer Corporation

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Relationships	Nature of transactions	Transaction value		Receivables/(payables) as at	
		2017 VND	2016 VND	31/12/2017 VND	1/1/2017 VND
Subsidiaries					
Viet Tien Food Technology One Member Company Limited	Purchases of goods	542,711,441,650	956,987,322,695	(178,743,996,256)	(293,403,208,653)
	Sales of merchandise inventories	8,034,292,370	19,777,683,529	-	-
	Distributed profits receivables	-	-	-	209,362,343,040
Masan HD One Member Company Limited	Sales of merchandise inventories	14,658,176,371	14,955,550,322	-	-
	Sales of fixed assets	-	41,221,616	-	-
	Purchases of goods	725,417,798,671	935,445,127,484	(103,660,354,580)	(32,291,494,140)
	Distributed profits receivables	-	-	-	83,077,588,453
Masan MB One Member Company Limited	Sales of merchandise inventories	88,143,951,789	97,569,181,152	-	-
	Sales of fixed assets	-	199,362,726	-	-
	Purchases of goods	2,021,112,842,168	2,394,555,820,788	(19,950,867,204)	(978,486,498,095)
	Distributed profits receivables	-	-	-	994,628,461,727
Ma San PQ Corporation	Sales of merchandise inventories	2,509,472	3,734,305	-	1,510,898,062
	Sales of fixed assets	-	16,488,646	-	-
	Purchases of goods	1,748,200	7,799,600	-	-
Nam Ngu Phu Quoc One Member Company Limited	Sales of merchandise inventories	350,910,756	605,977,708	208,000,020	666,575,479
	Prepayments for purchases of goods	-	-	18,531,591,916	-
	Purchases of goods	73,413,427,890	-	-	-

Masan Consumer Corporation

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

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Relationships	Nature of transactions	Transaction value		Receivables/(payables) as at	
		2017 VND	2016 VND	31/12/2017 VND	1/1/2017 VND
Subsidiaries					
Masan Beverage Member Company Limited	Distributed profits	1,200,921,084,000	-	1,200,921,084,000	-
	Capital contribution in the year	688,000,000,000	-	-	-
Vinacafé Bien Hoa Joint Stock Company	Sales of merchandise inventories	50,224,165,565	52,836,007,262	3,870,083,455	6,078,604,247
	Sales of fixed assets	-	9,743,291	-	-
	Purchases of goods	411,007,822	1,163,846,614	-	-
	Management support charge	159,438,082,170	151,605,481,211	87,828,531,406	105,559,512,066
CDN Production Trading Corporation	Sales of merchandise inventories	2,458,106	3,609,821	-	2,082,020
	Purchases of goods	25,800,000	623,341,390	-	-
Saigon Nutri Food Joint Stock Company	Purchases of goods	151,166,693,876	14,042,928,191	(9,636,224,394)	(4,014,833,237)
	Sales of merchandise inventories	1,806,328,808	743,079,942	-	-
Vinh Hao Mineral Water Corporation	Purchases of goods	754,531,022	22,863,369	-	-
	Sales of merchandise inventories	17,244,889,254	21,437,933,775	-	3,259,383,364
	Management support charge	41,389,312,688	34,194,312,391	19,654,007,992	37,613,743,630
Quang Ninh Mineral Water Corporation	Sales of merchandise inventories	64,232,422	47,844,291	-	-
Masan Consumer (Thailand) Limited	Sales of merchandise inventories	18,163,278,771	-	18,163,278,771	-

Masan Consumer Corporation

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

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Relationships	Nature of transactions	Transaction value		Receivables/(payables) as at	
		2017 VND	2016 VND	31/12/2017 VND	1/1/2017 VND
Other related parties					
Masan Brewery PY One Member Company Limited	Sales of merchandise inventories	15,451,254	30,498,268	-	5,644,586
Masan Brewery Distribution One Member Company Limited	Purchases of goods	395,205,600	491,267,362	-	-
	Sales of merchandise inventories	39,831,648	784,580	10,614,490	-
	Management support charge	42,212,820,014	28,990,613,560	46,467,302,338	31,752,716,796
Masan Brewery HG One Member Company Limited	Sales of merchandise inventories	35,465,044	27,771,151	-	6,107,257
	Management support charge	1,733,359,174	3,479,025,230	1,906,695,091	3,826,927,753
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	-
Key management personnel	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.

26. Explanation of profit

Net Profit After Tax (“NPAT”) for quarter 4 2017 increased by 18% as compared to similar period in previous year, mainly due to:

- Increased of Gross margin by 2% compared to the same period in the previous year and;
- Net financial result increased by 20% 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


M.S.D.N: 030207440
CÔNG TY
CỔ PHẦN
HÀNG TIÊU DÙNG
MASAN
QUẬN 1 - T.P. HỒ CHÍ MINH