



Masan Consumer Corporation and its subsidiaries

Consolidated Financial Statements for the
year ended 31 December 2016



**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 4 August 2016. The Business Registration Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City.

Board of Directors

Dr Nguyen Dang Quang	Chairman
Mr Ho Hung Anh	Member
Ms Nguyen Hoang Yen	Member
Mr Nguyen Thieu Quang	Member
Mr Seokhee Won	Member
Mr Lu Ming	Member (until 27 January 2016)
Mr David Tan Wei Ming	Member (until 27 January 2016)

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 (from 31 May 2016)

Registered Office

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

Auditor

KPMG Limited
Vietnam

Masan Consumer Corporation and its subsidiaries Statement of the Board of Management

The Board of Management of Masan Consumer Corporation (“the Company”) presents this statement and the accompanying consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 December 2016.

The Company’s Board of Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements set out on pages 5 to 62 give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with the 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 Group 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 consolidated financial statements for issue.

On behalf of the Board of Management



Seokhee Won
Chief Executive Officer

Ho Chi Minh City, 15 March 2017



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
+84-8 3821 9266 | kpmg.com.vn

INDEPENDENT AUDITOR'S REPORT

To the Shareholders Masan Consumer Corporation

We have audited the accompanying consolidated financial statements of Masan Consumer Corporation (“the Company”) and its subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheet as at 31 December 2016, the consolidated statement 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 15 March 2017, as set out on pages 5 to 62.

Management’s Responsibility

The Company’s Board of Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 Group’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 consolidated 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 consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Masan Consumer Corporation and its subsidiaries as at 31 December 2016 and of their consolidated results of operations and their consolidated 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.: 16-01-723




Chang Hung Chun
Practicing Auditor Registration
Certificate No. 0863-2013-007-1
Deputy General Director



Chong Kwang Puay
Practicing Auditor Registration
Certificate No. 0864-2013-007-1

Ho Chi Minh City, 15 March 2017

Masan Consumer Corporation and its subsidiaries
Consolidated balance sheet as at 31 December 2016

Form B 01 – DN/HN

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

	Code	Note	31/12/2016 VND	1/1/2016 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		11,519,694,860,637	4,736,863,860,399
Cash and cash equivalents	110	6	6,914,244,921,330	3,366,663,621,920
Cash	111		113,124,921,330	262,513,621,920
Cash equivalents	112		6,801,120,000,000	3,104,150,000,000
Short-term financial investments	120		1,732,948,841,175	-
Held-to-maturity investments	123	7(a)	1,732,948,841,175	-
Accounts receivable – short-term	130		2,121,205,426,935	524,172,871,757
Accounts receivable from customers	131	8	232,759,444,755	204,488,051,594
Prepayments to suppliers	132		61,482,083,206	293,268,256,650
Short-term loans receivable	135	12	1,663,716,876,592	-
Other short-term receivables	136	9(a)	164,464,049,739	27,198,707,736
Allowance for doubtful debts	137	10	(1,217,027,357)	(805,801,581)
Shortage of assets awaiting resolution	139		-	23,657,358
Inventories	140	11	715,921,028,319	790,231,721,814
Inventories	141		729,024,288,790	806,854,622,797
Allowance for inventories	149		(13,103,260,471)	(16,622,900,983)
Other current assets	150		35,374,642,878	55,795,644,908
Short-term prepaid expenses	151		19,718,137,599	12,528,673,029
Deductible value added tax	152		15,656,505,279	43,109,758,161
Taxes receivables from State Treasury	153		-	157,213,718

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

Masan Consumer Corporation and its subsidiaries
Consolidated balance sheet as at 31 December 2016 (continued)

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

	Code	Note	31/12/2016 VND	1/1/2016 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		5,858,131,385,763	12,853,782,649,222
Accounts receivable – long-term	210		24,757,902,339	7,123,035,720,424
Long-term loans receivable	215		-	6,729,614,068,000
Other long-term receivables	216	9(b)	24,757,902,339	393,421,652,424
Fixed assets	220		4,444,692,083,576	4,047,507,545,881
Tangible fixed assets	221	13	3,132,110,361,000	2,592,621,284,887
Cost	222		4,694,881,086,995	3,743,546,719,305
Accumulated depreciation	223		(1,562,770,725,995)	(1,150,925,434,418)
Intangible fixed assets	227	14	1,312,581,722,576	1,454,886,260,994
Cost	228		2,102,498,034,268	2,052,630,727,848
Accumulated amortisation	229		(789,916,311,692)	(597,744,466,854)
Long-term work in progress	240		371,351,502,339	719,382,303,260
Construction in progress	242	15	371,351,502,339	719,382,303,260
Long-term financial investments	250		249,391,858,906	254,802,292,906
Investment in an associate	252	7(b)	249,391,858,906	254,802,292,906
Other long-term assets	260		767,938,038,603	709,054,786,751
Long-term prepaid expenses	261	16	193,229,086,523	126,947,338,090
Deferred tax assets	262	17	150,172,693,140	117,078,881,599
Goodwill	269	18	424,536,258,940	465,028,567,062
TOTAL ASSETS (270 = 100 + 200)	270		17,377,826,246,400	17,590,646,509,621

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

Masan Consumer Corporation and its subsidiaries
Consolidated balance sheet as at 31 December 2016 (continued)

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

	Code	Note	31/12/2016 VND	1/1/2016 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		5,449,387,898,339	4,775,199,506,191
Current liabilities	310		4,942,371,387,944	4,149,379,994,667
Accounts payable to suppliers – short-term	311	19	708,987,463,602	888,714,668,760
Advances from customers	312		18,887,115,066	33,942,871,425
Taxes payable to State Treasury	313	20	312,750,964,401	277,975,491,700
Payables to employees	314		4,383,144,705	16,179,341,565
Accrued expenses	315	21	958,703,296,344	864,961,703,475
Other short-term payables	319	22(a)	27,461,089,550	104,479,000,714
Short-term borrowings	320	23(a)	2,887,958,787,537	1,928,631,096,153
Bonus and welfare funds	322		23,239,526,739	34,495,820,875
Long-term liabilities	330		507,016,510,395	625,819,511,524
Accounts payable to suppliers – long-term	331	19	88,334,503,000	75,845,316,000
Other long-term payables	337	22(b)	22,360,630,839	22,803,867,543
Long-term borrowings	338	23(b)	209,856,177,246	319,890,279,824
Deferred tax liabilities	341	17	177,354,781,060	205,232,109,782
Provisions – long-term	342		9,110,418,250	2,047,938,375
EQUITY (400 = 410)	400		11,928,438,348,061	12,815,447,003,430
Owners' equity	410	24	11,928,438,348,061	12,815,447,003,430
Share capital	411	25	5,381,601,170,000	5,351,601,170,000
Share premium	412	25	5,088,056,394,992	5,088,056,394,992
Other capital	414		(265,775,657,006)	(265,775,657,006)
Treasury shares	415	25	(1,640,252,631,255)	(1,640,252,631,255)
Foreign exchange differences	417		(2,253,725,216)	-
Investment and development fund	418		22,731,972,844	22,731,972,844
Undistributed profits after tax	421		2,434,650,312,379	2,984,708,427,270
Non-controlling interests	429		909,680,511,323	1,274,377,326,585
TOTAL RESOURCES (440 = 300 + 400)	440		17,377,826,246,400	17,590,646,509,621

[Signature]
Prepared by:

[Signature]
Huynh Viet Thang
Chief Accountant

15 March 2017

[Signature]
Approved by:
[Signature]
Nguyen Hoang Tung
Interim Chief Financial Officer

[Signature]
Approved by:
[Signature]
Seokhee Won
Chief Executive Officer



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

Masan Consumer Corporation and its subsidiaries
Consolidated statement of income for the year ended 31 December 2016

