

Masan Consumer Corporation and its subsidiaries

Consolidated Financial Statement
for the six-month period ended 30 June 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 11 July 2017. The Business Registration Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City.

Board of Directors

Mr Truong Cong Thang	Chairman (from 23 June 2017)
Dr Nguyen Dang Quang	Member (from 23 June 2017) 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
39 Le Duan, Ben Nghe Ward
District 1, Ho Chi Minh City
Vietnam

Masan Consumer Corporation and its subsidiaries
Consolidated balance sheet as at 30 June 2017

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

	Code	Note	30/6/2017 VND	1/1/2017 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		5,551,949,675,823	11,519,694,860,637
Cash and cash equivalents	110	4	3,630,943,915,345	6,914,244,921,330
Cash	111		91,160,182,012	113,124,921,330
Cash equivalents	112		3,539,783,733,333	6,801,120,000,000
Short-term financial investments	120		555,100,000,000	1,732,948,841,175
Held-to-maturity investments	123	5(a)	555,100,000,000	1,732,948,841,175
Accounts receivable – short-term	130		372,127,017,876	2,121,205,426,935
Accounts receivable from customers	131		199,214,247,050	232,759,444,755
Prepayments to suppliers	132		90,497,854,454	61,482,083,206
Short-term loans receivable	135	7	-	1,663,716,876,592
Other short-term receivables	136	6(a)	82,491,815,285	164,464,049,739
Allowance for doubtful debts	137		(76,898,913)	(1,217,027,357)
Inventories	140	8	955,034,501,484	715,921,028,319
Inventories	141		961,185,965,507	729,024,288,790
Allowance for inventories	149		(6,151,464,023)	(13,103,260,471)
Other current assets	150		38,744,241,118	35,374,642,878
Short-term prepaid expenses	151		14,739,780,186	19,718,137,599
Deductible value added tax	152		24,004,460,932	15,656,505,279

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

Masan Consumer Corporation and its subsidiaries
Consolidated balance sheet as at 30 June 2017 (continued)

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

	Code	Note	30/6/2017 VND	1/1/2017 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		9,721,074,311,625	5,858,131,385,763
Accounts receivable – long-term	210		4,005,620,104,891	24,757,902,339
Long-term loans receivable	215	7	3,806,716,876,592	-
Other long-term receivables	216	6(b)	198,903,228,299	24,757,902,339
Fixed assets	220		4,372,347,956,198	4,444,692,083,576
Tangible fixed assets	221	9	3,129,838,902,348	3,132,110,361,000
<i>Cost</i>	222		4,896,293,625,815	4,694,881,086,995
<i>Accumulated depreciation</i>	223		(1,766,454,723,467)	(1,562,770,725,995)
Intangible fixed assets	227	10	1,242,509,053,850	1,312,581,722,576
<i>Cost</i>	228		2,102,760,656,155	2,102,498,034,268
<i>Accumulated depreciation</i>	229		(860,251,602,305)	(789,916,311,692)
Long-term work in progress	240		348,620,238,343	371,351,502,339
Construction in progress	242	11	348,620,238,343	371,351,502,339
Long-term financial investments	250		249,391,858,906	249,391,858,906
Investment in an associate	252	5(b)	249,391,858,906	249,391,858,906
Other long-term assets	260		745,094,153,287	767,938,038,603
Long-term prepaid expenses	261	12	191,479,188,346	193,229,086,523
Deferred tax assets	262		163,479,082,475	150,172,693,140
Goodwill	269	13	390,135,882,466	424,536,258,940
TOTAL ASSETS (270 = 100 + 200)	270		15,273,023,987,448	17,377,826,246,400

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

Masan Consumer Corporation and its subsidiaries
Consolidated balance sheet as at 30 June 2017 (continued)


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

	Code	Note	30/6/2017 VND	1/1/2017 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		5,055,501,823,736	5,449,387,898,339
Current liabilities	310		4,657,783,823,379	4,942,371,387,944
Accounts payable to suppliers – short-term	311	14	683,333,806,666	708,987,463,602
Advances from customers	312		38,828,512,933	18,887,115,066
Taxes payable to State Treasury	313	15	171,514,290,871	312,750,964,401
Payables to employees	314		37,403,622	4,383,144,705
Accrued expenses	315	16	833,093,069,934	958,703,296,344
Other short-term payables	319	17(a)	56,078,191,177	27,461,089,550
Short-term borrowings	320	18(a)	2,851,674,621,437	2,887,958,787,537
Bonus and welfare funds	322		23,223,926,739	23,239,526,739
Long-term liabilities	330		397,718,000,357	507,016,510,395
Accounts payable to suppliers – long-term	331	14	78,525,018,000	88,334,503,000
Other long-term payables	337	17(b)	19,731,317,625	22,360,630,839
Long-term borrowings	338	18(b)	123,426,410,346	209,856,177,246
Deferred tax liabilities	341		167,424,210,136	177,354,781,060
Provisions – long-term	342		8,611,044,250	9,110,418,250
EQUITY (400 = 410)	400		10,217,522,163,712	11,928,438,348,061
Owners' equity	410	19	10,217,522,163,712	11,928,438,348,061
Share capital	411	20	5,381,601,170,000	5,381,601,170,000
- Ordinary shares with voting rights	411a		5,381,601,170,000	5,381,601,170,000
Share premium	412	20	5,088,056,394,992	5,088,056,394,992
Other capital	414		(265,775,657,006)	(265,775,657,006)
Treasury shares	415	20	(1,640,252,631,255)	(1,640,252,631,255)
Foreign exchange differences	417		1,035,858,356	(2,253,725,216)
Investment and development fund	418		22,731,972,844	22,731,972,844
Undistributed profits after tax	421		711,983,285,796	2,434,650,312,379
- Undistributed profits after tax brought forward	421a		93,929,785,879	326,210,121,712
- Undistributed profits after tax for the current period	421b		618,053,499,917	2,108,440,190,667
Non-controlling interests	429		918,141,769,985	909,680,511,323
TOTAL RESOURCES	440		15,273,023,987,448	17,377,826,246,400
(440 = 300 + 400)				

Prepared by:


 Huynh Viet Thang
 Chief Accountant

27 July 2017


 Pham Dinh Toai
 Acting Chief Financial Officer

Approved by: 

 Seokhee Won
 Chief Executive Officer

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

Masan Consumer Corporation and its subsidiaries
Consolidated statement of income for the six-month period ended 30 June 2017

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

	Code	Note	Quarter II		Year to date	
			2017 VND	2016 VND	2017 VND	2016 VND
Revenue from sales of goods and provision of services	01	22	3,561,849,484,456	3,455,582,535,190	5,586,471,508,131	5,907,282,346,836
Revenue deductions	02	22	98,320,163,583	51,593,847,632	124,107,244,977	103,741,272,218
Net revenue (10 = 01 - 02)	10	22	3,463,529,320,873	3,403,988,687,558	5,462,364,263,154	5,803,541,074,618
Cost of sales	11	23	1,888,041,392,885	1,912,092,659,022	3,039,121,471,356	3,313,772,680,123
Gross profit (20 = 10 - 11)	20		1,575,487,927,988	1,491,896,028,536	2,423,242,791,798	2,489,768,394,495
Financial income	21	24	110,557,025,427	116,451,199,911	209,244,670,649	272,953,596,471
Financial expenses	22	25	34,849,063,505	25,828,751,265	56,337,661,145	54,628,104,624
<i>In which: Interest expense</i>	23		<i>33,328,614,162</i>	<i>26,916,357,008</i>	<i>54,163,803,973</i>	<i>53,699,054,660</i>
Share of profit in an associate	24		5,318,434,000	-	5,318,434,000	3,456,901,037
Selling expenses	25		882,423,899,826	622,660,371,217	1,492,266,429,523	1,202,478,325,474
General and administration expenses	26		191,856,689,793	213,784,908,212	378,118,592,118	410,157,832,577
Net operating profit	30		582,233,734,291	746,073,197,753	711,083,213,661	1,098,914,629,328
{30 = 20 + (21 - 22) + 24 - (25 + 26)}						
Other income	31		595,788,496	2,255,198,843	897,274,849	2,623,498,560
Other expenses	32		769,191,305	2,813,511,124	1,242,928,714	3,522,425,555
Results of other activities (40 = 31 - 32)	40		(173,402,809)	(558,312,281)	(345,653,865)	(898,926,995)
Accounting profit before tax (50 = 30 + 40)	50		582,060,331,482	745,514,885,472	710,737,559,796	1,098,015,702,333
(carried forward to next page)						

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Masan Consumer Corporation and its subsidiaries
Consolidated statement of income for the six-month period ended 30 June 2017 (continued)

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

	Code	Note	Quarter II		Year to date	
			2017 VND	2016 VND	2017 VND	2016 VND
Accounting profit before tax (50 = 30 + 40) (brought forward from previous page)	50		582,060,331,482	745,514,885,472	710,737,559,796	1,098,015,702,333
Income tax expense - current	51		71,052,031,063	93,310,059,754	107,459,768,200	160,159,629,556
Income tax (benefit)/expense - deferred	52		(11,179,374,333)	1,163,970,957	(23,236,960,259)	(27,062,366,104)
Net profit after tax (60 = 50 - 51 - 52)	60		522,187,674,752	651,040,854,761	626,514,751,855	964,918,438,881
Attributable to:						
Equity holders of the Company	61		498,485,735,752	633,974,678,539	618,053,499,917	962,560,615,361
Non-controlling interests	62		23,701,939,000	17,066,176,222	8,461,251,938	2,357,823,520
Earnings per share						
Basic earnings per share	70	26	958	1,226	1,188	1,861

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Masan Consumer Corporation and its subsidiaries
Consolidated statement of income for the six-month period ended 30 June 2017 (continued)

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

Code	<u>Proforma (*)</u>			
	Quarter II		Year to date	
	2017 VND	2016 VND	2017 VND	2016 VND
Revenue from sales of goods and provision of services	3,561,849,484,456	3,455,582,535,190	5,586,471,508,131	5,907,282,346,836
Revenue deductions	98,320,163,583	51,593,847,632	124,107,244,977	103,741,272,218
Net revenue (10 = 01 - 02)	3,463,529,320,873	3,403,988,687,558	5,462,364,263,154	5,803,541,074,618
Cost of sales	1,888,041,392,885	1,912,092,659,022	3,039,121,471,356	3,313,772,680,123
Gross profit (20 = 10 - 11)	1,575,487,927,988	1,491,896,028,536	2,423,242,791,798	2,489,768,394,495
Financial income	110,557,025,427	116,451,199,911	209,244,670,649	272,953,596,471
Financial expenses	34,849,063,505	25,828,751,265	56,337,661,145	54,628,104,624
Share of profit in an associate	5,318,434,000	-	5,318,434,000	3,456,901,037
Selling expenses	882,423,899,826	622,660,371,217	1,492,266,429,523	1,202,478,325,474
General and administration expenses	144,309,355,593	154,765,488,322	283,023,923,718	292,345,460,356
Net operating profit	629,781,068,491	805,092,617,643	806,177,882,061	1,216,727,001,549
{30 = 20 + (21 - 22) + 24 - (25 + 26)}				
Other income	595,788,496	2,255,198,843	897,274,849	2,623,498,560
Other expenses	769,191,305	2,813,511,124	1,242,928,714	3,522,425,555
Results of other activities (40 = 31 - 32)	(173,402,809)	(558,312,281)	(345,653,865)	(898,926,995)
Accounting profit before tax (50 = 30 + 40)	629,607,665,682	804,534,305,362	805,832,228,196	1,215,828,074,554
(carried forward to next page)				

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Masan Consumer Corporation and its subsidiaries
Consolidated statement of income for the six-month period ended 30 June 2017 (continued)


Form B 02a – DN/HN
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dated 22 December 2014 of the Ministry of Finance)

