



The journey
We take

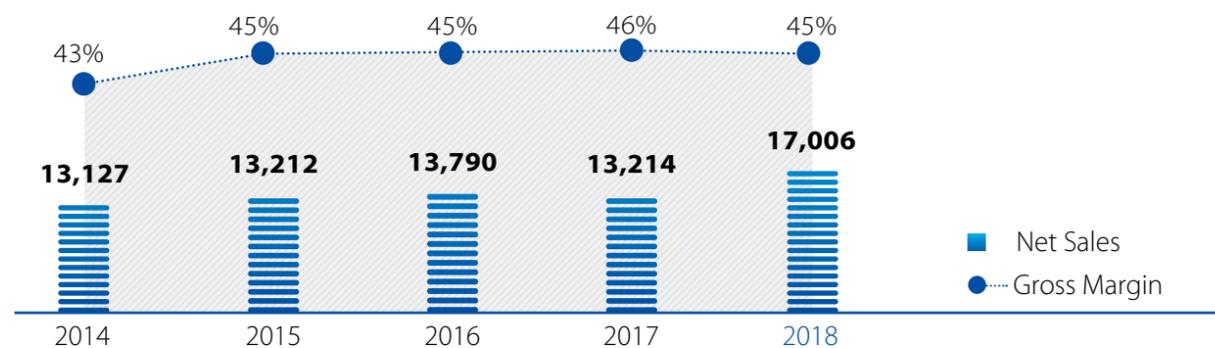
2018 SCORECARD

Total Assets
as of 31 December 2018
17,053
VND BILLION

Cash Position⁽¹⁾
as of 31 December 2018
9,354
VND BILLION

Net Profit After Tax
in 2018
3,397
VND BILLION

NET SALES (VND BILLION) AND GROSS MARGIN (%)



CONTENTS

CHAIRMAN'S LETTER	04
OUR STORY	06
MANAGEMENT REPORT	40
FINANCIAL STATEMENTS	60
GENERAL CORPORATE INFORMATION	118

(1) Included term deposits and other interest-bearing investments



CHAIRMAN'S LETTER

Dear shareholders,

Our mission is to improve the spiritual and material lives of Vietnamese consumers each and every day.

This is the journey we are taking.

We are committed to producing and selling high-quality, branded consumer products that are made locally for Vietnamese households. Vietnamese consumers will be able to trust and love brands with superior quality that are made in Vietnam by a Vietnamese company.

We focus on big consumer categories with high growth, where there are opportunities for us to build power brands or where there is a clear winning path for us. It is a joy to watch every Vietnamese family use at least one Masan Consumer's product today. In addition, in the future, we aim to see to it that every single Vietnamese person (not just every family) will be using at least one Masan product in his or her daily life.

We are going to work closely with our business partners, especially those in the distribution system to build our strength together, and grow sustainably together. Traditional distribution channels are and will continue to remain strong, and will develop in parallel with other modern channels.

We will continue putting much of our efforts into developing new innovations, investing in technology and know-how to provide high quality products to better serve our

Vietnamese consumers' daily lives. More and more of our products are going to be made from local.

We are going to build this company with the sense of pride of our Vietnamese people. Masan Consumer is a place where Vietnam's dreams and talents are gathered and nurtured. Our success is also our community's, our shareholders' and all others who play a role in such success.

We are on a continuous journey to serve and bring happiness to Vietnamese consumers. Masan Consumer is a group of passionate and talented people. Together, we will take long and successful strides on the journey we have chosen.

Sincerely yours,

Truong Cong Thang
Chairman of Masan Consumer
1 April 2019



OUR BUSINESS COMMITMENT IS “TO IMPROVE THE SPIRITUAL AND MATERIAL LIVES OF VIETNAMESE CONSUMERS EACH AND EVERY DAY”. WE ARE TRUE TO OUR COMMITMENT AS WE ARE A CONSUMER-CENTRIC COMPANY.



Consumer is one of Vietnam’s leading food and beverage companies. At Masan Consumer, our business commitment is **“to improve the spiritual and material lives of Vietnamese consumers each and every day”**. We are true to our commitment as we are a consumer-centric company that provides innovative solutions to solve consumers’ daily basic needs with quality and affordable staple products. Our belief in the potential of serving Vietnamese consumers, along with their growing demands, concerns, interests and tastes have been with us since the beginning and are reflected in everything we do.

We are also focused on catering more to rural consumers, where nearly 70% of Vietnamese population resides. Every day they spend half of their daily consumption on goods such as meat, food and beverage, but often receive



subpar product quality. We want to remedy this situation and satisfy their “big unmet needs” with trusted products. This is a huge opportunity for business growth as well as creating long-term value for everyone.

Our history and track record gives us reasons to believe in our ability to better serve a our expanding consumer base successfully. Founded in 1996, Masan Consumer quickly became a market leader in the domestic food and beverage industry after transitioning away from an export model. In August 2003, we established Masan Trading Corporation with a total charter capital of VND28.5 billion. It marked our first big foray into the domestic market by expanding our manufacturing capacity for local consumption. Today, Masan Consumer is a multi-billion-dollar market capitalization consumer food and beverage company with a diverse portfolio of trusted brands and products. Our products include

soy sauce, fish sauce, chili sauce, noodles, congee, sausage, instant coffee, cereals, and bottled beverages. We also have an extensive distribution network in Vietnam. As a result, **98% of Vietnamese households have at least one Masan product** (Kantar Worldpanel).

In 2018, we have continued to grow our portfolio of offerings with healthy, breakthrough innovative and high-quality products with affordable prices.

#1

12 BRANDS RANKED NO.1 IN DIFFERENT FMCG CATEGORIES

25%

AVERAGE REVENUE GROWTH OF 25% PER ANNUM DURING THE PERIOD OF 2018-2022

TOP 3

TOP 3 MOST FAVORED PLACE TO WORK IN VIETNAM BY 2022

The journey we take



EXCEPTIONAL EXECUTION

- » Build power brands, that are loved and trusted; brands that are consumer's top-of-mind and game-changers;
- » Deliver on new innovations, launch new and essential products for consumer's daily basic needs. In 2019, we plan to introduce approximately 40 initiatives to our product pipeline;
- » For categories where we are already the market leader, up-trade consumers in the economy segment to mainstream and premium segment with value-added innovations;
- » Invest in technology and human resource to strengthen research and development capabilities, allowing us to develop with alignment with the latest market and consumer trends. We want to deliver new and innovative products that are accessible at every price point;
- » Boost coverage and product availability through improvements in our distribution system. We aim to be Vietnam's gold standard in terms of distribution power;
- » Uphold our "3A" mantra of Affordability, Availability and Assurance of Quality. It's easier to deliver on two of the three A's but being able to fulfill all 3A's makes Masan unique;
- » Grow our beverage business to ensure 50:50 revenue contribution from food and beverage by 2022;
- » Be the employer of choice and a place where entrepreneurial talent is nurtured and developed.



FINANCIAL DISCIPLINE

- » Apply our "fewer but bigger" approach which focuses on opportunities that can impact the daily lives of most people and preserve our resources to invest for the long-term.
- » Focus in opportunities where we can achieve 30%+ gross margins, allowing us to invest in building power brands and innovations that can add value to our consumers.
- » Prioritize allocation for brand building efforts to ensure sustainable growth.
- » Use a "cash on delivery" model, enabling us to optimize our working capital position and help fund our growth.

PLATFORM FOR BREAKTHROUGH GROWTH

BUILDING POWER BRANDS

WE TAKE PRIDE IN BEING ABLE TO TRANSFORM PRODUCTS THAT WERE ONCE SEEN AS COMMODITIES, INTO DISTINCT BRANDS THAT CAN COMMAND CUSTOMER LOYALTY ACROSS DIFFERENT PRICE POINTS AND MEET THE DIVERSE NEEDS OF VIETNAMESE CONSUMERS.

We have transformed our branded food and beverage platform to become a market leader across many different categories with strong brand equity. Our approach to organically develop or acquire power brands which are trusted by consumers is in line with our belief in focusing on consumer's daily basic needs. Our seasoning and coffee products are market leaders in their respective categories. In instant noodles, we are number one player in the premium segment.

We develop strong brands by leveraging our deep understanding of the Vietnamese consumers and implementing multinational practices, resulting in what we believe is an unrivaled portfolio. In a largely price-driven

market, we take pride in being able to transform products that were once seen as commodities, into distinct brands that can command customer loyalty across different price points and meet the diverse needs of Vietnamese consumers.

Masan Consumer's key brands include Chin-Su, Nam Ngu, Tam Thai Tu, Omachi, Kokomi, Komi, Heo Cao Boi, Vinacafé, Phil Café, Wake-Up, Wake-Up 247, Vinh Hao, Vivant, Lemona, Quang Hanh and Faith, many of which have been ranked, for many years, as the fastest growing and most chosen brands by Vietnamese consumers. Our associate, Cholimex Food Joint Stock Company, in which we acquired a significant stake at the end of 2014, also has

Brands with revenue of over VND500 billion in 2018



well-known sauces and condiment brands with a strong presence in on-premise channels. Overall, many of our brands are best sellers in their respective categories.

In 2018, Masan Consumer was proud to be the first in "Top 10 Food Companies" by Vietnam Report. Furthermore, Masan Consumer continued to be among the Top 3 FMCG brand owners in Vietnam with the most brands chosen by consumers in four urban cities and rural Vietnam in the last six years, according to Brand Footprint ranking by Kantar Worldpanel in 2018.

Vinacafé Bien Hoa was honoured to be chosen a top "National Brand" for the period

of 2018-2020 by the National Brand Council of the Ministry of Industry and Trade. Vinacafé Bien Hoa also received "Vietnam Top Quality Product – Integration Standard" Certificate and was awarded for 22nd consecutive years by Vietnam Top Quality Product Association. Vinh Hao, our bottled mineral water brand with a heritage beginning in 1928 also received the "Vietnam's Top Quality Product" award for the 22nd consecutive time by Vietnam Top Quality Product Association.



INNOVATION - REACHING NEW HEIGHTS

IN 2018, MASAN'S RESEARCH AND DEVELOPMENT TEAM (R&D) INTRODUCED 30 NEW PRODUCTS WHICH INCLUDED OVER 10 BREAKTHROUGH INNOVATIONS.



Our brands are backed by real innovation that provides value to our consumers. While we are currently a leader in Vietnam with regards to innovation within our existing categories, we aim to become a leading researching and development (R&D) powerhouse in Asia in the next few years, building cutting-edge capabilities in order to better serve delicious food and beverage products to our consumers. In 2018, Masan's research and development team (R&D) introduced 30 new products which included over 10 breakthrough innovations, driving our sales growth for the year.

Notable 2018 examples of our innovation capabilities relate our efforts to develop and launch delicious, quality food with meat nutrition. This includes Omachi Business Class Noodle Cup, Omachi mashed potato products, and with Pönnie sausages, all of which contributed to our efforts of upgrading the convenient food category with more delicious and nutritious products.

Last year, Vinacafé also developed and launched new products such as roast and ground coffee, reformulated Phil 2-in-1 Coffee and a nutritious breakfast with B'fast oats cereal. Wake-Up 247, our coffee flavored energy drink, has experienced consecutive years of remarkable growth due not only to its ability to refresh and energize but also to its unique flavor. Combined with our Compact energy drink and our new mineral water brand, Vivant, Wake-up 247's success is spearheading Masan's efforts to become both a food and a beverage leader in Vietnam.

We have always been a pioneer in the seasonings category, which is the essence of Vietnamese cuisine and where we have served the most consumers. In 2018, we launched Nam Ngu Gold Label and Nam Ngu De Nhi Gold Label fish sauce, reformulating to upgrade the quality while still offering them at an affordable price. Within the Chin-Su umbrella brand, we launched an oyster sauce with garlic and chili, a product that used

in stir-fry dishes and to marinate ingredients to make them more delicious and flavorful. We also launched Chin-Su super hot chili sauce variant that was tailored for dishes with broth. Apart from Chin-Su brands, we introduced the new Superior Thai Tam Tu soya sauce has also strengthened Masan's leading position in the soya category.

All of the innovation developed in 2018 would not be possible without a solid R&D platform, which has excelled at both anticipating new consumer trends and implementing globally sophisticated production technologies to deliver superior products consumers love and enjoy. Our R&D department has successfully implemented four "Innosense" (combination of innovation and sense) programs, internal programs that develop new product ideas that can be launched in the future and are organized into the themes: "Enrich the cuisine world" for the seasoning category; "The

wonderland of beverage" for the beverage category; "Infused with freshness" for the convenient foods category; and for the development of innovative packaging solutions, "New turn of the pack-rubik". As a result, we are excited about innovation pipeline with many of our new product launches in the fourth quarter of 2018 expected to support growth in 2019.



MASAN CONSUMER OPERATES ONE OF THE LARGEST FOOD AND BEVERAGE DISTRIBUTION NETWORKS IN VIETNAM.