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

	Code	Note	2016 VND	2015 VND
Revenue from sales of goods and provision of services	01	28	13,971,502,083,035	13,395,193,258,142
Revenue deductions	02	28	181,742,640,558	183,268,214,315
Net revenue (10 = 01 - 02)	10	28	13,789,759,442,477	13,211,925,043,827
Cost of sales	11	29	7,539,940,954,915	7,264,239,572,313
Gross profit (20 = 10 - 11)	20		6,249,818,487,562	5,947,685,471,514
Financial income	21	30	486,486,717,049	1,151,095,979,529
Financial expenses	22	31	120,181,485,914	483,121,282,748
<i>In which: Interest expense</i>	23		<i>117,857,140,158</i>	<i>335,761,168,464</i>
Share of profit in an associate	24		6,648,042,500	14,377,236,580
Selling expenses	25	32	2,619,544,147,421	2,451,004,233,235
General and administration expenses	26	33	840,490,029,516	743,978,469,840
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		3,162,737,584,260	3,435,054,701,800
Other income	31		3,946,391,087	4,260,887,581
Other expenses	32		3,831,459,210	12,772,930,635
Results of other activities (40 = 31 - 32)	40		114,931,877	(8,512,043,054)
Accounting profit before tax (50 = 30 + 40)	50		3,162,852,516,137	3,426,542,658,746
Income tax expense – current	51	34	432,682,942,969	550,865,518,617
Income tax benefit – deferred	52	34	(60,942,674,227)	(25,040,545,188)
Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)	60		2,791,112,247,395	2,900,717,685,317

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

Masan Consumer Corporation and its subsidiaries

Consolidated statement of income for the year ended 31 December 2016 (continued)


Form B 02 – DN/HN

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


	Code	Note	2016 VND	2015 VND
Net profit after tax (brought forward from previous page)	60		2,791,112,247,395	2,900,717,685,317
Attributable to:				
Equity holders of the Company	61		2,679,382,871,020	2,822,340,170,298
Non-controlling interests	62		111,729,376,375	78,377,515,019
<hr/>				
Earnings per share				
Basic earnings per share	70	35	5,165	5,479
<hr/>				

15 March 2017


Prepared by:


Huynh Viet Thang
Chief Accountant

Approved by:


Nguyen Hoang Tung
Interim Chief Financial Officer


Seokhee Won
Chief Executive Officer



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

Masan Consumer Corporation and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2016
(Indirect method)

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

	Code	2016 VND	2015 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	3,162,852,516,137	3,426,542,658,746
Adjustments for			
Depreciation and amortisation	02	684,365,934,207	569,089,790,695
Allowances and provisions	03	52,262,080,735	92,508,919,639
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04	88,494,016	(6,522,336,545)
Losses on disposals of fixed assets and construction in progress	05	1,935,134,443	10,684,115,455
Interest income from investing activities	05	(480,348,042,703)	(1,137,715,591,754)
Loss on disposal of an associate	05	-	1,800,000,000
Share of profit in an associate	05	(6,648,042,500)	(14,377,236,580)
Interest expense	06	117,857,140,158	335,761,168,464
Operating profit before changes in working capital	08	3,532,365,214,493	3,277,771,488,120
Change in receivables and other current assets	09	42,648,772,998	(27,888,375,712)
Change in inventories	10	34,018,360,660	63,301,972,816
Change in payables and other liabilities	11	(108,318,131,689)	475,841,759,438
Change in prepaid expenses	12	25,963,823,781	20,190,850,653
		3,526,678,040,243	3,809,217,695,315
Interest paid	14	(115,044,203,443)	(203,807,081,700)
Corporate income tax paid	15	(431,051,744,862)	(1,122,692,332,265)
Other payments for operating activities	17	(12,840,046,137)	(6,429,605,721)
Net cash flows from operating activities	20	2,967,742,045,801	2,476,288,675,629

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

Masan Consumer Corporation and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2016
(Indirect method – continued)

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

	Code	2016 VND	2015 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(634,843,683,452)	(1,154,673,055,924)
Proceeds from disposals of fixed assets and construction in progress	22	3,863,456,185	2,542,787,564
Loans provided	23	(3,559,078,712,592)	(8,285,000,000,000)
Collections of loans	24	6,735,714,068,000	11,175,158,802,265
Placement of term deposits to banks	23	(41,036,269,841,175)	(34,267,508,726,883)
Withdrawal of term deposits from banks	24	39,303,321,000,000	38,129,156,940,966
Payments for investments in an associate and acquisition of non-controlling interests in subsidiaries	25	(773,433,922,965)	(354,108,064,193)
Acquisition of a subsidiary, net of cash acquired (Note 5(a))	25	(11,555,624,763)	(236,743,058,482)
Proceeds from disposals of interests in a subsidiary and an associate and pre-acquisition dividends received from an associate	26	5,410,434,000	501,800,000,000
Receipts of interest and dividends	27	724,885,024,521	840,336,503,800
Net cash flows from investing activities	30	758,012,197,759	6,350,962,129,113
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share capital issued	31	30,000,000,000	38,337,950,000
Proceeds from capital contribution in a subsidiary by non-controlling interest	31	134,010	1,475,060,000
Proceeds from borrowings from banks	33	8,481,450,471,251	11,603,228,942,899
Payments to settle loan principals to banks	34	(7,682,156,882,445)	(17,625,477,362,486)
Payments of dividends	36	(1,005,198,769,200)	(3,080,229,986,000)
Net cash flows from financing activities	40	(175,905,046,384)	(9,062,665,395,587)
Net cash flows during the year (50 = 20 + 30 + 40)	50	3,549,849,197,176	(235,414,590,845)
Cash and cash equivalents at the beginning of the year	60	3,366,663,621,920	3,595,756,092,576
Effect of exchange rate fluctuations on cash and cash equivalents	61	(14,167,886)	6,322,120,189
Currency translation differences	61	(2,253,729,880)	-
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 6)	70	6,914,244,921,330	3,366,663,621,920

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

Masan Consumer Corporation and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2016
(Indirect method – continued)

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

NON-CASH INVESTING AND FINANCING ACTIVITIES


	2016	2015
	VND	VND
Net-off dividend payable with loans receivable from the parent company	1,889,261,836,000	-


15 March 2017


Prepared by:


Huynh Viet Thang
Chief Accountant

Approved by:


Nguyen Hoang Tung
Interim Chief Financial Officer


Seokhee Won
Chief Executive Officer



Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016

Form B 09 – 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 year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in an associate.

(b) Principal activities

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

(c) Normal operating cycle

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

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

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

(d) Group structure

As at 31 December 2016, the Group has 4 directly owned subsidiaries, 13 indirectly owned subsidiaries and 1 associate (1/1/2016: 3 directly owned subsidiaries, 11 indirectly owned subsidiaries and 1 associate). Information of the subsidiaries and an associate are described as follows:

Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
			31/12/2016	1/1/2016	31/12/2016	1/1/2016
Directly owned subsidiaries						
Masan Food Company Limited	Trading and distribution	12 th Floor, Kumho Asiana Plaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.	100%	100%	100%	100%
Masan Beverage Company Limited	Trading and distribution	12 th Floor, Kumho Asiana Plaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.	100%	100%	100%	100%
Masan ĐN One Member Company Limited	(i) Seasonings, convenience food manufacturing and packaging	Street No. 7, Hoa Khanh Industrial Park, Hoa Khanh Bac Ward, Lien Chieu District, Da Nang City, Vietnam.	100%	100%	100%	100%
Masan Consumer (Thailand) Limited	(vii) Trading and distribution	4th Floor, 83 Amnuay Songkhram Road, Tanon Nakornchaisri Sub-District, Dusit District, Bangkok, Thailand	99.99%	-	99.99%	-
Indirectly owned subsidiaries						
Masan Industrial One Member Company Limited	(ii) 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 Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

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

Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
			31/12/2016	1/1/2016	31/12/2016	1/1/2016
Viet Tien Food Technology One Member Company Limited	(ii) 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	(ii) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam.	99.99%	94.50%	99.99%	94.50%
Masan HD One Member Company Limited	(ii) Convenience food manufacturing	Lot 22, Dai An Industrial Park, Tu Minh Ward, Hai Duong City, Hai Duong Province, Vietnam.	100%	100%	100%	100%
Masan MB One Member Company Limited	(ii) Seasonings, convenience food manufacturing and packaging	Area B, Nam Cam Industrial Park – Dong Nam Nghe An Economic Zone, Nghi Loc District, Nghe An Province, Vietnam.	100%	100%	100%	100%
Masan HG One Member Company Limited	(ii) Seasonings, convenience food manufacturing and packaging	Song Hau Industrial Park, Dong Phu Ward, Chau Thanh District, Hau Giang Province, Vietnam.	100%	100%	100%	100%
Saigon Nutri Food Joint Stock Company	(ii) 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%
Nam Ngu Phu Quoc One Member Company Limited	(ii), (vi) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam.	100%	-	100%	-