	Proforma (*)				
	Code	Quarter II		Year to date	
		2017	2016	2017	2016
	VND	VND	VND	VND	
Accounting profit before tax (50 = 30 + 40) (brought forward from previous page)	50	629,607,665,682	804,534,305,362	805,832,228,196	1,215,828,074,554
Income tax expense - current	51	71,052,031,063	93,310,059,754	107,459,768,200	160,159,629,556
Income tax (benefit)/expense - deferred	52	(6,214,088,871)	7,712,641,893	(13,306,389,335)	(13,965,024,232)
Net profit after tax (60 = 50 - 51 - 52)	60	564,769,723,490	703,511,603,715	711,678,849,331	1,069,633,469,230
Attributable to:					
Equity holders of the Company	61	534,586,462,917	673,698,817,197	696,736,275,820	1,041,704,855,709
Non-controlling interests	62	30,183,260,573	29,812,786,518	14,942,573,511	27,928,613,521
Earnings per share					
Basic earnings per share	70	1,028	1,302	1,339	2,014

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

27 July 2017

Prepared by:


 Huynh Viet Thang
 Chief Accountant

Approved by:



 Pham Dinh Toai
 Acting Chief Financial Officer

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

Masan Consumer Corporation and its subsidiaries
Consolidated statement of cash flows for the six-month period ended 30 June 2017
(Indirect method)

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

	Code	For the six-month period ended	
		30/6/2017	30/6/2016
		VND	VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	710,737,559,796	1,098,015,702,333
Adjustments for			
Depreciation and amortisation	02	327,652,248,664	329,998,505,606
Allowances and provisions	03	8,626,788,559	23,024,080,450
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04	1,295,433,330	(287,786,363)
Losses on disposals of fixed assets and construction in progress	05	292,951,794	2,837,953,195
Interest income from investing activities	05	(208,010,584,436)	(269,553,537,619)
Share of profit in an associate	05	(5,318,434,000)	(3,456,901,037)
Interest expense	06	54,163,803,973	53,699,054,660
Operating profit before changes in working capital	08	889,439,767,680	1,234,277,071,225
Change in receivables and other current assets	09	(20,133,559,713)	63,146,327,670
Change in inventories	10	(248,263,135,724)	(272,478,465,856)
Change in payables and other liabilities	11	(190,703,893,937)	(241,519,711,647)
Change in prepaid expenses	12	21,807,606,159	9,090,959,420
		452,146,784,465	792,516,180,812
Interest paid	14	(56,572,722,899)	(53,420,010,303)
Corporate income tax paid	15	(156,820,459,562)	(212,651,725,987)
Other payments for operating activities	17	(15,600,000)	(11,907,883,276)
Net cash flows from operating activities	20	238,738,002,004	514,536,561,246

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

Masan Consumer Corporation and its subsidiaries
Consolidated statement of cash flows for the six-month period ended 30 June 2017
(Indirect method – continued)

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

	Code	For the six-month period ended	
		30/6/2017	30/6/2016
		VND	VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(259,399,456,295)	(239,038,929,273)
Proceeds from disposals of fixed assets and other long-term assets	22	848,823,767	2,917,160,275
Loans provided	23	(3,330,405,000,000)	(3,131,978,712,592)
Collections of loans	24	-	6,729,614,068,000
Placement of term deposits to banks	23	(2,029,018,000,000)	(19,892,800,000,000)
Withdrawal of term deposits from banks	24	3,206,866,841,175	16,822,300,000,000
Acquisition of a subsidiary, net of cash acquired	25	-	(11,555,624,763)
Payments for acquisition of non-controlling interests in subsidiaries	25	-	(392,281,424,762)
Proceeds from pre-acquisition dividends received from an associate	26	-	5,320,434,000
Receipts of interest	27	159,391,138,230	547,675,203,998
Net cash flows from investing activities	30	(2,251,715,653,123)	440,172,174,883
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share capital issued	31	-	30,000,000,000
Proceeds from bank borrowings	33	3,514,014,878,605	4,173,670,916,203
Payments to settle loan principals to banks	34	(3,636,728,811,605)	(4,661,189,419,097)
Payments of dividends	36	(1,150,886,772,700)	(999,057,130,400)
Net cash flows from financing activities	40	(1,273,600,705,700)	(1,456,575,633,294)
Net cash flows during the period (50 = 20 + 30 + 40)	50	(3,286,578,356,819)	(501,866,897,165)
Cash and cash equivalents at the beginning of the period	60	6,914,244,921,330	3,366,663,621,920
Effect of exchange rate fluctuations	61	3,277,350,834	350,416,841
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	3,630,943,915,345	2,865,147,141,596

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

Masan Consumer Corporation and its subsidiaries
Consolidated statement of cash flows for the six-month period ended 30 June 2017
(Indirect method – continued)

Form B 03a – DN/HN
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NON-CASH INVESTING AND FINANCING TRANSACTION

	For the six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
♦ Net-off dividend payable with loan receivable from the parent company	1,187,405,000,000	1,889,261,836,000


 Prepared by:


 Huynh Viet Thang
 Chief Accountant

27 July 2017

Approved by:


 Pham Dinh Toai
 Acting Chief Financial Officer


 Seokhee Won
 Chief Executive Officer

Masan Consumer Corporation and its subsidiaries

Notes to the consolidated financial statements for the six-month period ended 30 June 2017

Form B 09a – DN/HN

*(Issued under Circular No. 202/2014/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 consolidated financial statements.

1. Reporting entity

(a) Ownership structure

Masan Consumer Corporation (“the Company”) is a joint stock company incorporated in Vietnam. The consolidated financial statements for the six-month period ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in an associate.