3,000

SALESMEN

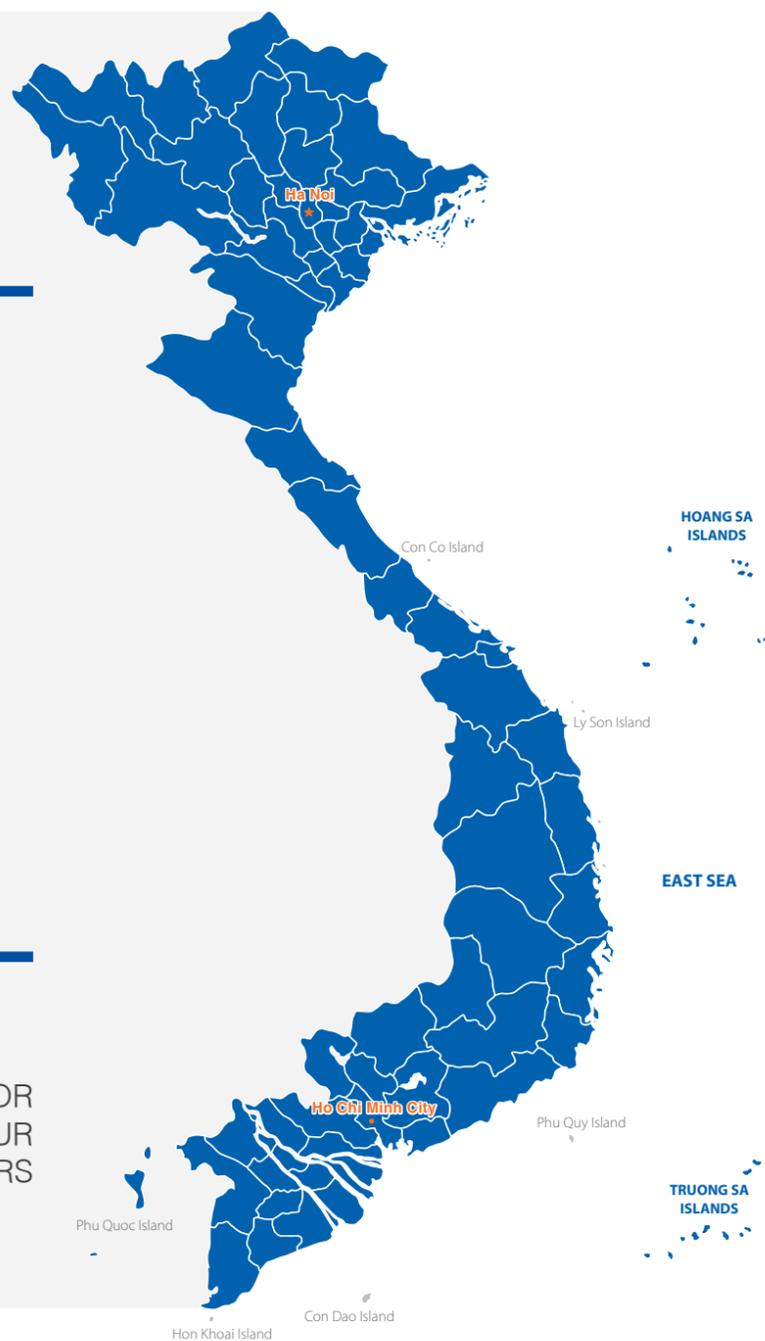
180,000

POINTS OF SALE FOR FOOD

160,000

POINTS OF SALE FOR NON-ALCOHOL BEVERAGE

WE ARE A "ONE-STOP" SOLUTION FOR NEARLY 300 DISTRIBUTORS AS OUR WIDE PRODUCT PORTFOLIO CATERS TO DAILY VIETNAMESE NEEDS.



BEING EVERYWHERE FOR EVERYONE

Masan Consumer operates one of the largest food and beverage distribution networks in Vietnam, providing significant competitive advantages such as the ability to deliver our products to customers efficiently, while minimizing logistics costs. This is critical as nearly 70% of Vietnam's population is still rural and the retail sector continues to be led by general trade. Modern trade penetration has progressed slowly and the retail landscape remains highly fragmented.

After entering the beverage category, we integrated Vinh Hao and Vinacafé Bien Hoa's distribution systems into our larger platform. While integrating, we developed its own specialized sales team

for beverage category, allowing us to launch new products more efficiently while addressing the beverage business's unique distribution practices.

As a result, Masan Consumer is now one of the few companies in Vietnam that covers all of the various food and beverage distribution channels. We have grown our points of sale to 180,000 for our food and 160,000 for our non-alcohol beverage with nearly 3,000 salesmen. This vast network reflects the strength of our distribution network in rural areas, where we have the strongest coverage and route-to-market strategies and also gives us greater speed to market for new product launches and promotional initiatives.

We are a "one-stop" solution for nearly 300 distributors as our wide product portfolio caters to daily Vietnamese needs, allowing us to have loyal and close relationships with these distributors. Furthermore, our strategically located distribution centers provide us with the ability to distribute food and beverage products within a single day to each distributor nationwide. This also gives us the unique capability to test new products efficiently and cost-effectively across Vietnam.





PLATFORM FOR BREAKTHROUGH GROWTH

(continued)

BEST-IN-CLASS FACILITIES

MASAN ALWAYS AIMS TO BUILD FACTORY INFRASTRUCTURE THAT MEETS STRICT STANDARDS OF FOOD HYGIENE AND SAFETY.



We believe that product and service quality are critical to brand development and winning customers. This belief is why Masan Consumer has continued to research, invest and apply in modern technology and advanced equipment to maintain our competitive advantages while providing exceptional high quality products to Vietnamese consumers.

We currently operate a total of 13 production facilities which are strategically located in 10 provinces across Vietnam, including Ho Chi Minh City, Binh Duong, Dong Nai, Phu Quoc, Hau Giang, Binh Thuan,

Ninh Thuan, Nghe An, Hai Duong, Quang Ninh. These factories were built near population centers, allowing us deliver our products with speed at lowest while still satisfying the highest standard of quality and hygiene safety.

In 2018, Masan Consumer invested in its second paste production line (used in manufacturing of chili sauce and oyster sauce) at our Binh Duong factory in order to expand our processing and packaging capacity to meet increasing demand. With the new line, Masan once again selected leading European equipment manufacturers in the

food machinery and equipment industry with an automated German processing line with an enclosed filling line from PET bottle blowing, and Italian equipment for product extraction, capping, labeling, and packaging.

To meet our commitment to producing 100% safe and qualified products, the whole line is fully automated (from data entry to processing to finished product) to completely eliminate potentially adverse impact from human touch. Also in 2018, Masan invested and put into operation a new production line for of fresh, non-heated

sauce with a total capacity of 12,000 tons/year. The whole line is designed and manufactured in Europe. This production capacity will allow grow further as the needs of Vietnamese consumers evolving with growing demands for greener, cleaner and fresher products.

In the convenience foods category, in 2018, Masan Consumer has successfully developed and installed an automated instant noodles production line, while also adding a packaging line for producing instant cup noodles. This investment is part of effort to continuously improve our production

capabilities to improve production efficiency and food safety.

In addition to investing in modern equipment, Masan always aims to build factory infrastructure that meets strict standards of food hygiene and safety. Our factories have met food hygiene and safety standards including: GMP and HACCP: Good manufacturing practices and food safety hazard control ISO 9001 and ISO 22000: Food safety management system and OHSAS 18001: Certification of workers' health and safety management system.



THE “CONSUMER-CENTRIC” TEAM



WE BELIEVE OUR MOST IMPORTANT ASSET IS OUR PEOPLE.

Masan Consumer is led by a team of professionals, comprised of both foreign and local talents with a track record of building sustainable businesses and iconic brands in emerging markets. Many of our team members are also shareholders, resulting in our entrepreneurial culture and “can do” attitude. To continue building on our success, Masan will do its best to become Vietnam’s most preferred place to work and build a passionate culture that puts consumers first.

We believe our most important asset is our people. We ensure the life quality of all the staffs through salary policies, bonus and proper benefits. We are proud to be one of the best companies to work in Vietnam and have long term vision to become an attractive place for talented people where they can work in and take pride in. Our mission is not only to improve the lives of consumers but also to develop the country’s next generation of business leaders. To do this, our Human Resources (“HR”) Department plans to focus on four areas:



Building a robust and professional human resource to serve both Masan’s immediate and future development;



Building a reward strategy to ensure rewards are linked strongly to performance and potential for growth. We want people who contribute to our success to experience great financial achievement. This is why we are also committed to creating opportunities for our employees to invest in their future;



Building an effective, simple and practical HR management system so employees can unlock their potential to contribute to the growth of the organization; and;



Building a winning culture where talented people can work together in successful teams while also developing leadership and winning spirit.





MASAN CONSUMER IS COMMITTED TO BECOMING A PLACE WHERE PROFESSIONALS ARE WARMLY WELCOMED AND SUPPORTED TO REACH THEIR POTENTIAL.

In 2018, HR achieved the following:

- 1** Continued to develop the “HR business partner/specialist” model and a capable team to understand and contribute to the Company’s operational activities;
- 2** Consistently applied “Performance Management” procedure to all departments and subsidiaries. In 2018, more than 4,418 employees took part in this “Performance Management” program;
- 3** Attracted external talents, offered career opportunities – 40 senior hires with experience from other well-known companies (both multinational and local). The “Masan Young Entrepreneur” program continued with the recruitment of 12 young trainees who have high potential to train and develop into future leaders;
- 4** Through internal evaluation, we discovered 110 internal talents with promise. The Company has designed a training, development and nurturing program for these talents following a 70-20-10 model, ensuring a seamless succession plan for key executive roles. Applying this model for the staff facilitated both the learning professional skills and the sharing of experiences from current managers with immersion in practical work. In 2018, there were 255 promotions who met work requirements.
- 5** Under the “Connecting with Universities” program, we were able to cost-effectively advertise job opportunities and evaluate the ability, capacity and quality of the student candidates. We have not only leveraged this program to promote our corporate brand and image, but also to enhance our connection to students with backgrounds in science. In 2018, we expanded our strategic partnership with 11 prestigious universities in Vietnam and organized 8 recruiting events at their sites;



- 6** We aim to train and develop the next generations of Vietnamese leaders. In 2018, Masan organized 4 “Career Talk – Career Orientation” sessions for senior college students at the Company’s headquarter. In this program, senior managers of different departments shared their views and advice, ranging from professional knowledge to real-life experience to over 400 students to immerse in Masan’s dynamic working environment; and
- 7** In 2018, we arranged 148 training courses relating to Masan’s practical requirements for 4,355 employees, including senior management. We also conducted 26 sharing sessions covering overall knowledge, professional skills and foreign language for employees.

Masan Consumer is committed to becoming a place where professionals are warmly welcomed and supported to reach their potential. Only with this commitment can our long-term goal as a company be reached in a sustainable manner.

WE ARE COMMITTED TO IMPROVING THE SPIRITUAL AND MATERIAL LIVES OF OUR VIETNAMESE CONSUMERS BY MAKING QUALITY STAPLE PRODUCTS THAT ARE AFFORDABLE AND WIDELY AVAILABLE.

Masan Consumer is one of the leading FMCG companies in Vietnam. We are committed to improving the spiritual and material lives of our Vietnamese consumers by making quality staple products that are affordable and widely available. In this spirit, we have strived to consistently implement sustainable business practices to ensure all stakeholders can benefit from our business operations. As with any other businesses of Masan Group, our parent company, Masan Consumer views sustainability as an integral part of our strategy. Not only do we believe in making staple products that brings value to our consumers, we also aim to contribute to society and the environment in the process.



PRODUCT INNOVATION

Of all the values that founded Masan, the belief in “doing well by doing good” has been our guide to channel our passion for the greater good. At Masan Consumer, “doing good” means more than just corporate social responsibility (“CSR”). It is our fundamental responsibility to improve the material and spiritual lives of Vietnamese through our products and innovations.

We usually ask ourselves: How do we offer daily essentials to Vietnamese for half? How can children in rural areas receive the same nutritional food products as their counterparts in the cities? How do we bridge the productivity gap between Vietnam and the rest of the world?

With those questions, we keep challenging ourselves to bring the best to consumers, demonstrated by many of our successful innovations. Through economies of scale, we are able to make our products at affordable price points across different market segments and invest into the latest technology.

Please refer to our product innovation in the section “**Innovation – Reaching New Heights**” in page 14 for more details.

 **PROCUREMENT MANAGEMENT**

Our main production materials are the ingredients of our food products and packing materials. The principal raw materials used in production are flour, cooking oil, coffee, sugar, fish sauce, anchovies, meat, vegetables, dehydrated vegetables, soy bean, mineral water additives and other condiments. In addition, packaging materials such as, plastic bottles, glass, carton boxes, paper labels, paper-based cups/bowls and plastic bags, are also significant components in the production cost of our products.



Costs from our imported raw materials and imported materials take up to 70% of our total material cost. To ensure the quality and traceability of all our raw materials, we have certificates of origin, analysis, non-genetic modification of plant-based materials. Local suppliers must have controlling system of quality, hygiene safety, animal quarantine and good agriculture practice. Suppliers whose long-term performance record with us demonstrates reliability over time are considered “approved suppliers” and will continue to be engaged under annual contracts.

