



Masan Consumer Corporation
Separate Financial Statements
for the year ended 31 December 2018



**Masan Consumer Corporation
Corporate Information**

**Enterprise Registration
Certificate No.**

0302017440

31 May 2000

The Company's Enterprise Registration Certificate has been amended several times, the most recent of which is dated 14 September 2018. The Enterprise 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
Mr Nguyen Dang Quang	Member
Ms Nguyen Hoang Yen	Member
Mr Nguyen Thieu Quang	Member
Mr Danny Le	Member (from 24 April 2018)
Mr Ho Hung Anh	Member (until 12 April 2018)
Mr Seokhee Won	Member (until 27 February 2018)

Board of Management

Mr Truong Cong Thang	Chief Executive Officer (from 28 February 2018)
Mr Seokhee Won	Chief Executive Officer (until 27 February 2018)
Ms Nguyen Hoang Yen	Deputy Chief Executive Officer
Mr Pham Hong Son	Deputy Chief Executive Officer
Mr Pham Dinh Toai	Deputy Chief Executive Officer
Mr Nguyen Anh Nguyen	Deputy Chief Executive Officer
Ms Dinh Kim Nhung	Deputy Chief Executive Officer (until 26 February 2019)

Registered Office

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

Auditor

KPMG Limited
Vietnam

Masan Consumer Corporation Statement of the Board of Management

The Board of Management of Masan Consumer Corporation (“the Company”) presents this statement and the accompanying separate financial statements of the Company for the year ended 31 December 2018.

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

- (a) the separate financial statements set out on pages 5 to 42 give a true and fair view of the separate financial position of the Company as at 31 December 2018, and of its separate results of operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

The Company’s Board of Management has, on the date of this statement, authorised the accompanying separate financial statements for issue.

On behalf of the Board of Management



*Trương Công Thang
Chairman of the Board of Directors cum Chief Executive Officer*

Ho Chi Minh City, 7 March 2019



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders Masan Consumer Corporation

We have audited the accompanying separate financial statements of Masan Consumer Corporation ("the Company"), which comprise the separate balance sheet as at 31 December 2018, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 7 March 2019, as set out on pages 5 to 42.

Board of Management's Responsibility

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

Auditor's Responsibility

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

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

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



Auditor's Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of Masan Consumer Corporation as at 31 December 2018 and of its separate results of operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 18-01-00557-19-1




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



Chang Hung Chun
Practicing Auditor Registration
Certificate No. 0863-2018-007-1

Ho Chi Minh City, 7 March 2019

Masan Consumer Corporation
Separate balance sheet as at 31 December 2018

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

	Code	Note	31/12/2018 VND	1/1/2018 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		3,896,749,996,990	3,339,470,305,579
Cash and cash equivalents	110	4	822,064,867,520	677,000,209,110
Cash	111		17,064,867,520	9,100,209,110
Cash equivalents	112		805,000,000,000	667,900,000,000
Short-term financial investments	120		-	4,175,720,000
Held-to-maturity investments	123		-	4,175,720,000
Accounts receivable – short-term	130		2,651,176,310,050	2,499,118,637,158
Accounts receivable from customers	131	5	249,444,392,998	399,624,323,346
Prepayments to suppliers	132		11,320,207,090	49,900,293,622
Other short-term receivables	136	6(a)	2,390,411,709,962	2,049,594,020,190
Inventories	140	7	416,718,844,961	152,755,900,467
Inventories	141		420,741,003,312	152,868,576,847
Allowance for inventories	149		(4,022,158,351)	(112,676,380)
Other current assets	150		6,789,974,459	6,419,838,844
Short-term prepaid expenses	151		6,789,974,459	6,419,838,844

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

Masan Consumer Corporation
Separate balance sheet as at 31 December 2018 (continued)

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

	Code	Note	31/12/2018 VND	1/1/2018 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		14,580,962,433,268	11,666,944,521,078
Accounts receivable – long-term	210		7,705,459,105,062	5,766,298,135,597
Long-term loans receivable	215	8	6,967,716,876,592	5,430,716,876,592
Other long-term receivables	216	6(b)	737,742,228,470	335,581,259,005
Fixed assets	220		186,259,798,041	230,800,048,905
Tangible fixed assets	221	9	32,899,873,392	45,445,819,566
Cost	222		88,341,031,474	97,363,398,884
Accumulated depreciation	223		(55,441,158,082)	(51,917,579,318)
Intangible fixed assets	227	10	153,359,924,649	185,354,229,339
Cost	228		277,295,650,978	276,228,537,827
Accumulated amortisation	229		(123,935,726,329)	(90,874,308,488)
Long-term work in progress	240		2,839,037,507	3,246,249,258
Construction in progress	242	11	2,839,037,507	3,246,249,258
Long-term financial investments	250		6,510,771,509,348	5,551,271,509,348
Investments in subsidiaries	251	12	6,510,771,509,348	5,551,271,509,348
Other long-term assets	260		175,632,983,310	115,328,577,970
Long-term prepaid expenses	261	13	4,786,567,807	9,035,644,733
Deferred tax assets	262	14	170,846,415,503	106,292,933,237
TOTAL ASSETS (270 = 100 + 200)	270		18,477,712,430,258	15,006,414,826,657


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

Masan Consumer Corporation
Separate balance sheet as at 31 December 2018 (continued)