(b) Principal activities

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

(c) Normal operating cycle

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

Masan Consumer Corporation and its subsidiaries

Notes to the consolidated financial statements for the six-month period ended 30 June 2017 (continued)

Form B 09a – DN/HN
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(d) Group structure

As at 30 June 2017, the Group has 3 directly owned subsidiaries, 13 indirectly owned subsidiaries and 1 associate (1/1/2017: 4 directly owned subsidiaries, 13 indirectly owned subsidiaries and 1 associate). Information of the subsidiaries and an associate are described as follows:

Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
			30/6/2017	1/1/2017	30/6/2017	1/1/2017
Direct subsidiaries						
Masan Food Company Limited (“MSF”)	Trading and distribution	12th Floor, MPlaza Saigon – 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	100%	100%	100%	100%
Masan Beverage Company Limited (“MSB”)	Trading and distribution	12th Floor, MPlaza Saigon – 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	100%	100%	100%	100%
Masan DN One Member Company Limited (“MDN”)	(v) Seasonings, convenience food manufacturing and packaging	Street No.7, Hoa Khanh Industrial Park, Hoa Khanh Bac Ward, Lien Chieu District, Da Nang District, Vietnam	-	100%	-	100%
Masan Consumer (Thailand) Limited (“MTH”)	Trading and distribution	4th Floor, Amnuay Songkhram Road, Tanon Nakornchaisri Sub-District, Dusit District, Bangkok, Thailand	99.99%	99.99%	99.99%	99.99%

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the six-month period ended 30 June 2017 (continued)

Form B 09a – DN/HN
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Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
			30/6/2017	1/1/2017	30/6/2017	1/1/2017
Indirect subsidiaries						
Masan Industrial One Member Company Limited ("MSI")	(i) Seasonings, convenience food manufacturing and packaging	Lot 6, Tan Dong Hiep A Industrial Park, Di An Ward, Binh Duong Province, Vietnam	100%	100%	100%	100%
Masan HD One Member Company Limited ("MHD")	(i) Convenience food manufacturing	Lot 22, Dai An Industrial Park, Tu Minh Ward, Hai Duong City, Hai Duong Province, Vietnam	100%	100%	100%	100%
Viet Tien Food Technology One Member Company Limited ("VTF")	(i) Seasonings manufacturing	Lot III-10, Street No. 1, Industrial Group III, Tan Binh Industrial Park, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City, Vietnam	100%	100%	100%	100%
Ma San PQ Corporation ("MPQ")	(i) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam	99.99%	99.99%	99.99%	99.99%
Nam Ngu Phu Quoc One Member Company Limited ("NPQ")	(i) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam	100%	100%	100%	100%
Masan MB One Member Company Limited ("MMB")	(i) Seasonings, convenience food manufacturing and packaging	Area B, Nam Cam Industrial Park – Dong Nam Nghe An Economic Zone, Nghi Loc District, Nghe An Province, Vietnam	100%	100%	100%	100%
Saigon Nutri Food Joint Stock Company ("SNF")	(i) Convenience food manufacturing and trading	Lot K4, No. 2 Street, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam	99.99%	99.99%	99.99%	99.99%

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Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
			30/6/2017	1/1/2017	30/6/2017	1/1/2017
Masan HG One Member Company Limited (“MHG”)	(i) Seasonings, convenience food manufacturing and packaging	Song Hau Industrial Park, Dong Phu Ward, Chau Thanh District, Hau Giang Province, Vietnam	100%	100%	100%	100%
Vinacafé Bien Hoa Joint Stock Company (“VCF”)	(ii) Beverage manufacturing and trading	Bien Hoa Industrial Park I, Bien Hoa City, Dong Nai province, Vietnam	68.46%	68.46%	68.46%	68.46%
Vinh Hao Mineral Water Corporation (“VHW”)	(ii) Beverage manufacturing and trading and packaging	Vinh Son Hamlet, Vinh Hao Commune, Tuy Phong District, Binh Thuan Province, Vietnam	88.56%	88.56%	88.56%	88.56%
KronFa., JSC (“KRP”)	(iii) Beverage manufacturing	Km 37, Highway 27, Tan Son Town, Ninh Son District, Ninh Thuan Province, Vietnam	88.55%	88.55%	99.99%	99.99%
Quang Ninh Mineral Water Corporation (“QNW”)	(ii) Beverage manufacturing and trading	No. 3A, Suoi Mo Town, Bai Chay District, Ha Long City, Quang Ninh Province, Vietnam	65.68%	65.68%	65.68%	65.68%
CDN Production Trading Corporation (“CDN”)	(iv) Beverage manufacturing and trading	No.10, Hung Gia 2 street, District 7, Ho Chi Minh City, Vietnam	58.19%	58.19%	85%	85%
Associate						
Cholimex Food Joint Stock Company	(i) Seasonings manufacturing and trading	Lot C40 – 43/1, Street No. 7, Vinh Loc Industrial Park, Binh Chanh District, Ho Chi Minh City, Vietnam	32.83%	32.83%	32.83%	32.83%

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- (i) These subsidiaries and an associate are indirectly owned by the Company through Masan Food Company Limited (“MSF”).
- (ii) These subsidiaries are indirectly owned by the Company through Masan Beverage Company Limited (“MSB”).
- (iii) KronFa., JSC is indirectly owned by the Company through Vinh Hao Mineral Water Corporation.
- (iv) CDN Production Trading Corporation is indirectly owned by the Company through VinaCafé Bien Hoa Joint Stock Company.
- (v) Masan ĐN One Member Company Limited (“MDN”) was established on 12 September 2014 under the Business Registration Certificate No. 0401622417 issued by the Department of Planning and Investment of Da Nang City. The Board of Director Resolution No.7/2017/NQ-HDQT on 28 April 2017 resolved and approved to dissolve MDN. As at the date of issuance of these consolidated financial statements, the dissolution of MDN has been completed.

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

As at 30 June 2017, the Group had 4,362 employees (1/1/2017: 4,625 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December. These consolidated financial statements are prepared for the six-month period ended 30 June 2017.

(d) Accounting and presentation currency

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

(e) Corresponding figures

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

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3. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Non-controlling interests

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

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with shareholders. Prior to 1 January 2015, the difference between the change in the Group’s share of net assets of the subsidiary and any consideration paid or received is recorded directly in other capital under equity. From 1 January 2015, as a result of the adoption of Circular 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance (“Circular 202”), such difference is recorded directly in undistributed profits after tax under equity.