We believe in having a network of various partners, suppliers and ensuring that not depending in any sole supplier for any material. The quality and stable supply of input raw materials are key to delivering high product quality to our consumers. We realize that this is a challenge as well as a responsibility of the company and we can only get the best result through building long-term partnerships that are “win-win” with our suppliers.

 **SAFETY**

Our employees are our most valuable asset. We are committed to the well-being of our employees, which is reflected by our safety track record. We are responsible for providing our employees with sufficient protective equipment, occupational safety and hygiene, and comfortable working conditions in the work place. We have also carried out an extensive workshops in order to train employees our positive safety habits not only for work but also for their daily activities.

In 2018, we organized 55,748 hours of professional training for hygiene safety, fire protection, and first aid for over 4,699 employees. Apart from professional training, we also upgraded moving part of machine in order to improve labour safety for our employees.

Our facilities conform to HACCP processing standards, have obtained ISO 9001 (quality management system), ISO 22000 (Food safety management system) and OHSAS 18001 certifications (occupational health and safety management systems certifications).



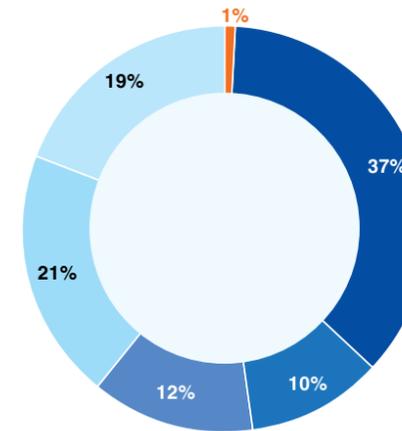
ALL OF MASAN ACHIEVEMENTS CAME FROM THE COMPANY'S GREATEST ASSET - ITS EMPLOYEES. WE ARE COMMITTED TO RECRUITING AND DEVELOPING THE BEST TALENTS IN THE INDUSTRY. WE TREAT OUR EMPLOYEES AS PARTNERS AND CREATE AN INCLUSIVE AND DIVERSE ENVIRONMENT TO FOSTER A STRONG AND WINNING CULTURE.

As a result, we are proud to be one of the best places to work in Vietnam. Our purpose has always been to improve the material and spiritual lives of Vietnamese consumers and this includes our valued employees. Our job offers provide steady income and contribute to social development, both on a local and national scale.

As of 31 December 2018, Masan Consumer Corporation has 4,418 employees, of which 2,774 are males (63%) and 1,644 are females (37%). The team is well-trained with high qualifications.



Masan Consumer's employees are classified as follows:



Qualification	Quantity	Percentage
Post graduate	47	1%
University graduate	1,641	37%
College graduate	526	12%
Intermediate college graduate	439	10%
High school graduate	922	21%
Secondary school graduate	843	19%

Note: Majority of employees having qualification from intermediate college or lower include employees working as direct employees of factories, warehouses, or as points of sale promotion employees, drivers or working in janitorial positions.

Today, we have 13 facilities operating in 10 provinces in Vietnam, including Ho Chi Minh City, Phu Quoc, Binh Duong, Dong Nai, Binh Thuan, Ninh Thuan, Nghe An, Hai Duong, Hau Giang and Quang Ninh. In order to foster development at local levels, we always prioritize recruiting local human resources and intensively train our staff to meet ever-changing business demands.

Our human resources policies comply with the Labor Code and are designed to ensure the best working environment for our employees:

-  Working regulations
-  Annual leave, holidays and Tet holiday
-  Working condition
-  Salary regulations
-  Bonus regulations
-  Insurance and welfare
-  HR policies



WORKING REGULATIONS

The Company is committed to creating working opportunities for employees through business growth and market share expansion. The Company manages its human resources proactively and is also committed to creating favorable working conditions for employees to develop and be promoted throughout their careers. In order to provide employment for about 4,600 employees, the Management Board is committed to growing the business by expanding the Company's business lines, seeking new customers, partnering with new domestic and foreign partners, and expanding its addressable market;



ANNUAL LEAVE, HOLIDAYS AND TET HOLIDAY

Employees are entitled to paid holidays and Tet holiday in accordance with the Labor Code. Employees who have worked for the full year will be entitled to 12 days of annual leave;



WORKING CONDITION

The Company's working offices are periodically enlarged and renovated, equipped with modern equipment, and fully provided with labor protection equipment. The Company commits to establishing a professional, friendly working environment for all employees so that they can be fully productive and creative;



SALARY REGULATIONS

Employees are remunerated based on their pay grade, capabilities, position, company salary scale, and the Company's business performance.. The Company pays a lot of attention to the income levels and living conditions of its employees;



BONUS REGULATIONS

In order to motivate employees to contribute their best to the Company, we also pay out periodic bonuses annually for individuals and teams who have outperformed. Such bonuses, given to those who have demonstrated value, encourage employees to provide their best effort and take initiatives to optimize results, to innovate, save costs and enhance the Company's competitiveness. Masan Consumer's ESOP program is also a way to recognize and reward outstanding employees, especially in manufacturing and sales;



INSURANCE AND WELFARE

The Company adequately provides social insurance and medical insurance for all employees. In addition, the Company provides 24/24 accident insurance for its employees, as well as health insurance for executives and above in order for them to receive care from local and leading international hospitals operating in Vietnam. Annually, Masan Consumer coordinates with the Labor Union to organize at least one domestic holiday trip for employees and the outstanding staffs who received the Chairman Awards 2017;



HR POLICIES

Our HR policies help attract and retain the best talents in the industry.

Recruitment

The objective of the Company's HR policy is to attract talent to grow our business. This requires the Company to have set expectations and qualifications for its various positions. However, all employees must meet basic requirements such as having relevant qualifications and background, being dynamic, enthusiastic and creative. For senior or critical positions, the Company has a more stringent set of criteria, which includes working experience, analytical skills, management skills, and foreign language proficiency, etc. We are also interested in hiring senior professionals from outside to supplement our human resources and to ensure our competitiveness;

Training

The Company invests in training and professional development of its employees. We always aim to create favorable conditions for employees to take part in internal and external training courses to improve their existing capabilities and learn new skills in order to meet the current and future requirements of the Company. At the same time, Masan Consumer subsidizes all costs related to approve training courses including training salary and rewards for employees who do well in their learning;

Retain talents

Our approach to retain talents is clearly defined: We foster experience and leadership, create a performance-based culture, supplement technical and soft skills and ensure our people's well-being. We also have long-term plans to prepare our best employees for future executive roles through rigorous training sessions.

WE BELIEVE THAT OUR COMPANY IS A LEADING ENTERPRISE IN THE COUNTRY WITH REGARDS TO ENVIRONMENTAL STANDARDS.

At Masan, we care about our environmental footprint. We aim to ensure green practices across all of our operations, which we believe can be achieved without sacrificing business performance. Thorough waste treatment and sustainable resource usage are critical parts of our decision-making process and operations across all of our businesses, from the manufacturing of consumer products to processing minerals. Whenever a new project is under development, we take into account any potential adverse impact to the environment to develop mitigation and compliance plans before groundbreaking.

Our businesses are subject to relevant Vietnamese national and local environmental laws and regulations, which require taking preventative measures; monitor and protect environment. We regularly carry out environment monitoring, factory machinery inspecting, fire prevention and closely cooperate with government office in checking and reporting periodically. During the production process, sanitary/industrial sewage from our plants are strictly handled in accordance with national and international regulations. In order to comply with current regulations we have applied modern waste water treatment which adhere both local and international regulatory standards. If possible, we also recycle wastes, including solid, liquid and gaseous ones.

Our Legal and Compliance department, together with our Safety, Health, and Environment (“SHE”) department are responsible for nation-wide compliance and monitoring of environmental laws and regulations.

In addition, the technical department of each of our operating subsidiaries carries out sample testing of waste discharge on a periodic basis to monitor compliance with relevant environmental laws and regulations. We believe we are in full compliance in all material respects with applicable environmental regulations in Vietnam. In addition, we are subject to strict standards imposed on us by our international customers and the foreign regulatory bodies that regulate imported products.

In 2018, we focused on developing technical solutions for sewage disposal, ensured the capacity of Central Sewage Disposal System as well as complied with Vietnam Law on environmental protection. In addition, our current sites in Binh Duong, Hau Giang, Long An, Nghe An,... also make sure that 20% of the area is green space to create a green and friendly workplaces.

In 2018, our factory in Binh Duong was recognized as one of 66 enterprises out of thousands of enterprises operating in Binh Duong to be recognized in the Green Book for Binh Duong province.

Therefore, we believe that our company is a leading enterprise in the country with regards to environmental standards.



WATER

One of our key priorities with regards to environmental protection is the preservation our water resources. With the help of technology, we are able to monitor our water usage and replenish water sources more efficiently than ever before.

We aim to be the best for waste water treatment, proven by our investment in advanced water treatment technology and constant monitoring of any potential environmental hazard to the surroundings.

We have invested in a Dutch-designed waste water treatment systems at production facilities in Binh Duong, Hai Duong and Nghe An. All water results comply with Vietnam’s highest standard of class “A”.

Masan Consumer’s monitoring system reports online and on a real-time basis to the Department of Natural Resources and Environment of Binh Duong, the first company in Vietnam to do so.

In 2018, we used 2 million m³ of industrial and domestic water, all wastewater was treated by a high-tech wastewater treatment system. About 10% of our water waste is recycled for plant watering and cleaning the facilities.



CLEAN & RENEWABLE ENERGY

Global climate is changing in an unprecedented fashion, as traditional energy sources are dwindling but demand for energy for manufacturing and domestic consumption is ever increasing. As a result, we focus on reducing our carbon footprint, and energy saving or resource optimization are key initiatives.

At Masan Consumer, we have implemented at all key factories the **“Idea for energy saving”** program, which encompasses:

- » Optimizing our processes to minimize our energy usage, such as utilizing our heat waste in our frying and pasteurizing process; avoiding heat changing process; applying energy saving technologies;

- » Training employees to develop habits of using less electricity by cleaning and maintaining machinery frequently to optimize energy usage, saving water and recycling; and
- » Using biogas created from husk and sawdust to generate energy in our facilities. Biogas is not only a cost-effective energy source but also create jobs for local people.

In 2018, we used 255 thousand tons of steam generated from diesel oil or biomass boilers. We used 54,300 kW of electricity. Moreover, approximately 27% of our packaging material are made from recycled materials, mainly carton boxes. We believe these ideas are essential in improving factory efficiency and preserve national natural resources.





COMMUNITY ENHANCEMENT



AT MASAN CONSUMER, MANY OF OUR SUSTAINABLE INITIATIVES ARE TO EMPOWER PEOPLE AND SUPPORT THEM AT TIMES OF NEED. WE TRY TO BRING ABOUT POSITIVE SOCIAL CHANGE AND SHARE WITH ALL STAKEHOLDERS THE VALUE OF SUSTAINABLE GROWTH AND DEVELOPMENT. TO THAT END, WE HAVE INVESTED HEAVILY ON EDUCATION OPPORTUNITIES, HOUSING AND INFRASTRUCTURE BUILDING, TRAINING, AND MENTORING.

We are also interested putting Vietnam on the world’s football (soccer) map. Vietnam is fanatical about its football which is a source of pride for over 90 million Vietnamese. After the country’s victory in the 2018 AFF Championship, the national team’s progress in the Asian Cup in the same year put the country into a total euphoria. In order to encourage and cheer for the national team in two decisive matches against Yemen and Japan at the United Arab Emirates, Masan’s brand, Wake-up 247, sponsored the transportation and game tickets for approximately 600 Vietnamese fans and players’ relatives. Most importantly, Wake-up 247 has committed to support

the sustainable development of Vietnamese football for the long-term. Wake-Up 247 has become the official sponsor of the Vietnam Football Federation’s flagship tournament, now named the Wake-Up 247 V.League 2019 tournament. This 5-year strategic partnership is worth in excess of hundreds of VND billions, providing the resource to sustainably develop Vietnam football and get a closer to the national goal of qualifying for the World Cup in the future.

In March 2017, Masan and Binh Dien Fertilizer JSC. have signed a strategic agreement to help the sustainable development of Buon Ma Thuot coffee. This comprehensive

collaboration strategy of leading companies in the coffee business will improve the quality of Vietnamese coffee beans and popularize “Hon Ngoc Ban Me” of Ban Me Thuot coffee. Specifically, we will apply cutting-edge technology and know-how to build pilot models for quality coffee production, and small farming households will be consolidated into a centralized farming area to improve productivity in six villages and six hamlets in Ea Tu commune, Buon Ma Thuot City.

In addition, we also organize training programs to teach farmers how to re-cultivate to harvest old coffee fields, improve low-quality coffee trees. Knowledge of re-cultivating is

essential to optimizing coffee harvest, which will improve farmers’ income and local economy. Until the end of 2018, there were 4 training sessions about increasing development of coffee trees – preparing for harvest season in 2019.

We believe that this program can give farmers long-term benefits, thereby creating momentum for sustainable agriculture development, improving the lives of farmers and putting Vietnamese coffee on the world’s coffee map.



HEALTHCARE

MASAN CONSUMER IS ALWAYS LOOKING FOR OPPORTUNITIES TO IMPROVE PUBLIC HEALTH THROUGH PRACTICAL AND MEANINGFUL ACTIVITIES.