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

	Code	Note	31/12/2018 VND	1/1/2018 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		6,116,730,778,111	3,029,487,280,688
Current liabilities	310		6,097,072,673,399	3,029,487,280,688
Accounts payable to suppliers	311	15	2,595,927,263,387	391,581,362,507
Advances from customers	312		41,014,853,528	15,924,045,598
Taxes payable to State Treasury	313	16	83,180,744,270	106,186,633,805
Accrued expenses	315	17	991,509,981,562	576,395,617,148
Other short-term payables	319	18(a)	11,333,832,223	19,867,595,264
Short-term borrowings	320	19	2,374,105,998,429	1,919,532,026,366
Long-term liabilities	330		19,658,104,712	-
Other long-term payables	337	18(b)	19,658,104,712	-
EQUITY (400 = 410)	400		12,360,981,652,147	11,976,927,545,969
Owners' equity	410	20	12,360,981,652,147	11,976,927,545,969
Share capital	411	21	6,279,291,230,000	5,431,327,770,000
- Ordinary shares with voting rights	411a		6,279,291,230,000	5,431,327,770,000
Share premium	412	21	4,292,501,204,992	5,088,056,394,992
Treasury shares	415	21	(1,640,252,631,255)	(1,640,252,631,255)
Undistributed profits after tax	421		3,429,441,848,410	3,097,796,012,232
- Undistributed profits after tax brought forward	421a		734,698,515,732	20,098,996,208
- Undistributed profit after tax for the current year	421b		2,694,743,332,678	3,077,697,016,024
TOTAL RESOURCES (440 = 300 + 400)	440		18,477,712,430,258	15,006,414,826,657

7 March 2019


Prepared by: 



Phan Thi Thuy Hoa
Chief Accountant

Approved by:




Huynh Viet Thang
Acting Chief Financial Officer


Trương Công Thang
Chairman of the Board of Directors

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

Masan Consumer Corporation


Separate statement of income for the year ended 31 December 2018

Form B 02 – DN

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

	Code	Note	2018 VND	2017 VND
Revenue from sale of goods	01	24	17,300,118,182,975	9,521,084,183,896
Revenue deductions	02	24	259,520,203,314	68,677,135,504
Net revenue (10 = 01 - 02)	10	24	17,040,597,979,661	9,452,407,048,392
Cost of sales	11	25	13,410,697,726,027	7,062,076,162,048
Gross profit (20 = 10 - 11)	20		3,629,900,253,634	2,390,330,886,344
Financial income	21	26	2,821,765,422,611	3,170,470,210,374
Financial expenses	22	27	106,256,167,044	69,160,221,799
<i>In which: Interest expense</i>	23		105,243,716,316	68,888,085,335
Selling expenses	25	28	3,168,580,699,916	2,060,648,420,988
General and administration expenses	26	29	404,139,398,240	263,326,500,032
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		2,772,689,411,045	3,167,665,953,899
Other income	31		66,816,610	365,472,425
Other expenses	32		2,178,358,145	379,234,949
Results of other activities (40 = 31 - 32)	40		(2,111,541,535)	(13,762,524)
Accounting profit before tax (50 = 30 + 40)	50		2,770,577,869,510	3,167,652,191,375
Income tax expense – current	51	31	140,388,019,098	88,832,020,774
Income tax (benefit)/expense – deferred	52	31	(64,553,482,266)	1,123,154,577
Net profit after tax (60 = 50 - 51 - 52)	60		2,694,743,332,678	3,077,697,016,024

7 March 2019

Prepared by: 

Phan Thi Thuy Hoa
Chief Accountant

Approved by: 

Huynh Viet Thang
Acting Chief Financial Officer



Truong Cong Thang
Chairman of the Board of Directors

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

Masan Consumer Corporation
Separate statement of cash flows for the year ended 31 December 2018
(Indirect method)

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

	Code	2018 VND	2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	2,770,577,869,510	3,167,652,191,375
Adjustments for			
Depreciation and amortisation	02	46,640,039,138	47,596,534,352
Allowances and provisions	03	19,641,571,474	2,895,285,836
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04	(100,407,932)	45,502,462
Gains on disposals of fixed assets	05	(19,578,367)	(250,000,000)
Interest income, distributed profits and related income from investing activities	05	(2,820,750,314,796)	(3,170,037,390,868)
Interest expense	06	105,243,716,316	68,888,085,335
Operating profit before changes in working capital	08	121,232,895,343	116,790,208,492
Change in receivables and other current assets	09	182,294,045,294	(108,311,200,136)
Change in inventories	10	(283,604,515,968)	(76,205,426,072)
Change in payables and other liabilities	11	2,640,694,998,231	(1,285,205,081,531)
Change in prepaid expenses	12	4,707,245,312	10,782,450,430
		2,665,324,668,212	(1,342,149,048,817)
Interest paid	14	(101,426,439,339)	(66,223,562,694)
Corporate income tax paid	15	(153,440,048,334)	(83,221,652,715)
Net cash flows from operating activities	20	2,410,458,180,539	(1,491,594,264,226)

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 2018
(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	2018 VND	2017 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(3,153,024,907)	(4,866,048,925)
Proceeds from disposals of fixed assets	22	881,026,550	250,000,000
Payments for granting loans	23	(4,337,000,000,000)	(4,954,405,000,000)
Receipts from collecting loans	24	2,800,000,000,000	-
Placement of term deposits to banks	23	(15,511,720,000)	(746,193,720,000)
Withdrawal of term deposits from banks	24	19,687,440,000	2,021,966,841,175
Payments for investments in subsidiaries	25	(959,500,000,000)	(885,500,000,000)
Receipts of interest and distributed profits	27	2,083,935,491,625	3,084,663,803,930
Net cash flows from investing activities	30	(410,660,786,732)	(1,484,084,123,820)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share capital issued	31	52,408,270,000	49,726,600,000
Proceeds from borrowings from banks	33	8,232,245,677,011	4,436,888,255,174
Payments to settle loan principals to banks	34	(7,777,671,704,948)	(4,376,668,638,275)
Payments of dividends	36	(2,361,806,673,200)	(1,153,819,442,500)
Net cash flows from financing activities	40	(1,854,824,431,137)	(1,043,873,225,601)
Net cash flows during the year (50 = 20 + 30 + 40)	50	144,972,962,670	(4,019,551,613,647)
Cash and cash equivalents at the beginning of the year	60	677,000,209,110	4,696,551,755,028
Effect of exchange rate fluctuations on cash and cash equivalents	61	91,695,740	67,729
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 4)	70	822,064,867,520	677,000,209,110