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

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

Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
			31/12/2016	1/1/2016	31/12/2016	1/1/2016
VinaCafé Bien Hoa Joint Stock Company	(iii) Beverage manufacturing and trading	Bien Hoa Industrial Park I, Bien Hoa City, Dong Nai Province, Vietnam.	68.46%	53.20%	68.46%	53.20%
Vinh Hao Mineral Water Corporation	(iii) Beverage manufacturing and trading and packaging	Vinh Son Hamlet, Vinh Hao Commune, Tuy Phong District, Binh Thuan Province, Vietnam.	88.56%	63.95%	88.56%	63.95%
KronFa., JSC	(iv) Beverage manufacturing	Km 37, Highway 27, Tan Son Town, Ninh Son District, Ninh Thuan Province, Vietnam.	88.55%	63.94%	99.99%	99.99%
Quang Ninh Mineral Water Corporation	(iii) Beverage manufacturing and trading	Group 3A, Area 4, Suoi Mo, Bai Chay Ward, Ha Long City, Quang Ninh Province, Vietnam.	65.68%	65%	65.68%	65%
CDN Production Trading Corporation	(v) Beverage manufacturing and trading	10 Hung Gia 2, Tan Phong Ward, District 7, Ho Chi Minh City, Vietnam.	58.19%	-	85%	-
An associate						
Cholimex Food Joint Stock Company	(ii) Seasonings manufacturing and trading	Lot C40 – 43/I, Street No. 7, Vinh Loc Industrial Park, Binh Chanh District, Ho Chi Minh City, Vietnam.	32.8%	32.8%	32.8%	32.8%

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

- (i) Masan DN One Member Company Limited (“MDN”) was established on 12 September 2014 under the Business Registration Certificate No. 0401622417 issued by the Department of Planning and Investment of Da Nang City. The Board of Management Resolution No.7/2016/NQ-HDQT-MSB on 28 March 2016 resolved and approved to liquidate MDN. As at the date of issuance of these consolidated financial statements, the liquidation process of MDN is still in progress.
- (ii) These subsidiaries and an associate are indirectly owned by the Company through Masan Food Company Limited (“MSF”).
- (iii) These subsidiaries are indirectly owned by the Company through Masan Beverage Company Limited (“MSB”).
- (iv) KronFa., JSC is indirectly owned by the Company through Vinh Hao Mineral Water Corporation.
- (v) CDN Production Trading Corporation (“CDN”) was acquired by VinaCafé Bien Hoa Joint Stock Company (“VCF”), a subsidiary indirectly owned by the Company through MSB, in May 2016 for a cash consideration of VND35,000 million excluding transactions costs (Note 5(a)). As a result of this transaction, CDN became a subsidiary indirectly owned by the Company through VCF.
- (vi) Nam Ngu Phu Quoc One Member Company Limited (“NPQ”) was established on 21 June 2016 under the Business Registration Certificate No. 1702051991 issued by the Department of Planning and Investment of Kien Giang Province. NPQ is indirectly owned by the Company through MSF. As at 31 December 2016, NPQ has not commenced operations and is still under construction.
- (vii) In July 2016, the Company established a new subsidiary – Masan Consumer (Thailand) Limited (“MTH”) to enter into the Inland ASEAN market under the Certificate of Registration of Partner and Company No. 0105559105553 issued by the Department of Business Development, Thailand.

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

As at 31 December 2016, the Group had 4,625 employees (1/1/2016: 4,822 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.

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

(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 2016 were brought forward from the audited figures as at 31 December 2015.

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.

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

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

(vi) Business combinations under common control

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

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

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

(vii) Business combinations under non-common control

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

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

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

The Group applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

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

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

(ii) Depreciation

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

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

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

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

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

(ii) Software

Cost of acquiring 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.

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

(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.

(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).

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

(iii) Tools and supplies

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

(k) Goodwill

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

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

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

(l) Accounts payable to suppliers and other payables

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

(m) Provisions

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

Severance allowance

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

Provision for severance allowance to be paid to the existing eligible employees as of 31 December 2016 has been made based on the eligible employees' years of service, being the total employees' years of service less the number of years for which the employees participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group, if any, and their average salary for the year prior to the end of the annual accounting period.

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

(n) Derivative financial instruments

The Group holds derivative financial instruments to hedge its exposures to the risk of raw material price fluctuation. Derivative financial instruments are recorded in the consolidated balance sheet at cost on the date when a derivative contract is entered into. Realised gains or losses from derivatives are recognised as financial income or financial expenses in the consolidated statement of income.

(o) 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.

(p) Taxation

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

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

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

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

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

(q) 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.

(r) Financial income and financial expenses

(i) Financial income

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

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

(ii) Financial expenses

Financial expenses mainly comprise interest expenses on borrowings from banks and associated costs, foreign exchange losses and realised losses from derivative financial instruments.

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.

(s) 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.

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

(t) Earnings per share

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

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

(u) Segment reporting

A segment is distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segment. The Group’s primary format for segment reporting is based on business segments.

Segment results, assets and liabilities include items attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise cash and cash equivalents and related income, investments and related income, loans and borrowings and related expenses, the Company’s headquarter’s corporate assets, general and administrative expenses, income tax assets and liabilities and expenses, and items that are attributable to more than one segment and cannot reasonably be allocated to a segment.

(v) 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.

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

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

4. Segment reporting

(a) Business segments

The Group classified its business segments into four main business segments which are seasonings, convenience food, beverage and others. Others segment includes warehouse rental and others.

For the year ended 31 December 2016

	Seasonings VND	Convenience food (*) VND	Beverage (*) VND	Others VND	Consolidated VND
Total segment revenue – net	5,929,762,801,607	3,684,213,605,945	4,159,968,086,897	15,814,948,028	13,789,759,442,477
Segment gross profit	3,227,439,094,975	1,396,930,220,837	1,620,108,969,229	5,340,202,521	6,249,818,487,562
Segment results	2,303,210,024,677	585,704,199,827	340,759,488,342	5,340,202,521	3,235,013,915,367
Unallocated general and administration expenses					(438,581,562,242)
Financial income					486,486,717,049
Financial expenses					(120,181,485,914)
Net operating profit					3,162,737,584,260
Other income					3,946,391,087
Other expenses					(3,831,459,210)
Income tax expense					(371,740,268,742)
Net profit after tax					2,791,112,247,395

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

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

	For the year ended 31 December 2015				
	Seasonings	Convenience food (*)	Beverage (*)	Others	Consolidated
	VND	VND	VND	VND	VND
Total segment revenue - net	5,646,133,836,572	4,141,969,337,151	3,388,624,227,274	35,197,642,830	13,211,925,043,827
Segment gross profit	3,201,552,578,979	1,517,188,122,868	1,222,885,288,905	6,059,480,762	5,947,685,471,514
Segment results	2,399,143,141,280	650,685,998,053	101,487,979,916	6,059,480,762	3,157,376,600,011
Unallocated general and administration expenses					(390,296,594,992)
Financial income					1,151,095,979,529
Financial expenses					(483,121,282,748)
Net operating profit					3,435,054,701,800
Other income					4,260,887,581
Other expenses					(12,772,930,635)
Income tax expense					(525,824,973,429)
Net profit after tax					2,900,717,685,317

Segment results represent segment net revenue less segment cost of sales, directly attributable selling expenses and general and administration expenses, and indirectly attributable selling expenses and general and administration expenses which can be allocated on a reasonable basis.

Unallocated expenses represent general and administration expenses which the Company's Board of Management assesses cannot be allocated to each segment on a reasonable basis. These expenses are incurred at the corporate level.

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

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

(*) The segment results of the Convenience food and Beverage segments included amortisation of goodwill amounting to VND67,668 million (2015: VND65,837 million), amortisation of fair values of intangible fixed assets arisen in business combinations amounting to VND150,125 million (2015: VND138,103 million) and depreciation of fair values uplift of tangible fixed assets arisen in business combinations amounting to VND24,705 million (2015: VND25,389 million) during the year.