According to the Ministry of Health, every year, 12,000 children in Vietnam develop congenital heart disease but only 6,000 children have surgery. The rest have to wait with many lives being lost even before detection. Statistics show an increase in the rate of Vietnamese children with congenital heart disease has increased from 0.8 to 1.0%. To relieve the suffering and hardship for disadvantaged families by offering free surgery, Masan Consumer has contributed VND280 million to support the “Save little hearts” program of the Quang Nam Sponsoring Association for Children with Disabilities and Children’s Rights. This association sponsors free heart surgery and free treatment at the Heart Center of Da Nang General Hospital.



CHARITY



AT MASAN, WE TAKE ON OURSELVES THE RESPONSIBILITY OF SUPPORTING THE LOCAL PEOPLE IN THE AREAS WHERE WE OPERATE TO IMPROVE THE QUALITY OF LIFE FOR LOCAL RESIDENTS.

To alleviate difficulties faced by ethnic children in Quang Nam Province, Masan has collaborated with the Quang Nam Welfare Foundation to organize a trip to schools in Nam Tra My District on the occasion of International Children’s Day. Masan has offered 300 gift packages that included items such as school bags, notebooks, and other educational products so that they can have supplies when returning to school after a summer vacation with their family.

On the occasion of Lunar New Year 2019, the labor unions of our factories in Dong Nai, Binh Duong, Hau Giang, Phan Thiet, Phu Quoc, Nghe An, Hai Duong partnered with local authorities to offer over 200 Tet gift sets to the disabled, needy families, orphans, dioxin victims and families of veterans.



In Ho Chi Minh city, we have partnered with the Department of Labor, War Invalids and Social Affairs and HCMC Youth Union to give away over 5,000 Tet gift sets valued at approximate VND1.5 billion to elderly centers, orphanages and thousands of workers from industrial areas across the city.

The Mekong Delta is famous for its largest rice-growing region in Vietnam but it is also home to many unstable bridges that affect people’s everyday lives. To address this issue, Masan Consumer cooperated with Nam Phuong Foundation to build strong concrete bridges for local community. After 3 months of construction, Ngang Kenh 8 Bridge was inaugurated in My Hoi commune, Cai Be district, Tien Giang province. The total sponsorship for this bridge was approximately VND500 million. This is the fourth bridge that Masan Consumer and the “Building Bridges” program have built in this region.

OUR COMMITMENT TO SUSTAINABLE BUSINESS PRACTICES OVER THE YEARS HAVE LED TO THIRD PARTY RECOGNITION BY BOTH DOMESTIC AND INTERNATIONAL AGENCIES.

TOP 10

BEVERAGE COMPANIES IN 2018 BY VIETNAM REPORT

- » **Masan Consumer** became **the most prestigious food company in 2018** by Vietnam Report.
- » **Vinacafé Bien Hoa** was recognized as a **National brand** by the Ministry of Industry and Trade **in the period of 2018-2020**. Vinacafé Bien Hoa was also voted as **“High-Quality Vietnamese Goods – Integration Standard”** and **“High-Quality Vietnamese Goods”** 22 consecutive years by Vietnam Top Quality Product Association.
- » **Vinacafé Bien Hoa** was a **“Top 10 Beverage Companies” in 2018** by Vietnam Report.
- » **Vinh Hao Mineral Water** received many awards for brand and product quality such as **“Vietnam Golden Star”, “Top 100 Power Brands”** and was recognized as **“Vietnam Top Quality Product”** for 22 consecutive years by Vietnam Top Quality Product Association.



OUR BELIEF IN “DOING WELL BY DOING GOOD” EXEMPLIFIES OUR COMMITMENT TO SUSTAINABLE BUSINESS PRACTICES AND HAS UNDERPINNED OUR REMARKABLE ACHIEVEMENTS OVER THE COURSE OF OUR CORPORATE HISTORY.

At Masan, sustainability means harmonious co-existence and interaction between the Company’s profitability and the environment. Our belief in “Doing well by doing good” exemplifies our commitment to sustainable business practices and has underpinned our remarkable achievements over the course of our corporate history.

For us, success is not only measured by our financial results but also from the positive social impact we create. Our sustainable business practices are a natural extension of our core desire to enable Vietnamese consumers to pay less for their daily basic needs, leaving them with more to improve their lives and invest in their future.





OVERVIEW

VIETNAM'S ECONOMY RECORDED ITS STRONGEST ANNUAL EXPANSION IN A DECADE IN 2018 WITH A SURGE IN GROWTH IN THE FINAL QUARTER. ACCORDING TO GENERAL STATISTICS OFFICE (GSO), REAL GDP GREW BY 7.1% IN 2018, THE HIGHEST LEVEL IN 11 YEARS (NOMINAL GDP WAS UP 10.6%). ROBUST GROWTH IN THE SERVICES SECTOR AND BRISK INDUSTRY AND CONSTRUCTION ACTIVITY POWERED THE 2018 GROWTH, WHILE AGRICULTURAL OUTPUT ALSO PICKED UP.



The manufacturing sub-sector was a star performer, while the flourishing tourism sector also continues to be a key driver of growth. The share of agricultural sector has declined from 22% in the last decade to 15% in 2018 – pointing to a structural shift of the economy towards industrialization.

Vietnam's demographics and rising income levels support strong continued growth in domestic consumption. The country has just entered an anticipated 30-year era of "demographic dividend" with nearly 70% of its 90 million residents in the working age population and 56% of its residents under the age of 30. Over the next 10 years, the working age population is expected to grow by at least one million per year.

Vietnam's expanding workforce is expected to drive consumer spending. In addition, the combined effects of continuous economic growth, rapid urbanization, "demographic dividend," emergence of middle-income earners, and an expanding modern retail network, will

fuel the growth of overall food consumption in the medium- to long-term. According to Nielsen, Vietnam's Consumer Confidence Index grew significantly in 3Q2018, boosting Vietnam's ranking to the top 2 in consumer confidence in the world.

Vietnam's food and beverage sector is expected to maintain double-digit growth rates for the near future, primarily due to increased domestic consumer demand fueled by a rise in disposable incomes. As a result, Masan is well positioned to benefit from Vietnam's improving macroeconomic outlook, especially from growing consumer confidence in Vietnam, as a market leader with a portfolio of basic consumer staple products.

After transforming back our business model from "product pushing" to "brand building" in the end of 2017, which required sacrificing sales to build a more sustainable route-to-market, Masan Consumer returned to growth in 2018. This strategic initiative to de-stock distributor level inventory was primarily

done to improve route to market efficiency and reduce the amount of selling expenses dedicate to trade promotion so that the Company can invest in its brands and support the launches of its new innovations. As a result, 2018 net revenue increased by 28% compared to 2017, which is such a significant growth compared to 5 recent years.

2018 sales of our core categories (seasonings, convenience foods, and instant coffee), grew dramatically. We saw a strong recovery in seasoning, instant noodles, up 35% and 29% compared to 2017. Our energy drinks grew by 36% compared to 2017. The shift to a brand driven business model also enabled us to sustainably reduce trade promotion activities, resulting in EBIT margin increasing by more than 3%, from 19.8% in 2017 to 22.8% in 2018.

In 2018, we focused more on exporting to markets such as North America, China, Europe, Australia, and East Asia. Our main export markets have experienced

remarkable growth, demonstrating positive progress in the journey towards becoming and being recognized as the most successful company in building Vietnamese brand in international market. We have established key distribution partnerships in the North American markets, specifically the United States and Canada, by promoting the export of two main categories: seasonings with the Chin-Su brand and coffee with Vinacafé. Our export products are specifically developed to meet the tastes and stringent food safety regulations of the importing country. In China, we have focused on developing our instant coffee business with the export of Vinacafé and Wake-Up, paving the way for our leading brands to enter the world's second largest economy country.

For 2019, Masan Consumer expects to deliver between 20% to 30% growth in revenues and profits driven by a successful premiumization strategy in our core portfolio and growing market share in our new growth pillars.



BUSINESS ENVIRONMENT

VIETNAM CONSUMER SECTOR



Masan Consumer's existing operations are focused primarily on Vietnam and our performance and the quality of our assets depend substantially on the stability of Vietnamese economy. Hence, going forward, economic environment in Vietnam and In-land ASEAN overall may significantly impact Masan's operations, in addition to a variety of external factors, including economic developments throughout Asia and the rest of the world.

In addition, various macroeconomic factors including but not limited to personal expenditure and consumption patterns, inflation levels, interest rates, commodity price levels, debt burden of consumers or businesses and general availability of credit, as well as factors such as the spread of disease, large-scale acts of war, terrorism or any

other adverse social, geographic or political incidents may affect Masan's business operations adversely.

In 2019, Vietnam's economy is expected to continue expanding, supported by growing domestic consumption on the back of higher disposable incomes, expanding middle class, higher rate of urbanization and a banking system with stronger asset metrics.

Internationally, expected increase in soft commodity prices during 2019 may adversely impact margins for Masan's primary consumer businesses. Strong demand-side pressure and any unexpected depreciation of the Vietnamese Dong against the U.S. Dollar could make it more expensive to import goods, and push up overall prices for goods and services.

Vietnam's demographics present an excellent opportunity for the rise in domestic consumer demand and is expected to persist through the next several decades. There are other trends allied to these demographic realities, which will influence consumer behavior, including: (i) higher numbers of women in the workforce, (ii) increasing urbanization, (iii) busier lifestyles and (iv) greater exposure to marketing. These could result in structural changes in the consumer market, including: (i) greater demand for convenience foods, (ii) greater focus on quality and health aspects of products, (iii) consolidation and greater preference for branded products and (iv) demand for new products and variants.

The markets for most food and beverage products have been consolidating over the last few years, driven by: (i) higher disposable income in the hands of consumers and resultant focus on product quality, (ii) greater awareness of health and safety issues and (iii) greater investments in product development, marketing and distribution by large players.



VIETNAM CONSUMER SECTOR (continued)

CONVENIENCE FOODS

Packaged food in Vietnam is a very competitive category, with multiple players offering a diverse array of brands competing across the market. Aside from the country's large population, strong economic growth and increasing openness to foreign investment have helped to attract many new local and international companies into the market in recent years. Packaged food companies in Vietnam continue to develop new products in response to rising disposable incomes, better education about nutrition and increased concern about food safety among local consumers. In particular, manufacturers are expected to introduce products containing more added-value ingredients to meet the changing demands of consumers. Masan Consumer continued to be the second largest player in the instant noodles category as per Nielsen, during 2018.

During 2018, Masan Consumer's convenience foods category delivered double-digit volume growth in core brands coupled with average selling price (ASP) growth and launched new innovations in meal solution. 2018 turned out to be an inflection point for convenience foods category with 23% volume growth and 6% growth in average selling price across the segment, coupled with innovative new product launches like Omachi Cup - full meal solutions, and Omachi mashed potatoes. As a result, segment net revenue was up by 29% to VND4,636 billion in 2018, compared to 2017. "Omachi" range of premium products delivered 34% growth during 2018 vs last year, and now comprise ~40% of the category. During 4Q2018, Masan also entered into the super-premium category with Omachi - Business Class cup noodles, a full-meal solution with meatballs.



SAUCES, CONDIMENTS AND DRESSINGS

Among the diverse range of products available in sauces, dressings and condiments in Vietnam, fish sauce is regarded as one of the most important in local cuisine. According to a study by Kantar Worldpanel, around 97 percent of Vietnamese families in urban areas use fish sauce in their meals on a daily basis. In terms of distribution, traditional channels such as small independent grocers and kiosks in wet markets are often the most effective way to reach consumers despite increasing urbanization. In 2018, Masan Consumer remained the leading player in sauces, dressings and condiments thanks to its dominance in fish sauces and soy sauces and strength in chili sauces.

In 2018, growth in Masan Consumer's seasonings category was driven by strong volume growth in



core brands and premium innovations. Seasonings' net revenue in 2018 increased by 35% to VND6,958 billion from VND5,159 billion in FY2017. Core brands, Chin-su and Nam Ngu continued to perform well, as volume growth of 26% was the main driver behind the seasonings category topline growth. Masan continued to launch premium variants, with contribution from premium portfolio comprising ~10% of net revenue in 2018. Premiumization strategy continued to work well, as successful launch of premium variants helped average selling price across the category to increase by ~7% in 2018 vs last year.

COFFEE

Vietnam is expected to register strong GDP growth and lower unemployment levels, which would support consumer confidence in spending. More consumers would also have to juggle hectic lifestyles, fueling the need for convenience products like instant hot drinks. Coffee is expected to be the biggest beneficiary of this trend. As instant coffee is the most important product in the off-trade channel, new product developments are important to maintain competitiveness among brands. Many Vietnamese like their coffee to be strong and robust, like the traditional Vietnamese filter coffee, which was the direction for new instant coffee products that were launched in 2018. On-trade channel recorded higher volume growth than off-trade in 2018, as people ate out more frequently. In urban areas, young people usually spend long hours at work and prefer to eat out rather than cooking at home.



Masan Consumer's coffee category (excluding Wake-Up 247, which is covered under beverages) recorded VND1,708 billion in net revenue for FY2018, up by 11% compared to VND1,532 billion in FY2017, with all of the growth attributable to increased volumes. Significant innovations will be required to maintain double-digit growth in this category going forward, as the market becomes increasingly competitive with both foreign and local players vying for the rising demand for convenience among consumers.