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 2018
(Indirect method – continued)

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

NON-CASH INVESTING AND FINANCING ACTIVITIES

	2018	2017
	VND	VND
Net-off dividends payable with loans receivable from related parties	-	1,187,405,000,000

7 March 2019

Prepared by: 
Phan Thi Thuy Hoa
Chief Accountant


Huynh Viet Thang
Acting Chief Financial Officer

Approved by: 

Trương Công Thang
Chairman of the Board of Directors

Masan Consumer Corporation

Notes to the separate financial statements for the year ended 31 December 2018

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 Enterprise 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 2018, the Company had 1,109 employees (1/1/2018: 1,080 employees).

2. Basis of preparation

(a) Statement of compliance

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

The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the consolidated financial position as at 31 December 2018 of the Company and its subsidiaries (collectively referred to as “the Group”), their consolidated results of operations and their consolidated cash flows for the year then ended, these separate financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2018.

(b) Basis of measurement

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

Masan Consumer Corporation
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
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(c) Annual accounting period

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

(d) Accounting and presentation currency

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

(e) Corresponding figures

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

3. Summary of significant accounting policies

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

(a) Foreign currency transactions

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

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

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

(b) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(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 2018
(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 subsidiary has suffered a loss, except where such a loss was anticipated by the Company's Board of Management before making the investment. The allowance is reversed if the subsidiary subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(d) Accounts receivable from customers and other receivables

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

(e) Inventories

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

The Company applies the perpetual method of accounting for inventories.

(f) Tangible fixed assets

(i) Cost

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

Masan Consumer Corporation
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
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(ii) Depreciation

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

▪ buildings	4 – 6 years
▪ leasehold improvements	3 – 5 years
▪ office equipment	3 – 8 years
▪ machinery and equipment	3 – 7 years
▪ motor vehicles	3 – 7 years

(g) Intangible fixed assets

(i) Software

Cost of acquiring a new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible fixed 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 a brand name is capitalised and treated as an intangible fixed 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 is 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.

Masan Consumer Corporation
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

(k) Provisions

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

(l) Equity

(i) Share capital and share premium

Ordinary shares are classified as equity. Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issuance of shares, net of tax effects. Such costs 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 in equity, in which case it is recognised in equity.

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

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

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

Masan Consumer Corporation
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

(n) Revenue

Sale of goods

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

(o) Financial income and financial expenses

(i) Financial income

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

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

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

(ii) Financial expenses

Financial expenses mainly comprise interest expense on borrowings and foreign exchange losses. Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

(p) Operating lease payments

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

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(q) Related parties

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

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

4. Cash and cash equivalents

	31/12/2018 VND	1/1/2018 VND
Cash on hand	246,849,385	77,070,074
Cash at banks	16,818,018,135	9,023,139,036
Cash equivalents	805,000,000,000	667,900,000,000
Cash and cash equivalents in the separate statement of cash flows	822,064,867,520	677,000,209,110

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

5. Accounts receivable from customers

	31/12/2018 VND	1/1/2018 VND
Receivable from third parties	142,320,144,977	100,055,020,298
Receivable from related parties	107,124,248,021	299,569,303,048
	249,444,392,998	399,624,323,346

Please see Note 32 for balances between the Company and the related parties. The trade related amounts due from related parties were unsecured, interest free and are receivable within 30 – 180 days from invoice date.

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6. Other receivables

(a) Other short-term receivables

	31/12/2018	1/1/2018
	VND	VND
Distributed profits receivable from related parties	2,385,522,870,411	2,027,777,099,313
Accrued interest receivable from deposits at banks	1,941,873,973	1,879,747,645
Short-term deposits	1,118,143,860	17,736,998,330
Others	1,828,821,718	2,200,174,902
	<hr/>	<hr/>
	2,390,411,709,962	2,049,594,020,190
	<hr/>	<hr/>

(b) Other long-term receivables

	31/12/2018	1/1/2018
	VND	VND
Accrued interest receivable (*)	712,551,939,889	333,545,014,144
Long-term deposits	25,190,288,581	2,036,244,861
	<hr/>	<hr/>
	737,742,228,470	335,581,259,005
	<hr/>	<hr/>

(*) These represented interest income receivable from loans provided to related parties. Please see Notes 8 and 32 for further information.

7. Inventories

	31/12/2018		1/1/2018	
	Cost	Allowance	Cost	Allowance
	VND	VND	VND	VND
Goods in transit	14,966,089,695	-	5,542,163,766	-
Raw materials	26,875,640,923	(254,857,625)	22,587,397,115	-
Tools and supplies	433,000	-	-	-
Finished goods	9,599,966,052	(45,749,097)	1,124,900,926	-
Merchandise inventories	369,298,873,642	(3,721,551,629)	123,614,115,040	(112,676,380)
	<hr/>	<hr/>	<hr/>	<hr/>
	420,741,003,312	(4,022,158,351)	152,868,576,847	(112,676,380)
	<hr/>	<hr/>	<hr/>	<hr/>

Masan Consumer Corporation
Notes to the separate financial statements for the year ended 31 December 2018
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Movements of the allowance for inventories during the year were as follows:

	2018 VND	2017 VND
Opening balance	112,676,380	279,293,596
Increase in allowance during the year	19,641,571,474	3,174,579,430
Allowance utilised during the year	(15,732,089,503)	(3,061,903,052)
Written back	-	(279,293,594)
	<hr/>	<hr/>
Closing balance	4,022,158,351	112,676,380
	<hr/>	<hr/>

Included in inventories as at 31 December 2018 was VND4,022 million (1/1/2018: VND113 million) of slow-moving inventories.