(iii) Loss of control

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

(iv) Associates (equity accounted investees)

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

(v) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from

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transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

(vi) Business combinations under common control

Business combination where the same group of shareholders (“the Controlling Shareholders”) control the combining companies before and after the business combination meets the definition of business combination under common control because there is a continuation of the risks and benefits to the Controlling Shareholders. Such common control business combination is specifically excluded from the scope of Vietnamese Accounting Standard 11 – *Business Combination* and in selecting its accounting policies with respect to such transaction, the Group has considered Vietnamese Accounting Standard 01 – *Framework* and Vietnamese Accounting Standard 21 – *Presentation of Financial Statements*. Based on these standards, the Group has adopted the merger (“carry-over”) basis of accounting. The assets and liabilities of the combining companies are consolidated using the existing book values from the Controlling Shareholders’ perspective. Prior to 1 January 2015, any difference between the cost of acquisition and net assets value acquired is treated as a deemed distribution to or contribution from shareholders and recorded directly in other capital under equity. From 1 January 2015, as a result of the adoption of Circular 202, such difference is recorded in undistributed profits after tax under equity.

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

(vii) Business combinations under non-common control

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

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

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

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(b) Foreign currency

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

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

(c) Cash and cash equivalents

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

(d) Held-to-maturity investments

Held-to-maturity investments are those that the Boards of Management of the Company and its subsidiaries have the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks. These investments are stated at costs less allowance for doubtful debts.

(e) Accounts receivable from customers and other receivables

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

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and

Masan Consumer Corporation and its subsidiaries

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condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Group applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

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

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

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

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

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(ii) Software

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

(iii) Exploitation rights

Expenditure on obtaining exploitation rights for mineral water resources is capitalised and treated as an intangible asset. Amortisation is computed on a straight-line basis over their useful lives ranging from 8 to 30 years.

(iv) Brand name

Cost of acquiring brand name is capitalised and treated as an intangible asset and is amortised on a straight-line basis over 10 years.

The fair value of brand name that is acquired by the Group on the acquisition of a subsidiary is recognised as an intangible asset and amortised on a straight-line basis over their useful lives ranging from 10 to 20 years. The fair value of brand name acquired in a business combination is determined based on the discounted estimated royalty payments that have been avoided as a result of the brand name being owned.

(v) Customer relationships

The fair value of customer relationships that is acquired by the Group on the acquisition of a subsidiary is capitalised and treated as an intangible asset. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of customer relationships is amortised on a straight-line basis over their useful lives ranging from 5 to 15 years.

(vi) Mineral water resources

The fair value of mineral water resources that is acquired by the Group on the acquisition of a subsidiary is capitalised and treated as an intangible asset. The fair value of mineral water resources acquired in a business combination is determined using either the direct comparison method or the multi-period excess earnings method. The direct comparison approach estimates the value of mineral water resources by comparing recent asking/transacted price of similar interests located in the same area. In the multi-period excess earnings method, subject assets are valued after deducting a fair return on all the assets that are part of creating the related cash flows. The fair value of mineral water resources is amortised on a straight-line basis over their useful lives ranging from 10 to 37 years.

(i) Construction in progress

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

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(j) Long-term prepaid expenses

(i) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the land use rights certificate was obtained but are not qualified as intangible fixed assets under prevailing regulation and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease from 42 to 50 years.

(ii) Goodwill from equitisation

Goodwill arising from equitisation of the state-owned enterprise is recognised as long-term prepaid expenses. Goodwill arising from equitisation of the state-owned enterprise includes brand name value and potential development value. Brand name value is determined on the basis of actual costs incurred for creation and protection of trademarks, trade name in the course of the enterprise's operation for the period of five years before the valuation date (including establishment costs and expenditures on training, advertising and promotional activities incurred to promote and introduce the enterprise and its products and website costs...). Potential development value is evaluated on the basis of profitability of the enterprise in the future taking into account the enterprise's profit ratio and interest rates of 5-year government bonds. Goodwill arising from equitisation of the state-owned enterprise is amortised on a straight-line basis over 10 years starting from the date of transformation from a state-owned enterprise into a joint stock company (date of business registration certificate to transform to joint stock company).

(iii) Tools and supplies

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

(k) Goodwill

Goodwill arises on the acquisition of subsidiaries and associates. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (gain from bargain purchase), it is recognised immediately in the consolidated statement of income.

Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over 10 years. Carrying value of goodwill arising on acquisition of a subsidiary is written down to recoverable amount as management determines that it is not fully recoverable.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and is not amortised.

(l) Accounts payable to suppliers and other payables

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

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(m) Provisions

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

Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their current salary level.

Provision for severance allowance to be paid to the existing eligible employees as of 30 June 2017 has been made based on the eligible employees’ years of service, being the total employees’ years of service less the number of years for which the employees participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group, if any, and their average salary for the year prior to the end of the accounting period.

(n) Equity

(i) *Share capital and share premium*

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

(ii) *Other capital*

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

(iii) *Treasury shares*

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

(o) Taxation

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

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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 period, using tax rates enacted at the end of the 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 accounting period.

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

(p) Revenue

(i) *Sale of goods*

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

(ii) *Rental income*

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

(iii) *Provision of services*

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

(q) Financial income and financial expenses

(i) *Financial income*

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

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

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(ii) Financial expenses

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

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

(r) Operating lease payments

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

(s) Earnings per share

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

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

(t) Related parties

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

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

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

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	30/6/2017	1/1/2017
	VND	VND
Cash on hand	727,115,901	2,064,520,061
Cash in banks	90,433,066,111	111,060,401,269
Cash equivalents	3,539,783,733,333	6,801,120,000,000
	<hr/>	<hr/>
	3,630,943,915,345	6,914,244,921,330
	<hr/>	<hr/>

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

5. Investments**(a) Held-to-maturity investments – short-term**

	30/6/2017	1/1/2017
	VND	VND
Held-to-maturity investments - short-term		
▪ Term deposits at banks	555,100,000,000	1,732,948,841,175
	<hr/>	<hr/>

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

Masan Consumer Corporation and its subsidiaries**Notes to the consolidated financial statements for the six-month period ended 30 June 2017
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	30/6/2017	1/1/2017
	VND	VND
Non-trade amounts due from related parties		
▪ Dividend from an associate	5,318,434,000	-
▪ Accrual interest receivables	-	114,905,802,559
▪ Other receivables	50,380,756,626	11,546,396,400
Accrued interests receivable from deposits at banks	11,758,771,279	26,870,375,441
Short-term deposits	8,543,261,910	3,932,192,910
Others	6,490,591,470	7,209,282,429
	<hr/>	<hr/>
	82,491,815,285	164,464,049,739
	<hr/>	<hr/>