VIETNAM CONSUMER SECTOR (continued)

SOFT DRINKS

Vietnamese consumers are increasingly becoming health conscious and prefer healthy drinks which has continued to drive the growth of the soft drinks market. This saw increased preference towards healthier alternatives such as ready-to-drink tea, juice and bottled water. Another growth river is demand for energy drinks from people working in blue-collar sectors such as manufacturing, agriculture and transportation. All soft drinks categories recorded positive performances in 2018, with some seeing strong double-digit growth in total volume terms.

During 2018, energy drinks continued to be major growth driver for the beverages category. "Wake Up 247" brand has been one of the most successful innovation products launched by Masan in recent years, with net revenue growing at a CAGR of ~50% since 2015. Focused brand communication, increase in distribution from 75,000 POS last year to 160,000 in 2018, has helped the energy drinks category deliver VND1,947 billion in net revenue for 2018, a growth of nearly 60% compared to 2017. Overall, the beverages category (including bottled water and energy drinks) achieved net revenue of VND2,789 billion in 2018, up 36% compared to 2017. "Vivant" premium mineral water brand launched in October 2018 is expected to be an important growth driver for the water segment in the near future.



PROCESSED MEAT

Consumers' demand for better-quality food in terms of taste, affordability and nutrition is also reflected in their evolving consumption of meat and seafood products, staples in Vietnamese cuisine. Vietnam consumers are also being exposed to a multitude of influences and types of cuisine available and are open to trying out new types of cuisine from the West and developed Asian countries such as Japan and South Korea, which also create an interest in newer form of meat consumption. However, in terms of the processed meat and seafood available through retail in Vietnam as of 2018, the product range had yet to keep pace with the types of food available through foodservice outlets. As a result, consumers are expected to continue looking for a wider variety of flavors and cooking styles in their processed meat and seafood packaged food, and manufacturers would need to innovate to cater to these increasingly diverse demands.

Masan Consumer's processed meat category delivered VND210 billion in net revenue during 2018, decline of 5% compared to 2017, mainly due to the delay in setting up our joint-venture with Jinju Ham, one of the leading players in the processed meat industry in South Korea. During 4Q2018, Masan launched Pönnie - premium sausage brand, the first co-produced innovation between Masan and Jinju Ham. Solid innovation pipeline for 2019 augurs well for this category, as more premium and innovative product launches are expected. Masan is investing to build a new state-of-the-art production line for this category during 2019.



BEVERAGES

The beverage industry is primarily divided into two categories; hot drinks and soft drinks. Hot drinks include coffee, tea and other hot drinks which consist of chocolate, malt-based drinks, among others. Soft drinks include bottled water, carbonates, concentrates, juices, ready-to-drink coffee, ready-to-drink tea, Asian specialty drinks and sports and energy drinks.





FACTORS AFFECTING OUR BUSINESS AND RESULTS OF OPERATIONS

Masan Consumer's business outlook is directly tied to the economic prospects of Vietnam

Our business outlook is directly tied to the economic prospects of Vietnam. Thus, if Vietnam should experience an economic recession, it would materially impact us.

Masan Consumer's subsidiaries and associates operate in industries that face significant competition, and our market-leading positions may be challenged if our competitors make significant strides to capture market share

Masan Consumer competes mainly on the basis of brand image, pricing, distribution network and product mix. The entrance of established foreign brands and companies has heightened the competitiveness of the basic food and beverage market in Vietnam. Competition may cause competitors to significantly increase their advertising expenditures and promotional activities or, to engage in irrational or predatory pricing behavior. Masan Consumer may be required to make greater investments in research and development, as well as promotions and marketing. These expenditures may lower our profit margins and thereby adversely affect our results of operations.

Masan Consumer's cost is not always stable

Masan Consumer's production capacity and costs rely heavily on the stable supply of raw materials (including oil, fish, soybean, fish sauce, chilies, flour, sugar and cereal) and packing materials for our products at acceptable prices. Our materials are procured from Vietnam and overseas by intermediaries. Despite having multiple suppliers for our materials and we do not depend on any single supplier for any material, we may still face possible shortages. If we do not have sufficient materials in terms of quantity and quality as required by us, or at prices and other conditions that we can accept, product quality, production capacity and our revenue may be adversely affected.

On the other hand, raw material prices may fluctuate as a result of unforeseeable events such as weather conditions, climate, and fluctuation in commodity prices, currency and government policies regarding agriculture. If we cannot manage these costs and increase our product selling prices, our business, financial condition, results of operations and prospects might be considerably and adversely affected.

Masan Consumer depends on a continued ability to recruit or retain appropriately skilled personnel for its key management positions

Although Masan Consumer is not dependent on any one member of our respective Board of Directors, Supervisory Boards, Management Boards or senior management teams, our success depends to a significant extent on their skills, capabilities and efforts, as well as our ability to recruit and retain them and other appropriately skilled personnel. Due to the intense competition in Vietnam, we face a continuing challenge in recruiting and retaining a sufficient number of skilled professionals. A loss of key personnel may have a material adverse effect on our business, financial condition, results of operations and prospects.

We depend on our existing distribution network

We rely on our relationships with a network of distributors to sell our products. Our competitors may offer more favorable conditions or larger promotions to our distributors, causing them to end their distribution contract with us. In a situation where our relationships with a large number of distributors worsen, our business, financial condition, results of operations and prospects might be considerably and adversely affected.

Masan Consumer's sales are affected by our brand image

Masan Consumer strives to protect our image as a successful, positively-impacting society and ambitious company. Nevertheless, unexpected events can occur which impact on our image, such as unhealthy competition. Our brand image affects our sales heavily, and we might suffer loss in sales which results in lower revenue as well as extra funds to recover our image.

We may not be successful in the development of new products

We have an in-house research and development team, dedicated to developing new products and new variations of existing products. In particular, it focuses on creating new innovative, healthy, affordable and convenient products. The development and launch of new products may require substantial expenditure, including higher cost in administration, production and marketing.

Successful market acceptance of our new products is largely dependent on our ability to successfully cater to the market's demands, taste and the changing dietary preference of consumers. We cannot assure that the market will respond favorably to new products we produce. If our products are not successful, we will not be able to recover the research

and development expenses incurred and this may have an adverse effect on our business, financial condition, results of operation and prospects.

We may face product contamination and any such case may cause us to receive public backlash and hold responsible for that product

Contamination is a possible risk in the food and beverage business. Despite our best efforts, including frequent inspection at manufacturing plants and of our raw materials, we cannot completely rule out all possible causes for contamination. Not all of our processes is automated, as such, human risk is still a possibility, thus increasing the risk of contamination. As a result, it is possible that we may be hold responsible for any product contamination and be forced to recall our product or exit the market, and this may have an adverse effect on our business, financial condition, results of operation and prospects. Although product liability is not fully recognized in Vietnam, we cannot guarantee that we may not face complaints or court orders regarding our product's safety and quality.

Masan Consumer's successful expansion into In-land ASEAN is not guaranteed

Through our partnership with Singha, Masan aims to launch products in Thailand and eventually expand to neighboring markets within In-land ASEAN. Even though this gives us an opportunity to expand and grow in a bigger market, we are not certain yet if we will be successful since this is the beginning of a challenging task.

CONSOLIDATED STATEMENT OF INCOME

	2018	2017
Figures in VND million	Audited	Audited
Total Revenue	17,290,254	13,422,927
Less Sales Deductions	(283,778)	(209,286)
Net sales	17,006,476	13,213,640
Cost of Goods Sold	(9,388,082)	(7,181,059)
Gross profit	7,618,393	6,032,581
Selling, General & Administrative Expenses	(4,078,103)	(3,734,884)
Financial Income	550,227	456,988
Financial Expenses	(182,528)	(135,643)
Share of Profit in an Associate	5,318	5,318
Net Operating Profit	3,913,307	2,624,362
Results of Other Activities	(18,902)	2,394
Profit Before Tax	3,894,405	2,621,968
Tax	(496,926)	(375,970)
Net Profit After Tax	3,397,479	2,245,998
Attributable to		
Non-controlling Interests	30,390	114,150
EQUITY HOLDERS OF THE COMPANY	3,367,089	2,131,848

CONSOLIDATED BALANCE SHEET

	December 31, 2018	December 31, 2017
Figures in VND million	Audited	Audited
CURRENT ASSETS	3,633,456	5,793,076
Cash and cash equivalents	1,669,120	4,235,913
Short-term Investments	251,200	154,259
Net Operating Receivables	441,229	309,526
Other Receivables	17,051	38,698
Inventories	1,215,429	1,010,974
Other Current Assets	39,427	43,706
LONG TERM ASSETS	13,419,349	11,851,981
Long-term Receivables	8,205,003	6,237,572
Fixed Assets	4,077,188	4,412,933
Tangible Fixed Assets	3,087,400	3,241,037
Intangible Fixed Assets	989,788	1,171,896
Construction in Progress	230,564	252,152
Long-term Investments	249,392	249,392
Other Long-term Assets	657,202	699,931
TOTAL ASSETS	17,052,805	17,645,057



CONSOLIDATED BALANCE SHEET (continued)

FINANCIAL RATIOS

	December 31, 2018	December 31, 2017
Figures in VND million	Audited	Audited
CURRENT LIABILITIES	5,917,950	5,947,096
Short-term Debt	3,279,081	3,387,678
Current Account Payables	996,133	801,574
Advance from Customers	48,884	35,712
Tax Payables	283,813	224,312
Payroll Payables	286	25
Accrued Expense	1,267,089	893,632
Other Payables	42,663	604,164
LONG TERM LIABILITIES	253,643	366,133
Long-term Debt	41,142	95,998
Other Long-term Liabilities	212,501	270,135
TOTAL LIABILITIES	6,171,593	6,313,229
EQUITY	10,881,212	11,331,827
Chartered Capital	6,279,291	5,431,328
Capital Surplus	4,292,501	5,088,056
Other Capital	(265,776)	(265,776)
Treasury Shares	(1,640,253)	(1,640,253)
Foreign Exchange Differences	5,398	2,951
Investment and Development Fund	22,732	22,732
Retained Earnings	1,962,584	2,226,022
Minority Interest	224,734	466,766
TOTAL RESOURCES	17,052,805	17,645,057

	December 31, 2018	December 31, 2017
Current Ratio	0.6x	1.0x
Quick Ratio	0.4x	0.8x
Debt/EBITDA	0.8x	1.2x
Debt/Total Assets	0.19x	0.2x
Inventory Turnover	8.4x	8.3x
Days Inventory (days)	47	51
ROE	30.3%	18.3%
ROA	19.6%	12.7%
Net Sales/Total Assets	99.73%	74.89%
Net Margin	20.0%	17.0%
EBIT Margin	20.8%	17.4%
EBITDA Margin	25.1%	22.8%

IN 2018

17,006
VND billion

REVENUE

In 2018, Masan Consumer's net revenue reached VND17,006 billion, representing a 28.74% increase compared to 2017. Primary drivers of growth were from our success with premiumizing the seasonings and convenience foods categories and expanding our distribution channels in the beverage category.

IN 2018

44.8%

GROSS PROFIT

Masan's gross profit margin reached 44.8% in 2018 compared to 45.7% in 2017, a decline of 86 basis points. Stronger growth in the categories with higher profit margins such as seasonings and energy drinks were offset by rising raw material prices.

IN 2018

4,078
VND billion

SELLING, GENERAL AND ADMINISTRATION EXPENSES

Selling, General and Administration expenses (SG&A) in 2018 were VND4,078 billion, compared to VND3,735 billion in 2017. SG&A as a percentage of net sales in 2017 decreased from 28.3% to 24.0% in 2018 by a reduction in trade promotion as a percentage of sales.

IN 2018

368
VND billion

NET FINANCIAL INCOME

Net financial income reached VND368 billion in 2018 from VND321 billion in 2017, an increase of 14.4%, driven by higher interest income from optimizing the Company's cash balance.

IN 2018

3,397
VND billion

NET PROFIT AFTER TAX

In 2018, net profit after tax reached VND3,397 billion, increasing by 51.3% versus 2017 due to higher net revenue, lower SG&A, and higher net financial income.

AS AT 31 DECEMBER 2018

9,354
VND billion

CASH AND CASH EQUIVALENT POSITION

Masan Consumer's cash balance as at 31 December 2018 was VND9,354 billion (including term deposits and other interest-bearing investments), decreasing by 9.1% compared to that of VND10,287 billion as at 31 December 2017. This decrease was primarily due to our purchase of additional shares in Vinacafé Bien Hoa and a cash dividend of VND2,917 billion in 2018, partially offset by operating cash flows.

AS AT 31 DECEMBER 2018

4,308
VND billion

FIXED ASSETS

As at 31 December 2018, fixed assets (including construction in progress) amounted to VND4,308 billion, down 8% from VND4,665 billion as at 31 December 2017. Our fixed assets remained flat as our capital expenditure has been capitalized from construction in progress to tangible fixed assets. In 2018, Masan brought into operation major projects including production line for paste sauces product, Chin-Su Toi Ot, and Omachi noodle cup with meat in Binh Duong.