8. Long-term loans receivable

	31/12/2018 VND	1/1/2018 VND
Loans receivable from subsidiaries	6,967,716,876,592	5,430,716,876,592
	<hr/>	<hr/>

The long-term loans receivable were unsecured and earned interest at 6.5% per annum as at 31 December 2018 (1/1/2018: 6.5% per annum). These loans mature on 31 December 2022. Interest is receivable on the maturity date of loan agreements.

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9. Tangible fixed assets

	Buildings VND	Leasehold improvements VND	Office equipment VND	Machinery and equipment VND	Motor vehicles VND	Total VND
Cost						
Opening balance	1,511,680,743	55,688,424,678	21,192,153,171	3,791,659,980	15,179,480,312	97,363,398,884
Additions during the year	-	-	-	-	87,652,000	87,652,000
Transfer from construction in progress	-	-	1,564,882,640	-	-	1,564,882,640
Disposals	-	-	-	-	(3,230,430,673)	(3,230,430,673)
Written off	(948,494,202)	-	(441,619,725)	(287,358,239)	(5,766,999,211)	(7,444,471,377)
Closing balance	563,186,541	55,688,424,678	22,315,416,086	3,504,301,741	6,269,702,428	88,341,031,474
Accumulated depreciation						
Opening 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
Charge for the year	-	10,451,709,067	1,899,833,025	379,461,688	606,028,851	13,337,032,631
Disposals	-	-	-	-	(2,368,982,490)	(2,368,982,490)
Written off	(948,494,202)	-	(441,619,725)	(287,358,239)	(5,766,999,211)	(7,444,471,377)
Closing balance	563,186,541	33,284,978,367	12,750,536,637	3,179,146,234	5,663,310,303	55,441,158,082
Net book value						
Opening balance	-	32,855,155,378	9,899,829,834	704,617,195	1,986,217,159	45,445,819,566
Closing balance	-	22,403,446,311	9,564,879,449	325,155,507	606,392,125	32,899,873,392

Masan Consumer Corporation**Notes to the separate financial statements for the year ended 31 December 2018****(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

Included in tangible fixed assets were assets costing VND16,516 million which were fully depreciated as of 31 December 2018 (1/1/2018: VND21,886 million), but which are still in active use.

10. Intangible fixed assets

	Software VND	Brand name VND	Total VND
Cost			
Opening balance	275,592,174,191	636,363,636	276,228,537,827
Transfer from construction in progress	2,137,005,818	-	2,137,005,818
Transfer to long-term prepaid expenses	(1,069,892,667)	-	(1,069,892,667)
	<hr/>		
Closing balance	276,659,287,342	636,363,636	277,295,650,978
Accumulated amortisation			
Opening balance	90,237,944,852	636,363,636	90,874,308,488
Charge for the year	33,303,006,507	-	33,303,006,507
Transfer to long-term prepaid expenses	(241,588,666)	-	(241,588,666)
	<hr/>		
Closing balance	123,299,362,693	636,363,636	123,935,726,329
Net book value			
Opening balance	185,354,229,339	-	185,354,229,339
Closing balance	153,359,924,649	-	153,359,924,649
	<hr/>		

Included in intangible fixed assets were assets costing VND11,019 million which were fully amortised as of 31 December 2018 (1/1/2018: VND11,019 million), but which are still in active use.

11. Construction in progress

	VND
Opening balance	3,246,249,258
Additions during the year	3,294,676,707
Transfer to tangible fixed assets	(1,564,882,640)
Transfer to intangible fixed assets	(2,137,005,818)
	<hr/>
Closing balance	2,839,037,507
	<hr/>

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12. Investments in subsidiaries

	31/12/2018		1/1/2018	
	% of equity owned and voting rights	Cost VND	% of equity owned and voting rights	Cost VND
Investments in subsidiaries:				
▪ Masan Food Company Limited (*)	100%	2,131,000,009,348	100%	2,103,500,009,348
▪ Masan Beverage Company Limited (**)	100%	4,315,000,000,000	100%	3,383,000,000,000
▪ Masan Consumer (Thailand) Limited (***)	99.99%	64,771,500,000	99.99%	64,771,500,000
		6,510,771,509,348		5,551,271,509,348

The Company has not determined the fair values of the equity investments for disclosure in the separate financial statements because there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of the equity investments may differ from their carrying amounts.

There was no allowance from diminution in value of these investments in subsidiaries in these separate financial statements for the years ended 31 December 2018 and 2017.