As at 31 December 2016	Seasonings VND	Convenience food VND	Beverage VND	Consolidated VND
Segment assets	1,875,082,609,128	1,356,020,120,800	2,783,135,920,430	6,014,238,650,358
Unallocated assets				11,363,587,596,042
Total assets				17,377,826,246,400
Segment liabilities	181,934,564,179	170,732,625,606	702,777,024,481	1,055,444,214,266
Unallocated liabilities				4,393,943,684,073
Total liabilities				5,449,387,898,339
For the year ended 31 December 2016				
Capital expenditure	318,695,966,674	53,310,673,834	128,398,417,563	500,405,058,071
Unallocated capital expenditure	-	-	-	220,675,756,456
Depreciation of tangible fixed assets	178,152,639,224	108,019,559,648	123,621,072,455	409,793,271,327
Unallocated depreciation of tangible fixed assets	-	-	-	14,039,906,819
Amortisation of intangible fixed assets, goodwill and long-term prepaid expenses	5,510,165,970	21,399,760,419	226,167,066,610	253,076,992,999
Unallocated amortisation of intangible fixed assets and long-term prepaid expenses	-	-	-	48,754,062,252

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

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

As at 1 January 2016	Seasonings VND	Convenience food VND	Beverage VND	Consolidated VND
Segment assets	1,462,565,696,956	1,200,498,321,968	3,172,238,930,632	5,835,302,949,556
Unallocated assets				11,755,343,560,065
Total assets				17,590,646,509,621
Segment liabilities	113,543,169,908	119,183,003,852	756,352,583,636	989,078,757,396
Unallocated liabilities				3,786,120,748,795
Total liabilities				4,775,199,506,191
For year ended 31 December 2015				
Capital expenditure	231,545,268,110	106,494,269,165	203,976,613,164	542,016,150,439
Unallocated capital expenditure	-	-	-	503,988,090,772
Depreciation of tangible fixed assets	128,422,294,311	101,239,389,606	104,499,546,195	334,161,230,112
Unallocated depreciation of tangible fixed assets	-	-	-	6,674,329,048
Amortisation of intangible fixed assets, goodwill and long-term prepaid expenses	5,835,212,577	17,539,338,203	202,439,507,417	225,814,058,197
Unallocated amortisation of intangible fixed assets and long-term prepaid expenses	-	-	-	183,799,207,018



Masan Consumer Corporation and its subsidiaries**Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)****Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

Details of unallocated assets and unallocated liabilities are as follows:

	31/12/2016	1/1/2016
	VND	VND
Cash and cash equivalents	6,914,244,921,330	3,366,663,621,920
Held-to-maturity investments – short-term	1,732,948,841,175	-
Accounts receivable – short-term – net	2,029,920,765,380	316,474,528,749
Inventories	103,734,755,658	87,861,390,774
Other current assets	11,967,257,413	49,745,232,734
Accounts receivable – long-term	24,757,902,339	7,123,035,720,424
Fixed assets	278,110,907,616	286,532,885,308
Construction in progress	22,495,594,849	378,283,553,087
Other long-term assets	245,406,650,282	146,746,627,069
Unallocated assets	11,363,587,596,042	11,755,343,560,065
Accounts payable to suppliers – short-term	155,692,783,011	526,112,327,209
Advances from customers	9,862,385,864	18,283,250,322
Taxes payable to State Treasury	266,538,737,389	239,418,537,782
Payables to employees	14,847,747	8,615,000
Accrued expenses	664,106,554,350	530,660,379,908
Other short-term payables	20,934,183,491	14,874,943,144
Short-term borrowings	2,887,958,787,537	1,928,631,096,153
Other long-term payables	1,624,446,378	3,009,209,671
Long-term borrowings	209,856,177,246	319,890,279,824
Deferred tax liabilities	177,354,781,060	205,232,109,782
Unallocated liabilities	4,393,943,684,073	3,786,120,748,795

(b) Geographical segments

The Group operates in Vietnam and Thailand. The Thailand business is currently immaterial to the Group.

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

5. Business combination and transactions with non-controlling interests

(a) Acquisition of CDN Production Trading Corporation – non-common control transaction

In May 2016, VinaCafé Bien Hoa Joint Stock Company (“VCF”), a subsidiary of the Company, acquired 85% equity interest in CDN Production Trading Corporation (“CDN”) for a total consideration of VND35,000 million excluding transactions costs. Such acquisition resulted in the Company having 58.19% effective economic interest in CDN as at 31 December 2016.

The acquisition had the following effect on the Group’s assets and liabilities at acquisition date:

	Pre-acquisition carrying amounts VND	Fair value adjustments VND	Recognised value on acquisition VND
Cash and cash equivalents	23,444,375,237	-	23,444,375,237
Accounts receivable from customers	361,699,396	-	361,699,396
Prepayment to suppliers	20,893,841,858	-	20,893,841,858
Other short-term receivables	394,448,888	-	394,448,888
Inventories	4,437,565,909	-	4,437,565,909
Short-term prepaid expenses	1,573,379,697	-	1,573,379,697
Deductible value added tax	1,614,397,960	-	1,614,397,960
Tangible fixed assets	8,023,114,445	-	8,023,114,445
Construction in progress	512,819,546	-	512,819,546
Long-term prepaid expenses	1,203,165,220	-	1,203,165,220
Deferred tax assets	28,466,036	-	28,466,036
Accounts payable to suppliers – short-term	(575,538,404)	-	(575,538,404)
Taxes payable to State Treasury	(111,135,384)	-	(111,135,384)
Payables to employees	(412,231,529)	-	(412,231,529)
Accrued expenses	(1,567,029,008)	-	(1,567,029,008)
Other short-term payables	(616,759,903)	-	(616,759,903)
Short-term borrowings	(50,000,000,000)	-	(50,000,000,000)
Total net identifiable assets acquired	9,204,579,964	-	9,204,579,964
Share of net assets acquired			7,823,892,969
Goodwill on acquisition (Note 18)			27,176,107,031
Consideration paid			35,000,000,000
Cash acquired			(23,444,375,237)
Net cash outflow			11,555,624,763

Goodwill recognised on the acquisition is attributable mainly to the synergies expected to be achieved from integrating the acquired company into the Group’s existing business.

During the period from the acquisition date to 31 December 2016, net revenue and net loss of the acquired business are VND16,854 million and VND20,809 million, respectively.

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

(b) Acquisition of additional equity interests in Vinh Hao Mineral Water Corporation

The Company's equity interest in Vinh Hao Mineral Water Corporation ("VHC") increased from 63.95% to 88.56% as a result of the acquisition of further 24.61% equity interest of VHC as follows:

- On 6 January 2016, Masan Beverage Company Limited ("MSB"), a subsidiary of the Company, acquired further 2,657,641 shares of VHC, for a total consideration of VND113,922 million.
- On 28 April 2016, MSB acquired further 566,288 shares of VHC, for a total consideration of VND23,275 million.

The acquisitions have the following effects:

	VND
Cost of acquisition - in cash	137,196,800,523
Proportionate carrying amount of net assets acquired	(135,083,880,318)
	2,112,920,205
Differences recorded in undistributed profits after tax (Note 24)	2,112,920,205

(c) Acquisition of additional equity interests in VCF

The Company's equity interest in VCF increased from 53.20% to 68.46% as a result of the acquisition of further 15.26% equity interest of VCF as follows:

- On 24 February 2016, MSB acquired further 1,850,000 shares of VCF, for a total consideration of VND290,595 million.
- On 9 December 2016, MSB acquired further 2,204,863 shares of VCF, for a total consideration of VND375,189 million.

The acquisitions has the following effects:

	VND
Cost of acquisition - in cash	665,784,583,648
Proportionate carrying amount of net assets acquired	(336,782,515,012)
	329,002,068,636
Difference recorded in undistributed profits after tax (Note 24)	329,002,068,636

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

(d) Acquisition of additional equity interests in Quang Ninh Mineral Water Corporation

On 28 April 2016, MSB acquired further 54,100 shares of Quang Ninh Mineral Water Corporation (“QNW”), for a total consideration of VND623 million. As a result, the Company’s equity interest in QNW increased from 65.00% to 65.68%.