AS AT 31 DECEMBER 2018

32.83%

INVESTMENT IN AN ASSOCIATES

Investment in an associate represents 32.8% effective economic interest in Cholimex Food Joint Stock Company as at 31 December 2018.

AS AT 31 DECEMBER 2018

17,053
VND billion

TOTAL ASSETS

Total assets decreased by 3% to VND17,053 billion as at 31 December 2018 from VND17,645 billion as at 31 December 2017 primarily due to the changes in working capital.

AS AT 31 DECEMBER 2018

3,320
VND billion

BORROWINGS

As at 31 December 2018 short and long-term borrowings decreased by 5% to VND3,320 billion from VND3,483 billion as at 31 December 2017. This decrease was mainly due to additional working capital facilities.

AS AT 31 DECEMBER 2018

10,881
VND billion

OWNERS' EQUITY

Owners' equity as at 31 December 2018 was VND10,881 billion, down 4% compared to VND11,332 billion as at 31 December 2017. Our owners' equity decreased primarily due to declared dividends of VND2,363 billion in 2018 and the effect from purchasing additional shares in Vinacafé Bien Hoa, a subsidiary, at a higher price than its book value.

For 2019, Masan Consumer will continue strengthening its business model and practices, with a clear focus on sell-out growth (sales from our distributors to consumers) and building win-win relationships within our ecosystem of suppliers and distributors. This focus is expected to enable Masan to deliver significant growth and ensure sustainable growth in the medium-term for our food and beverage business.

In 2019, we will focus on premiumizing our core categories such as seasonings and convenience foods and expect to see continued growth in our beverage business, anchored by the success of our energy drink sub-category. We are also excited about our prospects for processed meat business and we expect to start seeing greater impact from our joint venture partnership with Jinju Ham of Korea.

In addition, we will continue to optimize our SG&A to drive profitability and generate robust cash flows to allow us to continue building power brands. Our commitment to building power brands is part of our efforts to ensure that our business model is less “product pushing” and more “brand building”, which is based on increasing end-consumer’s demand. Margins could be impacted by higher than expected input costs. However, through our R&D platform and innovation, we aim to reduce conversion and input costs to offset the input price pressures. In addition, superior operational execution could also minimize logistics and indirect costs, lifting EBIT margins.

As a result of the aforementioned reasons, Masan Consumer expects to deliver a 20% to 31% growth in topline for FY2019, with net profit after tax and non-controlling interests expected grow by 20% to 25%.

(VND billion)	Plan 2019		Actual 2018	Growth Rate	
	Low End	High End		Low End	High End
Net Sales	20,400	22,300	17,006	20%	31%
Net Profit after Tax and Non-controlling interests (VAS)	4,050	4,200	3,367	20%	25%





Enterprise Registration Certificate No.

0302017440

31 May 2000

The Company's Enterprise Registration Certificate has been amended several times, the most recent of which is dated 14 September 2018. The Enterprise Registration Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City.

Board of Directors**Mr Truong Cong Thang** Chairman**Dr Nguyen Dang Quang** Member**Ms Nguyen Hoang Yen** Member**Mr Nguyen Thieu Quang** Member**Mr Danny Le** Member
(from 24 April 2018)**Mr Ho Hung Anh** Member
(until 12 April 2018)**Mr Seokhee Won** Member
(until 27 February 2018)**Board of Management****Mr Truong Cong Thang** Chief Executive Officer
(from 28 February 2018)**Mr Seokhee Won** Chief Executive Officer
(until 27 February 2018)**Ms Nguyen Hoang Yen** Deputy Chief Executive Officer**Mr Pham Hong Son** Deputy Chief Executive Officer**Mr Pham Dinh Toai** Deputy Chief Executive Officer**Mr Nguyen Anh Nguyen** Deputy Chief Executive Officer**Ms Dinh Kim Nhung** Deputy Chief Executive Officer
(until 26 February 2019)**Registered Office**12th Floor, MPlaza Saigon
39 Le Duan, Ben Nghe Ward
District 1, Ho Chi Minh City
Vietnam**Auditor**KPMG Limited
Vietnam

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 2018.

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 66 to 117 give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated results of operations and its 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; 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



Truong Cong Thang
Chairman of the Board of Directors
cum Chief Executive Officer

Ho Chi Minh City, 7 March 2019

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 2018, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 7 March 2019, as set out on pages 66 to 117.

BOARD OF MANAGEMENT'S RESPONSIBILITY

The Company's Board of Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of 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 financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 2018 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.: 18-01-00557-19-2



Ha Vu Dinh

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

Ho Chi Minh City, 7 March 2019

Chang Hung Chun

Practicing Auditor Registration
Certificate No. 0863-2018-007-1

CONSOLIDATED BALANCE SHEET

as at 31 December 2018

Form B 01 - DN/HN

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

	Code	Note	31/12/2018 VND	1/1/2018 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		3,633,456,428,858	5,793,075,753,348
Cash and cash equivalents	110	6	1,669,119,982,526	4,235,913,074,249
Cash	111		114,319,982,526	82,888,074,249
Cash equivalents	112		1,554,800,000,000	4,153,025,000,000
Short-term financial investments	120		251,200,000,000	154,258,720,000
Held-to-maturity investments	123	7(a)	251,200,000,000	154,258,720,000
Accounts receivable – short-term	130		458,279,877,556	348,223,852,227
Accounts receivable from customers	131	8	291,484,778,821	261,094,359,738
Prepayments to suppliers	132		149,743,969,504	48,438,835,310
Other short-term receivables	136	9(a)	17,051,129,231	38,698,246,885
Allowance for doubtful debts	137	10	-	(7,589,706)
Inventories	140	11	1,215,429,352,783	1,010,974,147,574
Inventories	141		1,263,207,672,163	1,017,930,397,608
Allowance for inventories	149		(47,778,319,380)	(6,956,250,034)
Other current assets	150		39,427,215,993	43,705,959,298
Short-term prepaid expenses	151		14,874,603,168	17,450,908,457
Deductible value added tax	152		22,820,844,999	23,128,636,709
Taxes and other receivables from State Treasury	153		1,731,767,826	3,126,414,132

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

CONSOLIDATED BALANCE SHEET

as at 31 December 2018 (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	31/12/2018 VND	1/1/2018 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		13,419,348,774,861	11,851,980,806,425
Accounts receivable – long-term	210		8,205,002,665,275	6,237,572,225,813
Long-term loans receivable	215	12	7,433,716,876,592	5,896,716,876,592
Other long-term receivables	216	9(b)	771,285,788,683	340,855,349,221
Fixed assets	220		4,077,188,360,222	4,412,933,243,930
Tangible fixed assets	221	13	3,087,400,141,923	3,241,037,214,968
Cost	222		5,519,548,816,735	5,230,319,735,557
Accumulated depreciation	223		(2,432,148,674,812)	(1,989,282,520,589)
Intangible fixed assets	227	14	989,788,218,299	1,171,896,028,962
Cost	228		2,060,208,191,558	2,103,301,612,207
Accumulated amortisation	229		(1,070,419,973,259)	(931,405,583,245)
Long-term work in progress	240		230,563,818,314	252,152,223,620
Construction in progress	242	15	230,563,818,314	252,152,223,620
Long-term financial investments	250		249,391,858,906	249,391,858,906
Investment in an associate	252	7(b)	249,391,858,906	249,391,858,906
Other long-term assets	260		657,202,072,144	699,931,254,156
Long-term prepaid expenses	261	16	165,907,440,337	190,950,225,630
Deferred tax assets	262	17	204,359,878,763	153,245,522,534
Goodwill	269	18	286,934,753,044	355,735,505,992
TOTAL ASSETS (270 = 100 + 200)	270		17,052,805,203,719	17,645,056,559,773

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

CONSOLIDATED BALANCE SHEET

as at 31 December 2018 (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	31/12/2018 VND	1/1/2018 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		6,171,592,731,916	6,313,229,100,033
Current liabilities	310		5,917,949,750,813	5,947,095,673,192
Accounts payable to suppliers – short-term	311	19	996,132,919,346	801,573,550,158
Advances from customers	312		48,883,742,075	35,712,183,790
Taxes payable to State Treasury	313	20	283,813,387,948	224,311,703,039
Payables to employees	314		286,388,185	24,501,018
Accrued expenses	315	21	1,267,088,936,129	893,632,037,512
Other short-term payables	319	22(a)	19,702,381,860	581,121,178,228
Short-term borrowings	320	23(a)	3,279,081,068,531	3,387,677,592,708
Bonus and welfare funds	322		22,960,926,739	23,042,926,739
Long-term liabilities	330		253,642,981,103	366,133,426,841
Accounts payable to suppliers – long-term	331	19	36,330,147,040	78,525,018,000
Other long-term payables	337	22(b)	20,101,628,673	20,821,499,726
Long-term borrowings	338	23(b)	41,142,136,776	95,998,319,156
Deferred tax liabilities	341	17	140,455,807,864	157,986,259,876
Provisions – long-term	342		15,613,260,750	12,802,330,083
EQUITY (400 = 410)	400		10,881,212,471,803	11,331,827,459,740
Owners' equity	410	24	10,881,212,471,803	11,331,827,459,740
Share capital	411	25	6,279,291,230,000	5,431,327,770,000
- Ordinary shares with voting rights	411a		6,279,291,230,000	5,431,327,770,000
Share premium	412	25	4,292,501,204,992	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		5,398,307,899	2,951,013,886
Investment and development fund	418		22,731,972,844	22,731,972,844
Undistributed profits after tax	421		1,962,584,222,892	2,226,022,362,372
- Undistributed profits after tax brought forward	421a		-	93,929,785,879
- Undistributed profit after tax for the current year	421b		1,962,584,222,892	2,132,092,576,493
Non-controlling interests	429		224,733,821,437	466,766,233,907
TOTAL RESOURCES (440 = 300 + 400)	440		17,052,805,203,719	17,645,056,559,773

7 March 2019

Prepared by:



Phan Thi Thuy Hoa
Chief Accountant

Approved by:




Huynh Viet Thang
Acting Chief Financial Officer

Trương Công Thang
Chairman of the Board of Directors

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

CONSOLIDATED STATEMENT OF INCOME

for the year ended 31 December 2018

Form B 02 - DN/HN

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

	Code	Note	2018 VND	2017 VND
Revenue from sale of goods and provision of services	01	28	17,290,253,757,722	13,422,926,705,427
Revenue deductions	02	28	283,778,144,765	209,286,432,011
Net revenue (10 = 01 - 02)	10	28	17,006,475,612,957	13,213,640,273,416
Cost of sales	11	29	9,388,082,263,631	7,181,058,837,278
Gross profit (20 = 10 - 11)	20		7,618,393,349,326	6,032,581,436,138
Financial income	21	30	550,227,206,305	456,988,463,034
Financial expenses	22	31	182,528,190,256	135,642,808,146
In which: Interest expense	23		180,421,924,187	131,876,543,711
Share of profit in an associate	24		5,318,434,000	5,318,434,000
Selling expenses	25	32	3,284,879,798,663	3,013,408,048,716
General and administration expenses	26	33	793,223,583,936	721,475,937,145
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		3,913,307,416,776	2,624,361,539,165
Other income	31		622,448,279	1,340,161,739
Other expenses	32		19,524,646,870	3,734,128,540
Results of other activities (40 = 31 - 32)	40		(18,902,198,591)	(2,393,966,801)
Accounting profit before tax (50 = 30 + 40)	50		3,894,405,218,185	2,621,967,572,364
Income tax expense – current	51	34	565,570,608,804	398,411,246,861
Income tax benefit – deferred	52	34	(68,644,808,241)	(22,441,350,578)
Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)	60		3,397,479,417,622	2,245,997,676,081

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

CONSOLIDATED STATEMENT OF INCOME

for the year ended 31 December 2018 (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	2018 VND	2017 VND
Net profit after tax (brought forward from previous page)	60		3,397,479,417,622	2,245,997,676,081
Attributable to:				
Equity holders of the Company	61		3,367,089,339,533	2,131,847,621,907
Non-controlling interests	62		30,390,078,089	114,150,054,174
<hr/>				
	Code	Note	2018 VND	2017 VND (as restated)
Earnings per share				
Basic earnings per share	70	35	5,549	3,548

7 March 2019

Prepared by:



Phan Thi Thuy Hoa
Chief Accountant

Approved by:



Huynh Viet Thang
Acting Chief Financial Officer

Trung Cong Thang
Chairman of the Board of Directors

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2018 (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	2018 VND	2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	3,894,405,218,185	2,621,967,572,364
Adjustments for			
Depreciation and amortisation	02	685,883,152,709	674,245,273,989
Allowances and provisions	03	77,111,027,113	30,761,091,598
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04	(131,172,203)	465,899,740
Losses on disposals and written-off of fixed assets	05	14,496,001,037	2,012,204,594
Interest income from investing activities	05	(546,923,962,024)	(453,172,625,151)
Share of profit in an associate	05	(5,318,434,000)	(5,318,434,000)
Interest expense	06	180,421,924,187	131,876,543,711
Operating profit before changes in working capital	08	4,299,943,755,004	3,002,837,526,845
Change in receivables and other current assets	09	(20,673,206,465)	(39,021,357,334)
Change in inventories	10	(278,755,301,655)	(322,145,799,020)
Change in payables and other liabilities	11	571,272,430,854	(17,270,444,352)
Change in prepaid expenses	12	31,856,346,083	35,077,038,825
		4,603,644,023,821	2,659,476,964,964
Interest paid	14	(178,714,103,145)	(128,967,211,624)
Corporate income tax paid	15	(525,263,590,831)	(417,362,885,649)
Other payments for operating activities	17	(82,000,000)	(196,600,000)
Net cash flows from operating activities	20	3,899,584,329,845	2,112,950,267,691
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(419,735,286,269)	(489,808,473,401)
Proceeds from disposals of fixed assets	22	2,645,551,428	1,848,263,994
Payments for granting loans	23	(4,637,000,000,000)	(5,920,405,000,000)
Receipts from collecting of loans	24	3,100,000,000,000	500,000,000,000
Placement of term deposits to banks and other investments	23	(756,211,720,000)	(3,173,376,720,000)
Withdrawal of term deposits from banks and other investments	24	659,270,440,000	4,752,066,841,175
Payments for acquisition of non-controlling interests in a subsidiary	25	(1,612,925,442,493)	-
Receipts of interest and dividends	27	146,796,478,068	255,682,931,659
Net cash flows from investing activities	30	(3,517,159,979,266)	(4,073,992,156,573)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2018 (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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018

Form B 09 - DN/HN

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

	Code	2018 VND	2017 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share capital issued	31	52,408,270,000	49,726,600,000
Proceeds from capital contribution in a subsidiary by non-controlling interests	31	76,343,325,699	-
Payments for shares repurchased in a subsidiary	32	-	(247,200,000)
Proceeds from bank borrowings	33	13,076,955,605,131	7,798,314,906,822
Payments to settle loan principals to banks	34	(13,240,408,311,688)	(7,412,453,959,741)
Payments of dividends	36	(2,916,727,251,200)	(1,157,089,232,500)
Net cash flows from financing activities	40	(2,951,428,362,058)	(721,748,885,419)
Net cash flows during the year (50 = 20 + 30 + 40)	50	(2,569,004,011,479)	(2,682,790,774,301)
Cash and cash equivalents at the beginning of the year	60	4,235,913,074,249	6,914,244,921,330
Effect of exchange rate fluctuations on cash and cash equivalents	61	1,991,773,485	4,369,156,614
Currency translation differences	61	219,146,271	89,770,606
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 6)	70	1,669,119,982,526	4,235,913,074,249

NON-CASH INVESTING AND FINANCING ACTIVITIES

	2018 VND	2017 VND
Net-off dividends payable with loans receivable from the parent company	-	1,187,405,000,000

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 2018 comprise the Company and its subsidiaries (collectively 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 Enterprise Registration Certificate No. 0302017440 issued by the Department of Planning and Investment of Ho Chi Minh City ("DPI") on 31 May 2000 and its amendments.

(c) Normal operating cycle

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

7 March 2019

Prepared by:



Phan Thi Thuy Hoa
Chief Accountant

Approved by:



Huynh Viet Thang
Acting Chief Financial Officer

Truong Cong Thang
Chairman of the Board of Directors

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

1. REPORTING ENTITY (CONTINUED)

(d) Group structure

As at 31 December 2018, the Group has 3 directly owned subsidiaries, 13 indirectly owned subsidiaries and 1 associate (1/1/2018: 3 directly owned subsidiaries, 13 indirectly owned subsidiaries and 1 associate). Information of the subsidiaries and an associate are described as follows:

Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
			31/12/2018	1/1/2018	31/12/2018	1/1/2018
Directly owned subsidiaries						
Masan Food Company Limited	Trading and distribution	12 th Floor, MPlaza 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, MPlaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.	100%	100%	100%	100%
Masan Consumer (Thailand) Limited ("MTH")	Trading and distribution	No. 83, 4 th Floor, Amnuay Songkhram Road, Tanon Nakornchaisri Sub-District, Dusit District, Bangkok, Thailand.	99.99%	99.99%	99.99%	99.99%
Indirectly owned subsidiaries						
Masan Industrial One Member Company Limited	(i) Seasonings, convenience food manufacturing and packaging	Lot 6, Tan Dong Hiep A Industrial Park, Tan Dong Hiep Ward, Di An Town, Binh Duong Province, Vietnam.	100%	100%	100%	100%
Viet Tien Food Technology One Member Company Limited	(i) Seasonings manufacturing	Lot III-10, Street No. 1, Industrial Group III, Tan Binh Industrial Park, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City, Vietnam.	100%	100%	100%	100%
Masan PQ Corporation (formerly known as Ma San PQ Corporation)	(i) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam.	99.99%	99.99%	99.99%	99.99%
Masan HD One Member Company Limited	(i) Convenience food manufacturing	Lot 22, Dai An Industrial Park, Tu Minh Ward, Hai Duong City, Hai Duong Province, Vietnam.	100%	100%	100%	100%

Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
			31/12/2018	1/1/2018	31/12/2018	1/1/2018
Masan MB One Member Company Limited	(i) Seasonings, convenience food manufacturing and packaging	Area B, Nam Cam Industrial Park – Dong Nam Nghe An Economic Zone, Nghi Loc District, Nghe An Province, Vietnam.	100%	100%	100%	100%
Masan HG One Member Company Limited	(i) Seasonings, convenience food manufacturing and packaging	Song Hau Industrial Park, Dong Phu Ward, Chau Thanh District, Hau Giang Province, Vietnam.	100%	100%	100%	100%
Masan JinJu Joint Stock Company (formerly known as Saigon Nutri Food Joint Stock Company)	(i) Convenience food manufacturing and trading	Factory F5, Lot 6, Tan Dong Hiep A Industrial Park, Tan Dong Hiep Ward, Di An Town, Binh Duong Province, Vietnam.	74.99%	99.99%	74.99%	99.99%
Nam Ngu Phu Quoc One Member Company Limited	(i) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam.	100%	100%	100%	100%
VinaCafé Bien Hoa Joint Stock Company	(ii) Beverage manufacturing and trading	Bien Hoa Industrial Park I, Bien Hoa City, Dong Nai Province, Vietnam.	98.49%	68.46%	98.49%	68.46%
Vinh Hao Mineral Water Corporation	(ii) Beverage manufacturing and trading and packaging	Vinh Son Hamlet, Vinh Hao Commune, Tuy Phong District, Binh Thuan Province, Vietnam.	88.56%	88.56%	88.56%	88.56%
KronFa, JSC	(iii) Beverage manufacturing	Km 37, Highway 27, Tan Son Town, Ninh Son District, Ninh Thuan Province, Vietnam.	88.55%	88.55%	99.99%	99.99%
Quang Ninh Mineral Water Corporation	(ii) Beverage manufacturing and trading	No. 3A, Area 4, Suoi Mo, Bai Chay Ward, Ha Long City, Quang Ninh Province, Vietnam.	65.85%	65.85%	65.85%	65.85%
Café De Nam Joint Stock Company (formerly known as CDN Production Trading Corporation)	(iv) Beverage manufacturing and trading	Lot C.III-3+5+7, Long Thanh Industrial Park, Tam An Commune, Long Thanh District, Dong Nai Province, Vietnam.	83.72%	58.19%	85%	85%
An associate						
Cholimex Food Joint Stock Company	(i) Seasonings manufacturing and trading	Lot C40 – 43/I, Street No. 7, Vinh Loc Industrial Park, Binh Chanh District, Ho Chi Minh City, Vietnam.	32.83%	32.83%	32.83%	32.83%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

- (i) These subsidiaries and an associate are indirectly owned by the Company through Masan Food Company Limited (“MSF”).
 - (ii) These subsidiaries are indirectly owned by the Company through Masan Beverage Company Limited (“MSB”).
 - (iii) KronFa., JSC is indirectly owned by the Company through Vinh Hao Mineral Water Corporation.
 - (iv) Café De Nam Joint Stock Company (formerly known as CDN Production Trading Corporation) is indirectly owned by the Company through VinaCafé Bien Hoa Joint Stock Company.
- MTH is incorporated in Thailand. Other subsidiaries and the associate are incorporated in Vietnam.
- As at 31 December 2018, the Group had 4,418 employees (1/1/2018: 4,382 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 is prepared using the indirect method.

(c) Annual accounting period

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

(d) Accounting and presentation currency

The Company’s accounting currency is Vietnam Dong (“VND”) which is also the currency used for financial statements presentation purposes.

(e) Corresponding figures

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted by the 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 No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance (“Circular 202”), such difference is recorded directly in undistributed profits after tax under equity.

(iii) Loss of control

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

(iv) Associates (equity accounted investees)

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

(v) Transactions eliminated on consolidation

Intra-group transactions, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

(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 No. 11 – Business Combination and in selecting its accounting policies with respect to such transaction, the Group has considered Vietnamese Accounting Standard No. 01 – Framework and Vietnamese Accounting Standard No. 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 and consolidated statement of cash flows include the results of operations of the combining companies as if the group structure had been in existence from the Controlling Shareholders’ perspective throughout the entire years presented, or where the companies were incorporated at a date later than the beginning of the earliest years presented, for the year from the date of incorporation to the end of the relevant reporting periods.

(vii) Business combinations under non-common control

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

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

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations included any costs directly attributable to the business combination, such as professional fees paid to accountants, legal advisers, valuers and other consultants 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 losses are derived from the translated net loss from which they were appropriated. Revenues, income and expenses, and cash flows during the year are translated to VND at the exchange rates which approximate actual exchange rates ruling on the date of transactions.

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

(c) Cash and cash equivalents

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

(d) Held-to-maturity investments

Held-to-maturity investments are those that the Board 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 direct selling expenses.

The Group applies the perpetual method of accounting for inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

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

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

(iii) Exploitation rights

Expenditure on obtaining exploitation rights for mineral water resources is capitalised and treated as an intangible fixed asset. Amortisation is computed on a straight-line basis over their useful lives ranging from 4 to 30 years.

(iv) Brand name

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

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

(v) Customer relationships

The fair value of customer relationships that is acquired by the Group on the acquisition of a subsidiary is capitalised and treated as an intangible fixed 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 fixed 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 terms of the leases from 42 to 50 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

(ii) Goodwill from equitisation

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

(iii) Tools and supplies

Tools and supplies also include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of those assets is 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 average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee 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 are excluded.

(n) Equity

(i) Share capital and share premium

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

(ii) Other capital

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

(iii) Treasury shares

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

(o) Taxation

Income tax on the consolidated profit or loss for the 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 in equity, in which case it is recognised in equity.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

(o) Taxation (continued)

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

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

(p) Revenue

(i) Sale of goods

Revenue from 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 from 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.

(q) Financial income and financial expenses

(i) Financial income

Financial income mainly comprises interest income from deposits at banks, interest income from loans and other investing activities and foreign exchange gains.

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 expense on borrowings from banks and foreign exchange losses.

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

(r) Operating lease payments

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

(s) Earnings per share

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

(t) Segment reporting

A segment is a 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 and secondary format for segment reporting are based on business segments and geographical segments, respectively.

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 headquarters corporate assets, general and administration 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.

(u) 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, the ultimate parent company and their subsidiaries and associates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (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 2018			
	Seasonings VND	Convenience food (*) VND	Beverage (*) VND	Others VND
Total segment revenue – net	7,067,067,312,590	4,807,915,923,297	5,124,368,362,689	7,124,014,381
Segment gross profit	3,569,061,406,429	1,861,740,755,798	2,184,125,405,213	3,465,781,886
Segment results	2,476,299,954,784	658,888,450,912	912,573,078,728	3,465,781,886
Unallocated general and administration expenses				(505,618,865,583)
Financial income				550,227,206,305
Financial expenses				(182,528,190,256)
Net operating profit				3,913,307,416,776
Other income				622,448,279
Other expenses				(19,524,646,870)
Income tax expense				(496,925,800,563)
Net profit after tax				3,397,479,417,622

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (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 2017			
	Seasonings VND	Convenience food (*) VND	Beverage (*) VND	Others VND
Total segment revenue – net	5,294,071,048,560	3,833,707,907,972	4,079,256,392,751	6,604,924,133
Segment gross profit	2,799,817,614,902	1,555,970,296,881	1,673,487,896,768	3,305,627,587
Segment results	1,815,542,378,157	462,679,492,591	363,725,232,242	3,305,627,587
Unallocated general and administration expenses				(342,236,846,300)
Financial income				456,988,463,034
Financial expenses				(135,642,808,146)
Net operating profit				2,624,361,539,165
Other income				1,340,161,739
Other expenses				(3,734,128,540)
Income tax expense				(375,969,896,283)
Net profit after tax				2,245,997,676,081

Segment results represent 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.