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

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

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Notes to the separate financial statements for the year ended 31 December 2018
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Movements of the investments in subsidiaries during the year were as follows:

	2018	2017
	VND	VND
Opening balance	5,551,271,509,348	4,665,771,509,348
Additions during the year	959,500,000,000	885,500,000,000
	<hr/>	<hr/>
Closing balance	6,510,771,509,348	5,551,271,509,348
	<hr/>	<hr/>

13. Long-term prepaid expenses

	Tools and supplies
	VND
Opening balance	9,035,644,733
Additions during the year	2,275,539,256
Transfer from intangible fixed assets	828,304,001
Amortisation for the year	(7,352,920,183)
	<hr/>
Closing balance	4,786,567,807
	<hr/>

14. Deferred tax assets

Recognised deferred tax assets

	31/12/2018	1/1/2018
	VND	VND
Accrued advertising and promotion expenses	114,386,918,462	84,881,905,159
Accrued logistic expense	22,614,175,812	9,952,764,794
Accrued sales discounts	15,665,716,716	1,602,216,674
Other accruals	18,179,604,513	9,856,046,610
	<hr/>	<hr/>
	170,846,415,503	106,292,933,237
	<hr/>	<hr/>

Masan Consumer Corporation

Notes to the separate financial statements for the year ended 31 December 2018

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	31/12/2018		1/1/2018	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Short-term	2,595,927,263,387	2,595,927,263,387	391,581,362,507	391,581,362,507

(b) Accounts payable to suppliers who are related parties

	31/12/2018		1/1/2018	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Payable to related parties	2,418,944,972,866	2,418,944,972,866	311,991,442,434	311,991,442,434

Please see Note 32 for balances between the Company and the related parties. The trade related amounts due to related parties were unsecured, interest free and are payable within 90 days from invoice date.

Masan Consumer Corporation**Notes to the separate financial statements for the year ended 31 December 2018 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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	1/1/2018 VND	Incurred VND	Paid VND	Deducted/Refunded VND	31/12/2018 VND
Value added tax	50,503,782,781	1,712,600,093,811	(109,828,851,564)	(1,613,933,828,764)	39,341,196,264
Corporate income tax	53,915,936,517	140,388,019,098	(153,440,048,334)	-	40,863,907,281
Personal income tax	1,766,914,507	40,766,136,214	(37,459,024,692)	(2,098,385,304)	2,975,640,725
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	106,186,633,805	1,893,754,249,123	(300,727,924,590)	(1,616,032,214,068)	83,180,744,270

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17. Accrued expenses

	31/12/2018	1/1/2018
	VND	VND
Advertising and promotion expenses	571,934,592,307	424,409,525,794
Logistic expense	113,070,879,061	49,763,823,968
Bonus and 13 th month salary	113,062,923,050	39,862,208,085
Sales discounts	78,328,583,580	8,011,083,372
Exhibition expense	41,161,828,771	11,203,662,963
Accrued information and technology expenses	24,222,864,545	14,910,270,008
Purchases not yet received invoices	16,299,574,374	970,613,231
Market research expense	13,900,411,147	15,279,254,584
Accrued interest expense	7,915,406,616	4,098,129,639
Others	11,612,918,111	7,887,045,504
	<hr/>	<hr/>
	991,509,981,562	576,395,617,148
	<hr/>	<hr/>

18. Other payables

(a) Other short-term payables

	31/12/2018	1/1/2018
	VND	VND
Trade union fee, social, health and unemployment insurances	7,236,973,993	12,555,998,725
Others	4,096,858,230	7,311,596,539
	<hr/>	<hr/>
	11,333,832,223	19,867,595,264
	<hr/>	<hr/>

(b) Other long-term payables

	31/12/2018	1/1/2018
	VND	VND
Long-term deposits received	19,658,104,712	-
	<hr/>	<hr/>

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19. Short-term borrowings

	1/1/2018		Movements during the year		31/12/2018	
	Carrying amount VND	Amount within repayment capacity VND	Addition VND	Decrease VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	1,919,532,026,366	1,919,532,026,366	8,232,245,677,011	(7,777,671,704,948)	2,374,105,998,429	2,374,105,998,429

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

	Currency	Annual interest rate	31/12/2018 VND	1/1/2018 VND
Short-term borrowings				
▪ Unsecured bank loans	VND	5.0% - 6.7%	2,374,105,998,429	1,919,532,026,366

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20. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Undistributed profits after tax VND	Total VND
Balance as at 1 January 2017	5,381,601,170,000	5,088,056,394,992	(1,640,252,631,255)	2,360,819,522,708	11,190,224,456,445
Share capital issued (Note 21)	49,726,600,000	-	-	-	49,726,600,000
Net profit for the year	-	-	-	3,077,697,016,024	3,077,697,016,024
Dividends (Note 22)	-	-	-	(2,340,720,526,500)	(2,340,720,526,500)
Balance as at 1 January 2018	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
Share capital issued (Note 21)	52,408,270,000	-	-	-	52,408,270,000
Bonus shares issued (Note 21)	795,555,190,000	(795,555,190,000)	-	-	-
Net profit for the year	-	-	-	2,694,743,332,678	2,694,743,332,678
Dividends (Note 22)	-	-	-	(2,363,097,496,500)	(2,363,097,496,500)
Balance as at 31 December 2018	6,279,291,230,000	4,292,501,204,992	(1,640,252,631,255)	3,429,441,848,410	12,360,981,652,147

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Notes to the separate financial statements for the year ended 31 December 2018
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21. Share capital, share premium and treasury shares

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

	31/12/2018		1/1/2018	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	627,929,123	6,279,291,230,000	543,132,777	5,431,327,770,000
Treasury shares				
Ordinary shares	18,000,000	1,640,252,631,255	18,000,000	1,640,252,631,255
Shares currently in circulation				
Ordinary shares	609,929,123	6,099,291,230,000	525,132,777	5,251,327,770,000
Share premium		4,292,501,204,992		5,088,056,394,992

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

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

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

	2018		2017	
	Number of shares	Par value VND	Number of shares	Par value VND
Balance at the beginning of the year - currently in circulation	525,132,777	5,251,327,770,000	520,160,117	5,201,601,170,000
Issuance of new shares at par for cash	5,240,827	52,408,270,000	4,972,660	49,726,600,000
Issuance of bonus shares (*)	79,555,519	795,555,190,000	-	-
Balance at the end of the year - currently in circulation	609,929,123	6,099,291,230,000	525,132,777	5,251,327,770,000

(*) In August 2018, the Company's Board of Directors approved for the issuance of 79,555,519 bonus shares to the Company's shareholders. The issuance was completed.