(b) Other long-term receivables

	30/6/2017	1/1/2017
	VND	VND
Accrued interests receivable from a related party	178,636,852,927	-
Long-term deposits	20,266,375,372	24,757,902,339
	<hr/>	<hr/>
	198,903,228,299	24,757,902,339
	<hr/>	<hr/>

7. Short-term loans receivable

Loans receivable from a related party

	30/6/2017	1/1/2017
	VND	VND
Short-term	-	1,663,716,876,592
Long-term	3,806,716,876,592	-
	<hr/>	<hr/>

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	30/6/2017		1/1/2017	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	27,799,533,235	-	23,020,158,807	-
Raw materials	539,344,139,184	(3,893,481,113)	350,142,495,576	(9,590,373,377)
Tools and supplies	78,155,220,072	-	71,745,888,578	-
Work in progress	72,441,945,062	-	67,061,968,283	-
Finished goods	237,469,721,116	(2,257,650,702)	212,346,462,681	(3,512,887,094)
Merchandise inventories	5,975,406,838	(332,208)	4,707,314,865	-
	<u>961,185,965,507</u>	<u>(6,151,464,023)</u>	<u>729,024,288,790</u>	<u>(13,103,260,471)</u>

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

	For the six-month period ended	
	30/6/2017 VND	30/6/2016 VND
Opening balance	13,103,260,471	16,622,900,983
Increase in allowance during the period	9,920,965,801	27,514,490,401
Allowance utilised during the period	(16,101,459,007)	(19,358,418,148)
Written back	(771,303,242)	(4,300,746,182)
Closing balance	<u>6,151,464,023</u>	<u>20,478,227,054</u>

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9. Tangible fixed assets

Cost	Buildings VND	Leasehold improvements VND	Office equipment VND	Machinery and equipment VND	Motor vehicles VND	Total VND
Opening balance	1,324,954,035,367	62,791,110,984	63,408,917,510	3,211,564,534,175	32,162,488,959	4,694,881,086,995
Additions	221,314,858	-	73,015,454	842,828,000	75,821,200	1,212,979,512
Transfer from construction in progress	57,293,182,698	-	1,473,068,000	160,815,397,496	185,000,000	219,766,648,194
Disposals	(1,527,366,870)	-	(335,304,545)	(8,781,822,987)	(3,730,082,616)	(14,374,577,018)
Written off	(2,357,977,674)	-	(2,635,915,146)	(198,619,048)	-	(5,192,511,868)
Closing balance	1,378,583,188,379	62,791,110,984	61,983,781,273	3,364,242,317,636	28,693,227,543	4,896,293,625,815
Accumulated depreciation						
Opening balance	234,785,355,878	19,484,246,535	32,794,245,843	1,258,023,912,009	17,682,965,730	1,562,770,725,995
Charge for the period	37,169,835,919	5,225,854,540	3,924,270,505	173,762,624,382	2,068,219,216	222,150,804,562
Disposals	(1,515,537,341)	-	(323,092,827)	(8,004,074,110)	(3,438,124,286)	(13,280,828,564)
Written off	(2,357,977,674)	-	(2,629,381,804)	(198,619,048)	-	(5,185,978,526)
Closing balance	268,081,676,782	24,710,101,075	33,766,041,717	1,423,583,843,233	16,313,060,660	1,766,454,723,467
Net book value						
Opening balance	1,090,168,679,489	43,306,864,449	30,614,671,667	1,953,540,622,166	14,479,523,229	3,132,110,361,000
Closing balance	1,110,501,511,597	38,081,009,909	28,217,739,556	1,940,658,474,403	12,380,166,883	3,129,838,902,348

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10. Intangible fixed assets

	Land use rights		Software		Exploitation rights		Brand name		Customer relationships		Mineral water resources		Total	
	VND		VND		VND		VND		VND		VND		VND	VND
Cost														
Opening balance	119,085,818,402		290,444,510,787		117,800,213,296		758,354,816,571		404,114,911,701		412,697,763,511		2,102,498,034,268	
Additions	-		1,069,892,667		-		-		-		-		1,069,892,667	
Written off	-		(807,270,780)		-		-		-		-		(807,270,780)	
Closing balances	119,085,818,402		290,707,132,674		117,800,213,296		758,354,816,571		404,114,911,701		412,697,763,511		2,102,760,656,155	
Accumulated amortisation														
Opening balance	26,068,492,542		63,380,703,674		7,817,687,894		318,335,873,925		344,785,103,101		29,528,450,556		789,916,311,692	
Charge for the period	1,903,335,438		17,685,270,479		3,029,272,699		33,446,434,254		4,069,420,620		10,967,334,138		71,101,067,628	
Written off	-		(765,777,015)		-		-		-		-		(765,777,015)	
Closing balance	27,971,827,980		80,300,197,138		10,846,960,593		351,782,308,179		348,854,523,721		40,495,784,694		860,251,602,305	
Net book value														
Opening balance	93,017,325,860		227,063,807,113		109,982,525,402		440,018,942,646		59,329,808,600		383,169,312,955		1,312,581,722,576	
Closing balance	91,113,990,422		210,406,935,536		106,953,252,703		406,572,508,392		55,260,387,980		372,201,978,817		1,242,509,053,850	

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For the six-month period ended	30/6/2017
	VND
Opening balance	371,351,502,339
Additions during the period	212,481,592,669
Transfer to tangible fixed assets	(219,766,648,194)
Transfer to long-term prepaid expenses	(15,446,208,471)
Closing balance	348,620,238,343

12. Long-term prepaid expenses

	Prepaid land costs VND	Tools and supplies VND	Goodwill from equitization VND	Total VND
Opening balance	85,372,636,895	79,647,109,247	28,209,340,381	193,229,086,523
Additions	-	4,344,821,599	-	4,344,821,599
Transfer from construction in progress	2,432,979,833	13,013,228,638	-	15,446,208,471
Amortisation for the period	(1,083,276,651)	(18,888,480,056)	(1,567,185,576)	(21,538,942,283)
Reclassification	(4,856,782)	4,856,782	-	-
Disposals	-	(33,221,531)	-	(33,221,531)
Translation differences	-	31,235,567	-	31,235,567
Closing balance	86,717,483,295	78,119,550,246	26,642,154,805	191,479,188,346