The acquisition has the following effects:

	VND
Cost of acquisition - in cash	622,862,317
Proportionate carrying amount of net assets acquired	(1,370,694,835)
	(747,832,518)
	(747,832,518)

(e) Transactions with non-controlling interests in Ma San PQ Corporation

On 6 October 2016, Masan Food Company Limited (“MSF”), a subsidiary of the Company, had the following transactions:

- Acquire further 385,000 shares of Ma San PQ Corporation (“MPQ”), for a total consideration of VND5,964 million.
- Dispose 20 shares of MPQ to non-controlling interests (“NCI”) for a consideration of VND309,000.

As a result of the above transactions, the Company’s equity interest in MPQ increased from 94.50% to 99.99%.

The acquisition has the following effects:

	VND
Cost of acquisition - in cash	5,963,650,000
Proportionate carrying amount of net assets acquired	(3,953,498,116)
	2,010,151,884
	2,010,151,884

The disposal to non-controlling interests have the following effects:

	VND
Consideration received – in cash	309,800
Proportionate carrying amount of net assets disposed	(205,380)
	104,420
	104,420

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

6. Cash and cash equivalents

	31/12/2016	1/1/2016
	VND	VND
Cash on hand	2,064,520,061	6,714,138,115
Cash in banks	111,060,401,269	255,799,483,805
Cash equivalents	6,801,120,000,000	3,104,150,000,000
	6,914,244,921,330	3,366,663,621,920
Cash and cash equivalents in the consolidated statement of cash flows	6,914,244,921,330	3,366,663,621,920

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

7. Investments

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

	31/12/2016	1/1/2016
	VND	VND
Held-to-maturity investments – short-term		
▪ Term deposits at banks	1,732,948,841,175	-
	1,732,948,841,175	-

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 year ended 31 December 2016 (continued)

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

(b) Investment in an associate

	31/12/2016		1/1/2016	
	Number of shares	% of equity owned and % of voting rights	Number of shares	% of equity owned and % of voting rights
Investments in an associate:				
▪ Cholimex Food Joint Stock Company	2,659,217	32.8%	2,660,217	32.8%
				Carrying value under equity method VND
				254,802,292,906

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

During the year, the Group does not have any significant transactions with Cholimex Food Joint Stock Company ("CLX"). Please see Note 1(d) for principal activities of CLX.

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

	Cholimex Food Joint Stock Company VND
Carrying amount of investment in an associate at the beginning of the year	254,802,292,906
Share of post-acquisition profit in an associate during the year	6,648,042,500
Pre-acquisition dividends received from an associate	(5,410,434,000)
Post-acquisition dividends received from an associate	(6,648,042,500)
Carrying amount of investment in an associate at the end of the year	249,391,858,906

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

8. Accounts receivable from customers

Accounts receivable from customers who are related parties:

	31/12/2016	1/1/2016
	VND	VND
Other related parties		
▪ Masan Brewery PY One Member Company Limited	5,644,586	218,586,661
▪ Masan Brewery Distribution One Member Company Limited	31,752,716,796	16,639,970,914
▪ Masan Brewery HG One Member Company Limited	3,833,035,010	6,957,627,234
	164,464,049,739	27,198,707,736

The trade related amounts due from other related parties were unsecured, interest free and are due within 30 – 180 days from invoice date.

9. Other receivables

(a) Other short-term receivables

	31/12/2016	1/1/2016
	VND	VND
Non-trade amounts due from related parties		
▪ Accrued interest receivables (*)	114,905,802,559	-
▪ Other receivables (**)	11,546,396,400	-
Accrued interests receivable from deposits at banks	26,870,375,441	6,134,424,327
Short-term deposits	3,932,192,910	15,378,332,182
Others	7,209,282,429	5,685,951,227
	164,464,049,739	27,198,707,736

(*) These represented interest income receivable from loans provided to a related party. Please see Notes 12 and 36 for further information.

(**) Other receivables from related parties were unsecured, interest free and are receivable on demand.

(b) Other long-term receivables

	31/12/2016	1/1/2016
	VND	VND
Accrued interests receivable	-	373,495,304,103
Long-term deposits	24,757,902,339	19,926,348,321
	24,757,902,339	393,421,652,424

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

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

10. Allowance for doubtful debts

Overdue days	31/12/2016		1/1/2016		Recoverable amount VND
	Cost VND	Allowance VND	Cost VND	Allowance VND	
0 – 30 days	43,712,307,539	-	53,855,360,311	-	53,855,360,311
31 – 180 days	562,712,024	-	1,274,690,676	-	1,274,690,676
181 – 365 days	119,942,347	(4,553,821)	112,706,563	(33,811,969)	78,894,594
Over 365 days	1,283,068,350	(1,212,473,536)	1,469,678,246	(771,989,612)	697,688,634
	45,678,030,260	(1,217,027,357)	56,712,435,796	(805,801,581)	55,906,634,215
Allowance for doubtful debts		(1,217,027,357)		(805,801,581)	
Movements in the allowance for doubtful debts during the year were as follows:					
Opening balance				2016 VND	2015 VND
Increase in allowance during the year				805,801,581	2,063,747,655
Allowance utilised during the year				611,371,481	209,584,106
Written back				(58,476,340)	(598,710,895)
				(141,669,365)	(868,819,285)
Closing balance				1,217,027,357	805,801,581

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

11. Inventories

	31/12/2016		1/1/2016	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	23,020,158,807	-	52,076,694,647	-
Raw materials	350,142,495,576	(9,590,373,377)	460,875,351,554	(10,283,181,128)
Tools and supplies	71,745,888,578	-	66,744,430,628	-
Work in progress	67,061,968,283	-	54,162,719,531	-
Finished goods	212,346,462,681	(3,512,887,094)	169,571,819,977	(5,906,339,559)
Merchandise inventories	4,707,314,865	-	3,423,606,460	(433,380,296)
	<u>729,024,288,790</u>	<u>(13,103,260,471)</u>	<u>806,854,622,797</u>	<u>(16,622,900,983)</u>

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

	2016 VND	2015 VND
Opening balance	16,622,900,983	22,318,186,169
Increase in allowance during the year	49,109,986,107	94,986,484,380
Allowance utilised during the year	(48,249,539,256)	(99,504,636,005)
Written back	(4,380,087,363)	(1,177,133,561)
Closing balance	<u>13,103,260,471</u>	<u>16,622,900,983</u>

Included in inventories of the Group as at 31 December 2016 was VND13,103 million (1/1/2016: VND16,623 million) of slow-moving inventories.

12. Short-term loans receivable

	31/12/2016 VND	1/1/2016 VND
Loans receivable from the parent company	<u>1,663,716,876,592</u>	-

The loans receivable from the parent company were unsecured and earned interest rate at 6% rate per annum during the year. These loans mature after 12 months from the drawdown date. Interests are receivable on the maturity date of loan agreements.

Masan Consumer Corporation and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

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

13. Tangible fixed assets

Cost	Buildings VND	Leasehold improvements VND	Office equipment VND	Machinery and equipment VND	Motor vehicles VND	Total VND
Opening balance	1,024,775,104,570	10,622,457,648	54,463,116,431	2,621,959,990,570	31,726,050,086	3,743,546,719,305
Acquisition of a subsidiary	-	-	66,966,491	7,431,656,488	524,491,466	8,023,114,445
Additions during the year	103,114,200	-	153,933,036	1,647,581,616	725,712,000	2,630,340,852
Transfer from construction in progress	303,630,532,968	52,168,653,336	10,126,708,718	586,361,433,015	88,714,693	952,376,042,730
Transfer from/(transfer to) long-term prepaid expenses	(1,624,302,165)	-	-	3,132,848,600	-	1,508,546,435
Disposals	(1,930,414,206)	-	(1,401,807,166)	(8,370,427,853)	(902,479,286)	(12,605,128,511)
Written off	-	-	-	(598,548,261)	-	(598,548,261)
Closing 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
Accumulated depreciation						
Opening balance	169,394,043,997	9,215,700,908	26,115,841,837	931,850,243,550	14,349,604,126	1,150,925,434,418
Charge for the year	66,996,045,822	10,268,545,627	8,055,093,576	334,417,078,351	4,096,414,770	423,833,178,146
Disposals	(1,604,733,941)	-	(1,376,689,570)	(7,644,861,631)	(763,053,166)	(11,389,338,308)
Written off	-	-	-	(598,548,261)	-	(598,548,261)
Closing 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
Net book value						
Opening balance	855,381,060,573	1,406,756,740	28,347,274,594	1,690,109,747,020	17,376,445,960	2,592,621,284,887
Closing 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

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

Included in the cost of tangible fixed assets of the Group were assets costing VND303,992 million, which were fully depreciated as of 31 December 2016 (1/1/2016: VND147,224 million), but which are still in active use.