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22. Dividends

The Annual General Meeting of Shareholders of the Company on 24 April 2018 resolved to distribute dividends by cash amounting to VND2,363,097 million (2017: VND2,340,721 million).

23. Off balance sheet items

(a) Lease commitments

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

	31/12/2018	1/1/2018
	VND	VND
Within 1 year	102,821,448,131	39,077,742,491
Within 2 to 5 years	75,670,464,262	19,240,553,000
	178,491,912,393	58,318,295,491

(b) Foreign currency

	31/12/2018		1/1/2018	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	328,965	7,612,240,613	3,971	89,980,821

(c) Capital expenditure commitments

The Company had the following outstanding capital commitments approved but not provided for in the separate balance sheet:

	31/12/2018	1/1/2018
	VND	VND
Approved but not contracted	2,188,199,224	4,917,650,742
Approved and contracted	370,100,138	481,796,200
	2,558,299,362	5,399,446,942

Masan Consumer Corporation**Notes to the separate financial statements for the year ended 31 December 2018**

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

Net revenue comprised of:

	2018 VND	2017 VND
Total revenue		
▪ Sale of goods	17,297,469,224,360	9,519,200,303,515
▪ Other sales	2,648,958,615	1,883,880,381
	<hr/> 17,300,118,182,975	<hr/> 9,521,084,183,896
Less revenue deductions		
▪ Sales discounts	233,643,571,391	19,096,167,283
▪ Sales returns	25,876,631,923	49,580,968,221
	<hr/> 259,520,203,314	<hr/> 68,677,135,504
Net revenue	<hr/> 17,040,597,979,661	<hr/> 9,452,407,048,392

25. Cost of sales

	2018 VND	2017 VND
Total cost of sales		
▪ Goods sold	13,391,056,154,553	7,059,180,876,212
▪ Allowance for inventories	19,641,571,474	2,895,285,836
	<hr/> 13,410,697,726,027	<hr/> 7,062,076,162,048

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Notes to the separate financial statements for the year ended 31 December 2018
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26. Financial income

	2018 VND	2017 VND
Interest income from deposits at banks	56,220,518,640	116,733,910,032
Interest income from loans provided to related parties	379,006,925,745	218,639,211,585
Profits distributed by subsidiaries	2,385,522,870,411	2,834,664,269,251
Foreign exchange gains	1,015,107,815	432,819,506
	<hr/>	<hr/>
	2,821,765,422,611	3,170,470,210,374
	<hr/>	<hr/>

27. Financial expenses

	2018 VND	2017 VND
Interest expense on borrowings from banks	105,243,716,316	68,888,085,335
Foreign exchange losses	947,986,535	272,136,464
Others	64,464,193	-
	<hr/>	<hr/>
	106,256,167,044	69,160,221,799
	<hr/>	<hr/>

28. Selling expenses

	2018 VND	2017 VND
Advertising and promotion expenses	2,045,538,893,616	1,466,362,456,468
Logistic expense	594,746,086,844	305,023,065,838
Staff costs	240,978,456,696	148,539,752,698
Exhibition expense	164,864,180,251	71,389,209,714
Leased line system and information technology services	41,922,414,884	632,089,617
Marketing research expense	32,410,802,649	33,261,503,699
Others	48,119,864,976	35,440,342,954
	<hr/>	<hr/>
	3,168,580,699,916	2,060,648,420,988
	<hr/>	<hr/>

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29. General and administration expenses

	2018 VND	2017 VND
Staff costs	223,848,116,352	100,749,994,956
Office rental	52,693,140,944	49,784,570,659
Leased line system and information technology services	39,582,776,252	43,740,298,881
Depreciation and amortisation of fixed assets	29,364,566,722	47,412,079,592
Research and development expenses	4,491,368,122	4,162,975,341
Others	54,159,429,848	17,476,580,603
	<hr/> 404,139,398,240	<hr/> 263,326,500,032

30. Trading and business costs by elements

	2018 VND	2017 VND
Cost of merchandise goods sold	13,391,056,154,553	7,059,180,876,212
Staff costs	464,826,573,048	249,289,747,654
Depreciation and amortisation	46,640,039,138	47,596,534,352
Outside services	2,934,327,248,678	1,973,724,080,600
Other expenses	146,567,808,766	56,259,844,250
	<hr/> 13,993,421,829,943	<hr/> 9,386,645,532,068

31. Income tax

(a) Recognised in the separate statement of income

	2018 VND	2017 VND
Current tax expense		
Current year	142,722,919,795	66,263,203,834
(Over)/under provision in prior years	(2,334,900,697)	22,568,816,940
	<hr/> 140,388,019,098	<hr/> 88,832,020,774
Deferred tax (benefit)/expense		
Origination and reversal of temporary differences	(64,553,482,266)	1,123,154,577
	<hr/> 140,388,019,098	<hr/> 88,832,020,774
Income tax expense	<hr/> 75,834,536,832	<hr/> 89,955,175,351

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(b) Reconciliation of effective tax rate

	2018	2017
	VND	VND
Accounting profit before tax (*)	2,770,577,869,510	3,167,652,191,375
Tax at the Company's income tax rate	554,115,573,902	633,530,438,275
Tax exempt income	(477,104,574,082)	(566,932,853,850)
Non-deductible expenses	1,158,437,709	788,773,986
(Over)/under provision in prior years	(2,334,900,697)	22,568,816,940
	75,834,536,832	89,955,175,351

(*) The Company's profit before tax included VND2,385,523 million (2017: VND2,834,664 million) of profits distributed by subsidiaries which is not subject to tax.