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For the six-month period ended	30/6/2017
	VND
Cost	
Opening balance	693,961,414,227
Closing balance	<u>693,961,414,227</u>
Accumulated amortisation	
Opening balance	269,425,155,287
Charge for the period	34,400,376,474
Closing balance	<u>303,825,531,761</u>
Net book value	
Opening balance	424,536,258,940
Closing balance	<u>390,135,882,466</u>

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

	30/6/2017		1/1/2017	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Short-term	683,333,806,666	683,333,806,666	708,987,463,602	708,987,463,602
Long-term	78,525,018,000	78,525,018,000	88,334,503,000	88,334,503,000
	<u>761,858,824,666</u>	<u>761,858,824,666</u>	<u>797,321,966,602</u>	<u>797,321,966,602</u>

15. Taxes payable to State Treasury

	30/6/2017	1/1/2017
	VND	VND
Value added tax	47,378,417,615	142,285,775,265
Corporate income tax	116,561,696,899	165,922,388,261
Personal income tax	5,482,063,091	3,257,586,774
Other taxes	2,092,113,266	1,285,214,101
	<u>171,514,290,871</u>	<u>312,750,964,401</u>

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	30/6/2017	1/1/2017
	VND	VND
Advertising and promotion expenses	433,240,686,241	572,533,158,360
Logistic expenses	113,983,589,987	92,335,239,793
Exhibition expense	14,149,933,606	19,595,353,810
Bonus and 13th month salary	55,051,307,651	88,970,497,961
Sales discounts	20,575,097,337	29,710,794,483
Market research expenses	24,678,235,548	16,534,099,796
Accrued interest expenses	3,378,066,962	5,786,985,888
Construction in progress	14,351,495,434	26,528,811,619
Purchases not yet received invoices	53,898,379,241	29,565,152,100
Others	99,786,277,927	77,143,202,534
	<hr/>	<hr/>
	833,093,069,934	958,703,296,344
	<hr/>	<hr/>

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

	30/6/2017	1/1/2017
	VND	VND
Trade union fees, social insurance, health insurance and unemployment insurance	15,388,795,840	12,599,617,645
Short-term deposits	4,450,682,955	5,108,373,944
Others	36,238,712,382	9,753,097,961
	<hr/>	<hr/>
	56,078,191,177	27,461,089,550
	<hr/>	<hr/>

(b) Other long-term payables

	30/6/2017	1/1/2017
	VND	VND
Long-term deposits	19,731,317,625	22,360,630,839
	<hr/>	<hr/>

Masan Consumer Corporation and its subsidiaries**Notes to the consolidated financial statements for the six-month period ended 30 June 2017
(continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC
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	30/6/2017		1/1/2017	
	Carrying amount VND	Amount within repayment capacity VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	2,796,818,439,057	2,796,818,439,057	2,804,302,605,157	2,804,302,605,157
Current portion of long-term borrowings	54,856,182,380	54,856,182,380	83,656,182,380	83,656,182,380
	<u>2,851,674,621,437</u>	<u>2,851,674,621,437</u>	<u>2,887,958,787,537</u>	<u>2,887,958,787,537</u>

(b) Long-term borrowings

	30/6/2017 VND	1/1/2017 VND
Long-term borrowings	178,282,592,726	293,512,359,626
Repayable within twelve months	(54,856,182,380)	(83,656,182,380)
Repayable after twelve months	<u>123,426,410,346</u>	<u>209,856,177,246</u>

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19. Changes in owners' equity

	Share capital VND	Share premium VND	Other capital VND	Treasury shares VND	Foreign exchange differences VND	Investment-development fund VND	Undistributed profit after tax VND	Non-controlling interests VND	Total VND
Balance at 1 January 2016	5,351,601,170,000	5,088,056,394,992	(265,775,657,006)	(1,640,252,631,255)	-	22,731,972,844	2,984,708,427,270	1,274,377,326,585	12,815,447,003,430
Share capital issued	30,000,000,000	-	-	-	-	-	-	-	30,000,000,000
Net profit for the period	-	-	-	-	-	-	962,560,615,361	2,357,823,520	964,918,438,881
Dividends	-	-	-	-	-	-	(2,896,096,655,200)	-	(2,896,096,655,200)
Acquisition of NCI	-	-	-	-	-	-	(147,403,906,967)	(281,011,181,520)	(428,415,088,487)
NCI at acquisition date	-	-	-	-	-	-	-	1,380,686,995	1,380,686,995
Payment for Board of Directors fees of a subsidiary	-	-	-	-	-	-	(984,173,903)	(599,578,097)	(1,583,752,000)
Balance at 30 June 2016	5,381,601,170,000	5,088,056,394,992	(265,775,657,006)	(1,640,252,631,255)	-	22,731,972,844	902,784,306,561	996,505,077,483	10,485,650,633,619

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	Share capital VND	Share premium VND	Other capital VND	Treasury shares VND	Foreign exchange differences VND	Investment-development fund VND	Undistributed profit after tax VND	Non-controlling interests VND	Total VND
Balance at 1 January 2017	5,381,601,170,000	5,088,056,394,992	(265,775,657,006)	(1,640,252,631,255)	(2,253,725,216)	22,731,972,844	2,434,650,312,379	909,680,511,323	11,928,438,348,061
Net profit for the period	-	-	-	-	-	-	618,053,499,917	8,461,251,938	626,514,751,855
Dividends	-	-	-	-	-	-	(2,340,720,526,500)	-	(2,340,720,526,500)
Foreign exchange differences	-	-	-	-	3,289,583,572	-	-	6,724	3,289,590,296
Balance at 30 June 2017	5,381,601,170,000	5,088,056,394,992	(265,775,657,006)	(1,640,252,631,255)	1,035,858,356	22,731,972,844	711,983,285,796	918,141,769,985	10,217,522,163,712