As at 31 December 2016 and 1 January 2016, certain of the Group's tangible fixed assets were pledged with banks as security for loans granted to the Group and the parent company.

There are no tangible fixed assets that were retired from active use and held for disposal as of 31 December 2016 (1/1/2016: VND2,555 million).

The carrying amount of the Group's temporarily idle equipment in tangible fixed assets amounted to VND11,261 million as of 31 December 2016 (1/1/2016: VND64,989 million).

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year 31 December 2016 (continued)

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

14. Intangible fixed assets

	Land use rights VND	Software VND	Exploitation rights VND	Brand name VND	Customer relationships VND	Mineral water resources VND	Total VND
Cost							
Opening balance	123,577,684,764	266,353,638,873	88,408,197,667	757,478,531,332	404,114,911,701	412,697,763,511	2,052,630,727,848
Additions during the year	-	-	27,597,137,629	-	-	-	27,597,137,629
Transfer from construction in progress	-	24,090,871,914	1,794,878,000	876,285,239	-	-	26,762,035,153
Transfer to long-term prepaid expenses	(4,491,866,362)	-	-	-	-	-	(4,491,866,362)
Closing 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
Accumulated amortisation							
Opening balance	22,787,494,728	30,082,466,090	2,594,792,443	251,480,915,252	283,205,016,061	7,593,782,280	597,744,466,854
Charge for the year	3,973,493,884	33,298,237,584	5,222,895,451	66,854,958,673	61,580,087,040	21,934,668,276	192,864,340,908
Transfer to long-term prepaid expenses	(692,496,070)	-	-	-	-	-	(692,496,070)
Closing 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
Net book value							
Opening balance	100,790,190,036	236,271,172,783	85,813,405,224	505,997,616,080	120,909,895,640	405,103,981,231	1,454,886,260,994
Closing 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

Included in the cost of intangible fixed assets of the Group were assets costing VND30,767 million, which were fully amortised as of 31 December 2016 (1/1/2016: VND9,894 million), but which are still in active use.

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

15. Construction in progress

	2016 VND
Opening balance	719,382,303,260
Acquisition of a subsidiary	512,819,546
Additions during the year	688,531,869,266
Transfer to tangible fixed assets	(952,376,042,730)
Transfer to intangible fixed assets	(26,762,035,153)
Transfer to long-term prepaid expenses	(53,354,611,425)
Disposals	(4,582,800,425)
	371,351,502,339
Closing balance	371,351,502,339

Major constructions in progress were as follows:

	31/12/2016 VND	1/1/2016 VND
Buildings	188,404,304,707	151,875,818,946
Leasehold improvements	-	55,268,590,055
Machinery and equipment	181,049,669,637	481,713,466,070
Software	197,379,408	3,542,760,093
Others	1,700,148,587	26,981,668,096
	371,351,502,339	719,382,303,260
	371,351,502,339	719,382,303,260

As at 31 December 2016 and 1 January 2016, certain construction in progress of the Group was pledged with banks as security for loans granted to the Group and the parent company.

During the year, borrowing costs capitalised into construction in progress of the Group amounted to VND7,251 million (2015: VND69,641 million).

Masan Consumer Corporation and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

Form B 09 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC

dated 22 December 2014 of the Ministry of Finance)

16. Long-term prepaid expenses

	Prepaid land costs VND	Goodwill from equitisation VND	Tools and supplies VND	Total VND
Opening balance	45,566,425,643	31,343,711,533	50,037,200,914	126,947,338,090
Acquisition of a subsidiary	-	-	1,203,165,220	1,203,165,220
Additions during the year	42,064,673,420	-	8,491,583,924	50,556,257,344
Transfer from construction in progress	-	-	53,354,611,425	53,354,611,425
Transfer from intangible fixed assets	-	-	3,799,370,292	3,799,370,292
Transfer from short-term prepaid expenses	-	-	177,109,882	177,109,882
Net transfer to tangible fixed assets	-	-	(1,508,546,435)	(1,508,546,435)
Amortisation for the year	(2,258,462,168)	(3,134,371,152)	(35,905,465,870)	(41,298,299,190)
Disposals	-	-	(1,920,105)	(1,920,105)
Closing balance	85,372,636,895	28,209,340,381	79,647,109,247	193,229,086,523

As at 31 December 2016, there was no prepaid land costs (1/1/2016: VND15,709 million) of the Group were pledged with banks as security for loans granted to the Group.

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

17. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

	31/12/2016		1/1/2016	
	Deferred tax assets VND	Deferred tax liabilities VND	Deferred tax assets VND	Deferred tax liabilities VND
Accrued advertising and promotion expenses	105,248,849,406	-	79,681,805,106	-
Accrued logistic expenses	17,374,503,772	-	8,313,593,022	-
Accrued sales discounts	5,161,030,851	-	6,899,887,301	-
Other accruals	18,846,737,999	-	18,713,216,710	-
Unrealised profits	3,541,571,112	-	3,470,379,460	-
Tangible fixed assets	-	(5,546,199,648)	-	(8,947,644,157)
Intangible fixed assets	-	(171,808,581,412)	-	(196,284,465,625)
	150,172,693,140	(177,354,781,060)	117,078,881,599	(205,232,109,782)

18. Goodwill

	2016 VND
Cost	
Opening balance	666,785,307,196
Additions during the year	27,176,107,031
Closing balance	693,961,414,227
Accumulated amortisation	
Opening balance	201,756,740,134
Charge for the year	67,668,415,153
Closing balance	269,425,155,287
Net book value	
Opening balance	465,028,567,062
Closing balance	424,536,258,940

Masan Consumer Corporation and its subsidiaries
 Notes to the consolidated financial statements for the year ended 31 December 2016
 (continued)

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

19. Accounts payable to suppliers

Accounts payable to suppliers classified by payment term

	31/12/2016		1/1/2016	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Short-term	708,987,463,602	708,987,463,602	888,714,668,760	888,714,668,760
Long-term	88,334,503,000	88,334,503,000	75,845,316,000	75,845,316,000
	<hr/> 797,321,966,602	<hr/> 797,321,966,602	<hr/> 964,559,984,760	<hr/> 964,559,984,760

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year 31 December 2016 (continued)

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

20. Taxes payable to State Treasury

	1/1/2016 VND	Acquisition of a subsidiary VND	Incurred VND	Paid/refunded VND	Deducted VND	31/12/2016 VND
Value added tax	110,670,581,994	-	2,332,702,465,657	(470,564,900,291)	(1,830,522,372,095)	142,285,775,265
Import-export tax	-	-	11,791,828,372	(11,791,828,372)	-	-
Corporate income tax	164,291,190,154	-	432,682,942,969	(431,051,744,862)	-	165,922,388,261
Personal income tax	2,132,724,666	111,135,384	54,374,966,199	(53,191,005,845)	(170,233,630)	3,257,586,774
Other taxes	880,994,886	-	17,747,103,709	(17,342,884,494)	-	1,285,214,101
	277,975,491,700	111,135,384	2,849,299,306,906	(983,942,363,864)	(1,830,692,605,725)	312,750,964,401

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

21. Accrued expenses

	31/12/2016	1/1/2016
	VND	VND
Advertising and promotion expenses	572,533,158,360	442,111,166,641
Logistic expenses	92,335,239,793	53,668,827,458
Exhibition expense	19,595,353,810	23,335,862,860
Bonus and 13th month salary	88,970,497,961	80,883,701,607
Sales discounts	29,710,794,483	43,210,817,606
Market research expenses	16,534,099,796	28,512,695,162
Accrued interest expenses	5,786,985,888	2,795,596,169
Construction in progress	26,528,811,619	9,692,424,510
Purchases not yet received invoices	29,565,152,100	42,307,537,977
Payables in relation to acquisition	-	77,788,700,000
Others	77,143,202,534	60,654,373,485
	<hr/>	<hr/>
	958,703,296,344	864,961,703,475
	<hr/>	<hr/>