(c) Applicable tax rates

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

(d) Tax contingencies

The taxation laws and their application in Vietnam are subject to interpretation and change over time as well as from one tax office to another. The final tax position may be subject to audit by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Vietnam that are substantially more significant than in other countries. The Board of Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation, including transfer pricing requirements and computation of corporate income tax. However, the relevant authorities may have differing interpretations and the effects could be significant.

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32. Significant transactions with related parties

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

Relationship	Nature of transactions	Transaction value		Receivable/(payable) as at	
		2018 VND	2017 VND	31/12/2018 VND	1/1/2018 VND
Parent of parent company					
Masan Group Corporation	Sale of goods	22,526,304	11,187,458	-	-
	Management fee	4,996,948,188	-	5,496,643,007	-
Parent company					
Masan Consumer Holdings Company Limited	Dividends declared	2,270,686,203,000	2,270,686,203,000	-	-
	Collection of loans through net-off with dividends payable	-	1,187,405,000,000	-	-
	Dividends paid by cash	2,270,686,203,000	1,083,281,203,000	-	-
Subsidiaries					
Masan Food Company Limited	Distributed profits (**)	2,385,522,870,411	1,633,743,185,251	2,385,522,870,411	826,856,015,313
	Capital contribution	27,500,000,000	197,500,000,000	-	-
Masan Industrial One Member Company Limited	Sale of goods	275,839,973,515	188,296,228,292	-	78,686,317,617
	Purchase of goods and services	4,434,152,834,178	3,300,260,145,310	(326,381,897,838)	-
	Prepayment for purchase of goods	-	14,639,880,515	-	14,639,880,515
	Collection of loans by cash	2,800,000,000,000	-	-	-
	Loans provided	506,000,000,000	4,954,405,000,000	3,136,716,876,592	5,430,716,876,592
	Collection of loans through net-off with dividends payable	-	1,187,405,000,000	-	-
	Interest income from loans receivable	341,306,747,664	218,639,211,585	674,851,761,808	333,545,014,144



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Relationship	Nature of transactions	Transaction value		Receivable/(payable) as at	
		2018 VND	2017 VND	31/12/2018 VND	1/1/2018 VND
Viet Tien Food Technology One Member Company Limited	Sale of goods	5,763,370,389	8,034,292,370	-	-
	Purchase of goods	475,191,703,131	542,711,441,650	(165,496,473,117)	(178,743,996,256)
Masan HD One Member Company Limited	Sale of goods	33,585,469,336	14,658,176,371	-	-
	Purchase of goods	941,822,705,564	725,417,798,671	(107,369,612,484)	(103,660,354,580)
Masan PQ Corporation (formerly known as Ma San PQ Corporation)	Sale of goods	3,940,239	2,509,472	-	-
	Purchase of goods	-	1,748,200	-	-
Nam Ngu Phu Quoc One Member Company Limited	Sale of goods	1,143,730,783	350,910,756	599,031,555	208,000,020
	Purchase of goods	119,477,561,384	73,413,427,890	-	-
	Prepayment for purchase of goods	8,294,187,749	18,531,591,916	8,294,187,749	18,531,591,916
Masan Beverage Company Limited	Distributed profits	-	1,200,921,084,000	-	1,200,921,084,000
	Capital contribution	932,000,000,000	688,000,000,000	-	-
VinaCafé Bien Hoa Joint Stock Company	Sale of goods	74,467,360,692	50,224,165,565	-	3,870,083,455
	Purchase of goods	2,959,106,972,554	411,007,822	(1,070,218,150,205)	-
	Management fee	-	159,438,082,170	-	87,828,531,406
Café De Nam Joint Stock Company (formerly known as CDN Production Trading Corporation)	Sale of goods	1,948,184	2,458,106	-	-
	Purchase of goods	4,656,146,056	25,800,000	(847,937,204)	-

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Relationship	Nature of transactions	Transaction value		Receivable/(payable) as at	
		2018 VND	2017 VND	31/12/2018 VND	1/1/2018 VND
Masan MB One Member Company Limited	Sale of goods	184,621,456,439	88,143,951,789	-	-
	Purchase of goods	3,440,460,919,308	2,021,112,842,168	(586,546,385,981)	(19,950,867,204)
	Loans provided	3,831,000,000,000	-	3,831,000,000,000	-
	Interest income from loans receivable	37,700,178,081	-	37,700,178,081	-
Masan JinJu Joint Stock Company (formerly known as Saigon Nutri Food Joint Stock Company)	Sale of goods	2,818,093,340	1,806,328,808	-	-
	Purchase of goods	173,245,372,007	151,166,693,876	(29,770,357,611)	(9,636,224,394)
	Purchase of fixed asset	81,818,182	-	-	-
Vinh Hao Mineral Water Corporation	Sale of goods	442,606,137	17,244,889,254	-	-
	Purchase of goods and services	352,331,601,600	754,531,022	(50,454,047,341)	-
	Management fee	-	41,389,312,688	-	19,654,007,992
Quang Ninh Mineral Water Corporation	Sale of goods	1,648,678,333	64,232,422	-	-
	Purchase of goods and services	221,850,358,615	-	(61,055,590,715)	-
Masan Consumer (Thailand) Limited	Sale of goods	41,242,658,023	18,163,278,771	8,394,279,127	18,163,278,771
Other related parties					
Masan Brewery PY One Member Company Limited	Sale of goods	26,774,927	15,451,254	-	-
Masan Brewery Distribution One Member Company Limited	Sale of goods	2,299,473,074	39,831,648	2,527,369,828	10,614,490
	Purchase of goods	44,794,061,290	395,205,600	(20,804,520,370)	-
	Management fee	25,966,703,930	42,212,820,014	60,624,394,654	46,467,302,338