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The Company's authorised and issued share capital are:

	30/6/2017		1/1/2017	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	538,160,117	5,381,601,170,000	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	520,160,117	5,201,601,170,000	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 period were as follows:

	For the six-month period ended			
	30/6/2017		30/6/2016	
	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 period	-	-	3,000,000	30,000,000,000
Closing balance - currently in circulation	520,160,117	5,201,601,170,000	520,160,117	5,201,601,170,000

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	30/6/2017		1/1/2017	
	Original currency	Equivalent VND	Original currency	Equivalent VND
USD	258,223	5,854,005,964	616,066	13,997,015,659
THB	91,617,652	59,643,091,666	97,959,692	60,637,049,233
		<u>65,497,097,630</u>		<u>74,634,064,892</u>

22. Revenue from sales of goods and provision of services

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

Net revenue comprised:

	For the six-month period ended	
	30/6/2017 VND	30/6/2016 VND
Total revenue	5,586,471,508,131	5,907,282,346,836
Less revenue deductions		
▪ Sales discounts	45,338,417,193	72,095,613,748
▪ Sales returns	78,768,827,784	31,645,658,470
Net revenue	<u>5,462,364,263,154</u>	<u>5,803,541,074,618</u>

23. Cost of sales

	For the six-month period ended	
	30/6/2017 VND	30/6/2016 VND
Total cost of sales		
▪ Goods sold	3,029,971,808,797	3,290,558,935,904
▪ Allowance for inventories	9,149,662,559	23,213,744,219
	<u>3,039,121,471,356</u>	<u>3,313,772,680,123</u>

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	For the six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Interest income from deposits to banks	144,279,534,068	144,280,573,726
Interest income from financial activities	63,731,050,368	125,272,963,893
Foreign exchange gains	1,234,086,213	890,637,962
Realised gains from derivative financial instruments	-	2,509,420,890
	<hr/>	<hr/>
	209,244,670,649	272,953,596,471
	<hr/>	<hr/>

25. Financial expenses

	For the six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Interest expense on borrowings from banks	54,163,803,973	53,699,054,660
Foreign exchange losses	2,173,857,172	929,049,964
	<hr/>	<hr/>
	56,337,661,145	54,628,104,624
	<hr/>	<hr/>

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The calculation of basic earnings per share for the six-month period ended 30 June 2017 was based on the profit attributable to ordinary shareholders of the Company and a weighted average number of ordinary shares outstanding calculated as follows:

(i) Net profit attributable to ordinary shareholders

	For the six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Net profit attributable to ordinary shareholders	618,053,499,917	962,560,615,361

(ii) Weighted average number of ordinary shares

	For the six-month period ended	
	30/6/2017	30/6/2016
Issued ordinary shares at the beginning of the period - currently in circulation	520,160,117	517,160,117
Effect of shares issued during the period	-	148,352
Weighted average number of ordinary shares at the end of the period - currently in circulation	520,160,117	517,308,469

(iii) Basic earnings per share

	For the six-month period ended	
	30/6/2017	30/6/2016
	VND	VND
Basic earnings per share	1,188	1,861

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27. Significant transactions with related parties

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

Relationships	Nature of transactions	Transaction value		Receivables/(payables)	
		For the six-month period ended 30/6/2017	30/6/2016	30/6/2017	1/1/2017
		VND	VND	VND	VND
Parent company					
MasanConsumerHoldings Company limited	Interest income from loans	63,731,050,368	69,961,067,444	178,636,852,927	114,905,802,559
	Loan provided	3,330,405,000,000	3,131,978,712,592	3,806,716,876,592	1,663,716,876,592
	Dividends declared	2,270,686,203,000	2,799,261,836,000	-	-
	Collection of loan through net-off with dividends payable	1,187,405,000,000	1,889,261,836,000	-	-
	Dividends paid by cash	1,083,281,203,000	910,000,000,000	-	-
Other related parties					
Cholimex Food Joint Stock Company	Pre-acquired dividends received	-	5,320,434,000	-	-
	Post-acquisition dividends receivable	5,318,434,000	-	5,318,434,000	-
Masan Brewery PY One Member Company limited	Sales of merchandise inventories	9,303,950	2,217,000	-	5,644,586

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	Transaction value		Receivables/(payables)	
	For the six-month period ended		as at	
	30/6/2017	30/6/2016	30/6/2017	1/1/2017
	VND	VND	VND	VND
Relationships				
Other related parties				
Masan Brewery Distribution One Member Company limited	805,500,570	-	-	-
	986,123,320	1,164,838,772	-	-
Management support charge	22,125,100,397	14,874,957,831	54,436,287,870	31,752,716,796
Masan Brewery HG One Member Company limited	163,896,227	1,441,050	-	6,107,257
	10,000,000	-	(4,400,000)	-
Management support charge	1,318,174,519	668,722,160	4,759,564,298	3,826,927,753
Payment on behalf of land rental fee	-	-	11,546,396,400	11,546,396,400
Key management personnel				
Remuneration to key management personnel (*)	13,142,617,617	14,633,166,252	-	-

(*) No board fees were paid to Board of Directors members of the Company for the periods ended 30 June 2017 and 30 June 2016.

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28. Explanation of profit

Net Profit After Tax (“NPAT”) of the quarter 2 2017 decreased by VND129 billion compared to similar period last year, equivalent to 20% decrease. The key drivers for this movement were:

- ◆ Net revenue increased by 2% as compared to the same previous year;
- ◆ Total selling, general and administrative expense were 28% higher compared to the same previous year, due to the Group efforts to build and develop the power brands as well as to rebalance stock levels at its distributors. This will enable the Group to deliver the strong result and ensure sustainable growth;
- ◆ Net financial result decreased by 17% as compared to the quarter 2 of previous year driven by the lower finance activities.

29. Subsequent event after the balance sheet date

On 18 July 2017, the Group issued 4,972,660 ordinary shares at par value to its employees under employees stock ownership plan (“ESOP”). As the results of this event, the Group share capital and ordinary shares increased to VND 5,431,327,770,000 and 543,132,777 shares, respectively.


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

27 July 2017


Prepared by:


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Seokhee Won
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C.P. H.