22. Other payables

(a) Other short-term payables

	31/12/2016	1/1/2016
	VND	VND
Payables for equitisation of a subsidiary	-	81,604,798,989
Trade union fees, social, health and unemployment insurances	12,599,617,645	8,626,250,289
Short-term deposits	5,108,373,944	6,444,167,762
Dividend payable	3,074,462,000	2,625,877,218
Others	6,678,635,961	5,177,906,456
	<hr/>	<hr/>
	27,461,089,550	104,479,000,714
	<hr/>	<hr/>

(b) Other long-term payables

	31/12/2016	1/1/2016
	VND	VND
Long-term deposits	22,360,630,839	22,803,867,543
	<hr/>	<hr/>

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

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

23. Borrowings

(a) Short-term borrowings

	1/1/2016		Movement during the year			31/12/2016	
	Carrying amount VND	Amount within repayment capacity VND	Acquisition of a subsidiary VND	Addition VND	Decrease VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	1,821,049,413,817	1,821,049,413,817	50,000,000,000	8,425,383,975,487	(7,492,130,784,147)	2,804,302,605,157	2,804,302,605,157
Current portion of long-term borrowings	107,581,682,336	107,581,682,336	-	83,656,182,380	(107,581,682,336)	83,656,182,380	83,656,182,380
	<u>1,928,631,096,153</u>	<u>1,928,631,096,153</u>	<u>50,000,000,000</u>	<u>8,509,040,157,867</u>	<u>(7,599,712,466,483)</u>	<u>2,887,958,787,537</u>	<u>2,887,958,787,537</u>

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

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

	Currency	Annual interest rate	31/12/2016 VND	1/1/2016 VND
Short-term borrowings				
▪ Secured bank loans	VND	4.0% - 4.5%	453,236,733,465	561,916,299,850
▪ Unsecured bank loans	VND	4.0% - 4.7%	2,351,065,871,692	1,259,133,113,967
			2,804,302,605,157	1,821,049,413,817

As at 31 December 2016 and 1 January 2016, the secured bank loans of the Group were guaranteed by the Company.

(b) Long-term borrowings

	31/12/2016 VND	1/1/2016 VND
Long-term borrowings	293,512,359,626	427,471,962,160
Repayable within twelve months	(83,656,182,380)	(107,581,682,336)
	209,856,177,246	319,890,279,824

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

	Currency	Annual interest rate	Year of maturity	31/12/2016 VND	1/1/2016 VND
Long-term borrowings					
▪ Secured bank loans	VND	8% - 9.3%	2020	293,512,359,626	427,471,962,160

The secured bank loans of the Group were secured over fixed assets and construction in progress of the Group with a carrying amount of VND816,233 million and VND3,306 million, respectively (1/1/2016: fixed assets and construction in progress with carrying amount of VND784,683 million and VND427,871 million, respectively).

During the year, the Group complied with the loan covenants on the above borrowings.

As at 31 December 2016 and 1 January 2016, the Group does not have any overdue borrowings including principle and interest.

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

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

24. Changes in owners' equity

	Share capital VND	Share premium VND	Other capital VND	Treasury shares VND	Investment and development fund (*) VND	Undistributed profits after tax VND	Non-controlling interests ("NCI") VND	Total VND
Balance at 1 January 2015	5,313,263,220,000	5,088,056,394,992	(265,775,657,006)	(1,640,252,631,255)	22,731,972,844	3,245,457,980,524	1,128,253,921,282	12,891,735,201,381
Share capital issued (Note 25)	38,337,950,000	-	-	-	-	-	-	38,337,950,000
Net profit for the year	-	-	-	-	-	2,822,340,170,298	78,377,515,019	2,900,717,685,317
Dividends (Note 26)	-	-	-	-	-	(3,079,957,932,000)	-	(3,079,957,932,000)
Appropriation to bonus and welfare funds	-	-	-	-	-	(1,452,567,034)	-	(1,452,567,034)
Payment for Board of Directors fees of a subsidiary	-	-	-	-	-	(1,679,224,518)	(1,477,031,482)	(3,156,256,000)
Acquisition of subsidiary with NCI	-	-	-	-	-	-	67,747,861,766	67,747,861,766
Capital contribution in subsidiary by NCI	-	-	-	-	-	-	1,475,060,000	1,475,060,000
Balance at 31 December 2015	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

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

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

	Share capital VND	Share premium VND	Other capital VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund (*) VND	Undistributed profits after tax VND	Non-controlling interests ("NCI") 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 (Note 25)	30,000,000,000	-	-	-	-	-	-	-	30,000,000,000
Net profit for the year	-	-	-	-	-	-	-2,679,382,871,020	111,729,376,375	2,791,112,247,395
Dividends (Note 26)	-	-	-	-	-	-	(2,896,096,655,200)	-	(2,896,096,655,200)
Payment for Board of Directors fees of a subsidiary	-	-	-	-	-	-	(967,126,924)	(616,625,077)	(1,583,752,001)
Acquisition of NCI (Notes 5(b), 5(c), 5(d) and 5(e))	-	-	-	-	-	-	(332,377,308,207)	(477,190,588,281)	(809,567,896,488)
Disposal to NCI without a change in control (Note 5(e))	-	-	-	-	-	-	104,420	205,380	309,800
Acquisition of subsidiary with NCI (Note 5(a))	-	-	-	-	-	-	-	1,380,686,995	1,380,686,995
Capital contribution in a subsidiary by NCI	-	-	-	-	-	-	-	134,010	134,010
Currency translation differences	-	-	-	-	(2,253,725,216)	-	-	(4,664)	(2,253,729,880)
Balance at 31 December 2016	5,381,601,170,000	5,088,056,394,992	(265,775,657,006)	(1,640,252,631,255)	(2,253,725,216)	22,731,972,844	2,434,650,312,379	909,680,511,323	11,928,438,348,061

(*) Investment and development fund was appropriated from profits after tax in accordance with the resolution of Annual General Meeting of Shareholders of a subsidiary. This fund was established for the purpose of future business expansion of a subsidiary.

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

25. Share capital, share premium and treasury shares

The Company's authorised and issued share capital are:

	31/12/2016		1/1/2016	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	538,160,117	5,381,601,170,000	535,160,117	5,351,601,170,000
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	517,160,117	5,171,601,170,000
Share premium	-	5,088,056,394,992	-	5,088,056,394,992

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

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

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

	2016		2015	
	Number of shares	Par value VND	Number of shares	Par value VND
Balance at the beginning of the year - currently in circulation	517,160,117	5,171,601,170,000	513,326,322	5,133,263,220,000
Shares issued during the year (*)	3,000,000	30,000,000,000	3,833,795	38,337,950,000
Balance at the end of the year - currently in circulation	520,160,117	5,201,601,170,000	517,160,117	5,171,601,170,000

(*) In June 2016, the Company issued 3 million shares at par value to certain employees under its employee share ownership plan after obtaining shareholders' approval at its Annual General Meeting in April 2016.

26. Dividends

The Annual General Meeting of Shareholders of the Company on 26 April 2016 resolved to distribute and advance dividends by cash amounting to VND2,896,097 million (2015: VND3,079,958 million).