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Relationship	Nature of transactions	Transaction value		Receivable/(payable) as at	
		2018 VND	2017 VND	31/12/2018 VND	1/1/2018 VND
Masan Brewery HG One Member Company Limited	Sale of goods	15,548,538	35,465,044	-	-
	Purchase of goods	55,827,750	-	-	-
	Management fee	2,552,138,546	1,733,359,174	2,745,941,875	1,906,695,091
Agro Nutrition International Joint Stock Company	Sale of goods	52,760,545	42,990,627	-	-
	Management fee	5,401,497,275	8,635,272,987	2,821,114,056	8,970,161,887
MNS Feed Tien Giang Company Limited (formerly known as Agro Nutrition International Tien Giang One Member Limited Company)	Sale of goods	-	6,844,745	-	-
	Management fee	1,413,647,105	1,248,902,868	617,822,920	1,373,793,155
MNS Feed Thai Nguyen Company Limited (formerly known as Agro Nutrition International Thai Nguyen Company Limited)	Sale of goods	29,696,909	6,516,573	-	-
	Management fee	1,317,783,118	1,260,197,437	498,242,808	1,386,217,181
MNS Feed Vinh Long Company Limited (formerly known as Aqua Nutrition International Joint Venture Co., Ltd)	Sale of goods	-	16,924,336	-	-
	Management fee	1,510,709,543	1,397,436,985	637,208,299	1,537,180,683

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Relationship	Nature of transactions	Transaction value		Receivable/(payable) as at	
		2018 VND	2017 VND	31/12/2018 VND	1/1/2018 VND
MNS Feed Hau Giang Company Limited (formerly known as Agro Nutrition International Hau Giang One Member Limited Liability Company)	Sale of goods Management fee	- 1,074,951,181	1,875,273 903,161,912	- 507,005,940	- 993,478,103
MNS Feed Nghe An Company Limited (formerly known as Agro Nutrition International Nghe An Company Limited)	Sale of goods Management fee	41,116,909 1,606,391,239	5,953,991 1,287,824,042	- 804,869,783	- 1,416,606,447
MNS Farm Nghe An Company Limited (formerly known as Masan Nutri-Farm (N.A) Limited Liability Company)	Sale of goods Management fee	9,563,891 3,096,357,943	421,936 7,652,397,325	- 986,100,091	- 6,898,790,674
Vietnamese – French Cattle Feed Joint Stock Company	Sale of goods Management fee	71,593,600 10,571,231,250	132,675,545 14,829,590,245	- 5,131,224,940	- 15,432,135,658
Proconco Can Tho One Member Company Limited	Sale of goods Management fee	- 2,483,411,874	17,861,973 1,781,402,913	- 1,411,327,932	- 1,959,543,205
Conco Binh Dinh Co., Ltd	Sale of goods Management fee	- 1,671,915,669	6,469,691 1,472,308,326	- 736,957,268	- 1,619,539,159

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Relationship	Nature of transactions	Transaction value		Receivable/(payable) as at	
		2018 VND	2017 VND	31/12/2018 VND	1/1/2018 VND
Proconco Hung Yen Manufacturing and Trading Company Limited	Sale of goods	5,238,000	6,985,391	-	-
	Management fee	761,002,325	1,079,114,287	34,718,341	1,187,025,716
Masan Nutri-Science Corporation	Management fee	6,247,128,302	-	6,871,841,133	-
MNS Meat Ha Nam Company Limited	Sale of goods	18,476,019	-	7,912,200	-
	Management fee	1,327,010,547	-	1,459,711,602	-
Nui Phao Mining Company Limited	Sale of goods	1,072,107,209	-	86,225,766	-
	Management fee	3,261,776,530	-	3,587,954,183	-
Vietnam Technological and Commercial Joint Stock Bank	Sale of goods	2,722,682,431	-	536,350,713	-
Key management personnel	Remuneration to key management personnel (*)	22,519,251,698	22,505,992,606	-	-

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As at 31 December 2018 and 1 January 2018, the Company has current and term deposit accounts at Vietnam Technological and Commercial Joint Stock Bank at normal terms.

- (*) No board fees were paid to members of the Board of Directors of the Company for the years ended 31 December 2018 and 2017.
- (**) During the year, the Chairmans of MSI, MHD, and MMB resolved to distribute their profits amounting to VND2,380,024 million (2017: MSI, VTF, MHD and MMB resolved to distribute their profits amounting to VND1,627,112 million) to Masan Food Company Limited (“MSF”). At the same time, the Chairman of MSF resolved to distribute profits amounting to VND2,385,523 million to the Company (2017: distributed profits of VND1,633,743 million to the Company, of which VND711,887 million were paid directly to the Company by these subsidiaries).

33. Post balance sheet events

In January 2019, MSF, a subsidiary directly owned by the Company, established a new subsidiary named Masan Long An Company Limited (“MLA”) under the Enterprise Registration Certificate No. 1101905952 issued by the Department of Planning and Investment of Long An Province. As a result of this event, MLA became a subsidiary indirectly owned by the Company.

There has been no other significant event occurring after the balance sheet date which would require adjustments or disclosures to be made in the separate financial statements.

7 March 2019

Prepared by: 

Phan Thi Thuy Hoa
Chief Accountant

Approved by:  

Huynh Viet Thang
Acting Chief Financial Officer


Trương Công Thang
Chairman of the Board of Directors