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

27. Off balance sheet items

(a) Lease commitments

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

	31/12/2016	1/1/2016
	VND	VND
Within 1 year	130,627,053,331	97,315,640,429
Within 2 to 5 years	105,726,617,900	169,304,282,490
	<hr/>	<hr/>
	236,353,671,231	266,619,922,919
	<hr/>	<hr/>

(b) Foreign currencies

	31/12/2016		1/1/2016	
	Original currency	VND equivalent	Original currency	VND Equivalent
USD	616,066	13,997,015,659	6,045,007	135,401,815,720
THB	97,959,692	60,637,049,233	-	-
		<hr/>		<hr/>
		74,634,064,892		135,401,815,720
		<hr/>		<hr/>

(c) Capital expenditure commitments

As at 31 December 2016, the Group had the following outstanding capital commitments approved but not provided for in the consolidated balance sheet:

	31/12/2016	1/1/2016
	VND	VND
Approved and contracted	260,303,831,552	80,840,029,341
Approved but not contracted	125,949,862,404	679,491,415,314
	<hr/>	<hr/>
	386,253,693,956	760,331,444,655
	<hr/>	<hr/>

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

28. 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:

	2016	2015
	VND	VND
Total revenue		
▪ Sales of goods	13,932,802,827,746	13,314,693,316,861
▪ Services and other sales	38,699,255,289	80,499,941,281
	13,971,502,083,035	13,395,193,258,142
Less revenue deductions		
▪ Sales discounts	129,354,512,110	93,203,256,408
▪ Sales returns	52,388,128,448	90,064,957,907
	181,742,640,558	183,268,214,315
Net revenue	13,789,759,442,477	13,211,925,043,827

29. Cost of sales

	2016	2015
	VND	VND
Total cost of sales		
▪ Goods sold	7,444,564,708,089	7,099,821,098,738
▪ Services provided and other cost of goods sold	50,646,348,082	70,609,122,756
▪ Allowance for inventories	44,729,898,744	93,809,350,819
	7,539,940,954,915	7,264,239,572,313

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

30. Financial income

	2016 VND	2015 VND
Interest income from deposits at banks	310,130,343,695	230,147,227,042
Interest income from loans provided to related parties	114,905,802,559	533,086,759,239
Interest income from other loan investing activities	55,311,896,449	374,481,605,473
Foreign exchange gains	3,617,735,128	9,363,293,885
Realised gains from derivative financial instruments	2,509,420,890	4,017,093,890
Other financial income	11,518,328	-
	<hr/> 486,486,717,049	<hr/> 1,151,095,979,529 <hr/>

31. Financial expenses

	2016 VND	2015 VND
Interest expense on borrowings from banks	117,857,140,158	335,761,168,464
Withholding tax on interest expense and extension fee	-	15,974,611,922
Foreign exchange losses	2,243,573,433	117,571,521,431
Realised losses from derivative financial instruments	-	12,013,980,931
Losses from disposal of an associate	-	1,800,000,000
Other financial expenses	80,772,323	-
	<hr/> 120,181,485,914	<hr/> 483,121,282,748 <hr/>

32. Selling expenses

	2016 VND	2015 VND
Advertising and promotion expenses	1,651,243,161,739	1,453,556,407,048
Logistic expenses	574,860,334,364	597,010,522,139
Staff costs	278,924,620,729	242,638,266,253
Exhibition expenses	40,237,657,913	53,327,568,856
Marketing research expenses	24,364,413,803	46,121,328,928
Others	49,913,958,873	58,350,140,011
	<hr/> 2,619,544,147,421	<hr/> 2,451,004,233,235 <hr/>

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

33. General and administration expenses

	2016 VND	2015 VND
Staff costs	272,314,162,990	237,165,269,661
Amortisation of fair value uplift of fixed assets arising in business combination	174,829,829,682	163,492,245,004
Leased line system and information technology services	130,636,650,920	86,992,654,154
Amortisation of goodwill	67,668,415,153	65,836,690,684
Office rental	50,502,129,664	40,219,396,759
Research and development expenses	32,098,863,136	21,224,937,152
Depreciation and amortisation of fixed assets	58,377,753,606	31,582,485,227
Others	54,062,224,365	97,464,791,199
	<hr/> 840,490,029,516	<hr/> 743,978,469,840 <hr/>

34. Income tax

(a) Recognised in the consolidated statement of income

	2016 VND	2015 VND
Current tax expense		
Current year	432,202,862,289	560,900,410,375
Under/(over) provision in prior years	480,080,680	(10,034,891,758)
	<hr/> 432,682,942,969	<hr/> 550,865,518,617 <hr/>
Deferred tax benefit		
Origination and reversal of temporary differences	(60,942,674,227)	(34,615,781,394)
Effect of change in tax rate	-	9,575,236,206
	<hr/> (60,942,674,227)	<hr/> (25,040,545,188) <hr/>
Income tax expense	<hr/> 371,740,268,742	<hr/> 525,824,973,429 <hr/>

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

(b) Reconciliation of effective tax rate

	2016	2015
	VND	VND
Accounting profit before tax	3,162,852,516,137	3,426,542,658,746
Tax at the Company's income tax rate	632,570,503,227	753,839,384,705
Effect of incentive tax rates in subsidiaries	(268,624,750,119)	(225,680,578,595)
Effect of share of profit in an associate	(1,329,608,500)	(3,162,992,048)
Non-deductible expenses	3,449,838,134	489,411,497
Under/(over) provision in prior years	480,080,680	(10,034,891,758)
Effect of change in tax rate	-	9,575,236,206
Deferred tax assets not recognised	5,194,205,320	799,403,422
	<u>371,740,268,742</u>	<u>525,824,973,429</u>

(c) Applicable tax rates

The Company has an obligation to pay corporate income tax to the government at corporate income tax rate of 22% in 2015 and 20% from 2016 onwards.

The Company's subsidiaries enjoy various tax incentives which provide some subsidiaries with further tax incentives.

(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 review and investigation 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. 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.

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

35. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2016 was based on the profit attributable to ordinary shareholders of the Company after deducting the amounts appropriated to bonus and welfare funds for the annual accounting period, of VND2,679,382 million (for the year ended 31 December 2015: VND2,822,340 million) and a weighted average number of ordinary shares outstanding of 518,746,418 (for the year ended 31 December 2015: 515,111,925), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2016	2015
	VND	VND
Net profit attributable to ordinary shareholders	2,679,382,871,020	2,822,340,170,298

(ii) Weighted average number of ordinary shares

	2016	2015
Issued ordinary shares at the beginning of the year - currently in circulation	517,160,117	513,326,322
Effect of shares issued during the year	1,586,301	1,785,603
Weighted average number of ordinary shares at the end of the year - currently in circulation	518,746,418	515,111,925

(iii) Basic earnings per share

	2016	2015
	VND	VND
Basic earnings per share	5,165	5,479

(b) Diluted earnings per share

As at 31 December 2016 and 1 January 2016, the Company did not have potential ordinary shares therefore the presentation of diluted earnings per share is not applicable .

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

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

36. Significant transactions with related parties

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

Relationships	Nature of transactions	Transaction value		Receivables/(payables) as at	
		2016 VND	2015 VND	31/12/2016 VND	1/1/2016 VND
Parent company					
MasanConsumer Holdings Company Limited	Loans provided	3,559,078,712,592	-	1,663,716,876,592	-
	Collection of loans	6,100,000,000	9,619,772,870,265	-	-
	Collection of loan through net-off with dividends payable	1,889,261,836,000	-	-	-
	Interest income receivable from loans	114,905,802,559	533,086,759,239	114,905,802,559	-
	Collection of interest income	-	552,062,749,559	-	-
	Dividends declared	2,799,261,836,000	2,413,111,542,000	-	-
Associate					
Cholimex Food Joint Stock Company	Pre-acquisition dividends received	5,410,434,000	-	-	-
	Post-acquisition dividends received	6,648,042,500	-	-	-
Other related parties					
Masan Master Brewer Company Limited	Sales of goods	-	518,984,879	-	-
	Purchases of goods	150,070	46,955,091	-	-
Masan Brewery PY One Member Company Limited	Sales of goods	39,439,978	15,937,854	5,644,586	218,586,661

Masan Consumer Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

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

Relationships	Nature of transactions	Transaction value		Receivables/(payables) as at	
		2016 VND	2015 VND	31/12/2016 VND	1/1/2016 VND
Masan Brewery Distribution One Member Company Limited	Purchases of goods	1,880,413,261	175,592,727	-	-
	Sales of goods	1,153,360	307,692,000	31,752,716,796	-
	Management service charge	28,990,613,560	15,185,119,012	-	16,639,970,914
Masan Brewery One Member HG Company Limited	Sales of goods	34,422,542	-	6,107,257	-
	Management service charge	3,479,025,231	6,325,115,667	3,826,927,753	6,957,627,234
	Payment on behalf of land rental fee	11,546,396,400	-	11,546,396,400	-
Key management personnel	Remuneration to key management personnel (*)	29,984,910,463	25,265,348,225	-	-

(*) No board fees were paid to Board of Directors members of the Company for the years ended 31 December 2016 and 31 December 2015.

15 March 2017

Prepared by: 


 Huynh Viet Thang
 Chief Accountant

Approved by: 

 Nguyen Hoang Tung
 Interim Chief Financial Officer


 Seokhee Won
 Chief Executive Officer