(*) The segment results of the Convenience food and Beverage segments included amortisation of goodwill amounting to VND68,801 million (2017: VND68,801 million), amortisation of fair values of intangible fixed assets arisen in business combinations amounting to VND99,380 million (2017: VND99,380 million) and depreciation of fair values uplift of tangible fixed assets arisen in business combinations amounting to VND2,304 million (2017: VND18,724 million) during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (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 (CONTINUED)

(a) Business segments (continued)

As at 31 December 2018	Seasonings VND	Convenience food VND	Beverage VND	Consolidated VND
Segment assets	2,003,154,003,000	1,469,337,297,751	2,403,268,880,343	5,875,760,181,094
Unallocated assets				11,177,045,022,625
Total assets				17,052,805,203,719
Segment liabilities	315,923,020,745	527,430,592,405	703,376,472,523	1,546,730,085,673
Unallocated liabilities				4,624,862,646,243
Total liabilities				6,171,592,731,916
For the year ended 31 December 2018				
Capital expenditure	115,570,180,201	231,368,176,184	46,476,952,249	393,415,308,634
Unallocated capital expenditure				38,317,354,220
Depreciation of tangible fixed assets	222,398,998,845	113,338,250,661	128,262,138,944	463,999,388,450
Unallocated depreciation of tangible fixed assets				13,337,032,631
Amortisation of intangible fixed assets, goodwill and long-term prepaid expenses	4,482,885,314	20,972,494,649	172,885,985,858	198,341,365,821
Unallocated amortisation of intangible fixed assets and long-term prepaid expenses				52,538,510,527

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (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 2018	Seasonings VND	Convenience food VND	Beverage VND	Consolidated VND
Segment assets	2,121,779,688,936	1,312,938,157,237	2,657,484,292,677	6,092,202,138,850
Unallocated assets				11,552,854,420,923
Total assets				17,645,056,559,773
Segment liabilities	162,634,420,955	242,830,882,104	1,247,805,815,031	1,653,271,118,090
Unallocated liabilities				4,659,957,981,943
Total liabilities				6,313,229,100,033
For the year ended 31 December 2017				
Capital expenditure	321,286,774,303	65,252,920,842	50,009,342,633	436,549,037,778
Unallocated capital expenditure				60,801,639,940
Depreciation of tangible fixed assets	217,942,856,506	92,844,229,662	138,257,042,534	449,044,128,702
Unallocated depreciation of tangible fixed assets				14,145,343,771
Amortisation of intangible fixed assets, goodwill and long-term prepaid expenses	4,920,054,479	15,985,005,807	177,701,447,217	198,606,507,503
Unallocated amortisation of intangible fixed assets and long-term prepaid expenses				53,347,290,176

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (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 (CONTINUED)

(a) Business segments (continued)

Details of unallocated assets and unallocated liabilities are as follows:

	31/12/2018 VND	1/1/2018 VND
Cash and cash equivalents	1,669,119,982,526	4,235,913,074,249
Held-to-maturity investments – short-term	251,200,000,000	154,258,720,000
Accounts receivable – short-term, net	333,369,724,755	275,936,245,323
Inventories	200,926,794,772	130,885,289,948
Other current assets	14,666,691,515	9,478,308,181
Accounts receivable – long-term, net	8,205,002,665,275	6,237,572,225,813
Fixed assets	186,339,598,041	254,612,406,562
Construction in progress	39,630,909,143	8,309,258,685
Other long-term assets	276,788,656,598	245,888,892,162
Unallocated assets	11,177,045,022,625	11,552,854,420,923
Accounts payable to suppliers – short-term	243,874,755,248	131,742,947,085
Advances from customers	41,304,326,695	15,951,247,994
Taxes payable to State Treasury	267,692,533,153	215,304,122,304
Payables to employees	70,685,162	16,907,555
Accrued expenses	597,424,199,680	632,578,085,243
Other short-term payables	13,817,133,134	22,702,500,022
Short-term borrowings	3,279,081,068,531	3,387,677,592,708
Long-term borrowings	41,142,136,776	95,998,319,156
Deferred tax liabilities	140,455,807,864	157,986,259,876
Unallocated liabilities	4,624,862,646,243	4,659,957,981,943

(b) Geographical segments

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

5. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) Acquisition of additional equity interests in VinaCafé Bien Hoa Joint Stock Company

In February 2018, Masan Beverage Company Limited (“MSB”), a subsidiary of the Company, successfully acquired additional 7,982,361 shares of VinaCafé Bien Hoa Joint Stock Company (“VCF”) for a total consideration of VND1,612,925 million. As a result of this transaction, the Company’s equity interest in VCF has increased from 68.46% to 98.49%, resulting in the following effects:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

	VND
Consideration paid in cash	1,612,925,442,493
Proportionate carrying amount of net assets acquired	(311,418,585,035)
Difference recorded in undistributed profits after tax (Note 24)	1,301,506,857,458

(b) Capital contribution in Masan JinJu Joint Stock Company (formerly known as Saigon Nutri Food Joint Stock Company) by non-controlling interests

In June 2018, Masan JinJu Joint Stock Company (formerly known as Saigon Nutri Food Joint Stock Company (“SNF”)), a subsidiary of the Company and JinJu Ham Company Limited (“JinJu”) entered into an agreement in which JinJu agrees to contribute capital with the amount of VND76,343 million in exchange for 25% equity interest in SNF. As at the reporting date, the capital amount was fully received and SNF amended its Business Registration Certificate accordingly. As a result of this transaction, the Company’s equity interest in SNF has decreased from 99.99% to 74.99%, resulting in the following effects:

	VND
Consideration received in cash	76,343,325,699
Proportionate carrying amount of net assets disposed	(42,266,450,754)
Difference recorded in undistributed profits after tax (Note 24)	34,076,874,945

6. CASH AND CASH EQUIVALENTS

	31/12/2018 VND	1/1/2018 VND
Cash on hand	1,319,699,580	1,296,649,680
Cash at banks	113,000,282,946	81,591,424,569
Cash equivalents	1,554,800,000,000	4,153,025,000,000
Cash and cash equivalents in the consolidated statement of cash flows	1,669,119,982,526	4,235,913,074,249

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

	31/12/2018 VND	1/1/2018 VND
Held-to-maturity investments – short-term		
♦ Term deposits at banks	251,200,000,000	154,258,720,000

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

7. INVESTMENTS (CONTINUED)

(b) Investment in an associate

	31/12/2018		1/1/2018	
	Number of shares	% of equity owned and % of voting rights	Number of shares	% of equity owned and % of voting rights
Investment in an associate:				
♦ Cholimek Food Joint Stock Company	2,659,217	32.83%	2,659,217	32.83%
				Carrying value under equity method VND
				249,391,858,906

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

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

Movements of carrying value of investment in an associate of the Group during the year were as follows:

	Cholimek Food Joint Stock Company VND
Carrying value of investment in an associate at the beginning of the year	249,391,858,906
Share of post-acquisition profit in an associate during the year	5,318,434,000
Post-acquisition dividends receivable from an associate	(5,318,434,000)
Carrying value of investment in an associate at the end of the year	249,391,858,906

8. ACCOUNTS RECEIVABLE FROM CUSTOMERS

	31/12/2018 VND	1/1/2018 VND
Receivable from third parties	172,189,794,069	169,918,577,951
Receivable from related parties	119,294,984,752	91,175,781,787
	291,484,778,821	261,094,359,738

Please see Note 36 for balances between the Group and the related parties. The trade related amounts due from related parties were unsecured, interest free and are receivable within 30 – 180 days from invoice date.

9. OTHER RECEIVABLES

(a) Other short-term receivables

	31/12/2018 VND	1/1/2018 VND
Accrued interest receivable from deposits at banks	5,694,530,137	9,545,537,923
Short-term deposits	4,096,877,250	21,976,745,630
Others	7,259,721,844	7,175,963,332
	17,051,129,231	38,698,246,885

(b) Other long-term receivables

	31/12/2018 VND	1/1/2018 VND
Accrued interest receivable from a related party (*)	744,335,693,311	335,038,767,569
Long-term deposits	26,950,095,372	5,816,581,652
	771,285,788,683	340,855,349,221

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

10. ALLOWANCE FOR DOUBTFUL DEBTS

Movements of the allowance for doubtful debts during the year were as follows:

	2018 VND	2017 VND
Opening balance	7,589,706	1,217,027,357
Allowance utilised during the year	(7,589,706)	(1,185,937,651)
Written back	-	(23,500,000)
Closing balance	-	7,589,706

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (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

	31/12/2018		1/1/2018	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	46,162,485,789	-	52,156,943,848	-
Raw materials	571,181,399,445	(12,384,740,374)	579,492,610,142	(1,166,227,003)
Tools and supplies	77,707,709,750	(25,918,601,266)	76,197,364,169	-
Work in progress	93,507,831,475	-	76,069,236,191	-
Finished goods	465,386,443,069	(9,474,977,740)	228,837,186,075	(5,783,610,499)
Merchandise inventories	9,261,802,635	-	5,177,057,183	(6,412,532)
	1,263,207,672,163	(47,778,319,380)	1,017,930,397,608	(6,956,250,034)

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

	2018 VND	2017 VND
Opening balance	6,956,250,034	13,103,260,471
Increase in allowance during the year	74,849,185,249	28,838,750,368
Allowance utilised during the year	(33,478,027,100)	(33,239,690,202)
Written back	(549,088,803)	(1,746,070,603)
Closing balance	47,778,319,380	6,956,250,034

Included in inventories of the Group as at 31 December 2018 was VND47,778 million (1/1/2018: VND6,956 million) of slow-moving inventories.

12. LONG-TERM LOANS RECEIVABLE

	31/12/2018 VND	1/1/2018 VND
Loans receivable from a related party	7,433,716,876,592	5,896,716,876,592

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

13. TANGIBLE FIXED ASSETS

	Buildings VND	Leasehold improvements VND	Office equipment VND	Machinery and equipment VND	Motor vehicles VND	Total VND
Cost						
Opening balance	1,436,687,308,233	62,791,110,984	65,778,567,325	3,637,257,479,750	27,805,269,265	5,230,319,735,557
Additions during the year	373,927,815	-	-	3,989,491,541	87,652,000	4,451,071,356
Transfer from construction in progress	57,265,283,238	-	3,018,131,266	278,387,799,303	-	338,671,213,807
Net transfer to long-term prepaid expenses	-	-	-	(283,341,705)	-	(283,341,705)
Transfer to short-term prepaid expenses	-	-	-	(49,108,886)	-	(49,108,886)
Disposals	(2,261,318,008)	-	(41,284,954)	(33,440,411,855)	(4,369,999,245)	(40,484,578,655)
Written off	(3,045,088,330)	-	(612,998,925)	(2,201,088,273)	(7,216,999,211)	(13,076,174,739)
Closing balance	1,489,020,112,948	62,791,110,984	67,770,850,119	3,883,660,819,875	16,305,922,809	5,519,548,816,735
Accumulated depreciation						
Opening balance	306,627,179,424	29,935,955,606	37,472,523,021	1,597,882,447,252	17,364,415,286	1,989,282,520,589
Charge for the year	76,980,917,065	10,451,709,067	6,850,400,627	380,460,721,351	2,592,672,971	477,336,421,081
Net transfer to long-term prepaid expenses	-	-	-	(48,787,128)	-	(48,787,128)
Disposals	(229,902,091)	-	(41,284,954)	(18,547,631,031)	(3,508,551,062)	(22,698,933,731)
Written off	(2,401,461,583)	-	(612,998,925)	(2,174,096,702)	(6,533,988,789)	(11,722,545,999)
Closing balance	380,976,732,815	40,387,664,673	43,297,075,176	1,957,572,653,742	9,914,548,406	2,432,148,674,812
Net book value						
Opening balance	1,130,060,128,809	32,855,155,378	28,306,044,304	2,039,375,032,498	10,440,853,979	3,241,037,214,968
Closing balance	1,108,043,380,133	22,403,446,311	24,473,774,943	1,926,088,166,133	6,391,374,403	3,087,400,141,923

Included in tangible fixed assets of the Group were assets costing VND525,507 million, which were fully depreciated as of 31 December 2018 (1/1/2018: VND389,228 million), but which are still in active use.

As at 31 December 2018, certain of the Group's tangible fixed assets were pledged with banks as security for loans granted to the Group (1/1/2018: certain of the Group's tangible fixed assets were pledged with banks as security for loans granted to the Group and the parent company).

The carrying amount of the Group's temporarily idle equipment in tangible fixed assets amounted to VND661 million as of 31 December 2018 (1/1/2018: VND11,261 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (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 ASSET

	Land use rights VND	Software VND	Exploitation rights VND	Brand name VND	Customer relationships VND	Mineral water resources VND	Total VND
Cost							
Opening balance	119,085,818,402	291,102,724,674	117,945,577,348	758,354,816,571	404,114,911,701	412,697,763,511	2,103,301,612,207
Additions during the year	-	-	2,765,431,200	-	-	-	2,765,431,200
Transfer from construction in progress	-	2,137,005,818	-	-	-	-	2,137,005,818
Transfer to long-term prepaid expenses	-	(1,069,892,667)	-	-	-	-	(1,069,892,667)
Written off	-	(490,000,000)	-	-	-	-	(490,000,000)
Others	-	-	(46,435,965,000)	-	-	-	(46,435,965,000)
Closing balance	119,085,818,402	291,679,837,825	74,275,043,548	758,354,816,571	404,114,911,701	412,697,763,511	2,060,208,191,558
Accumulated amortisation							
Opening balance	29,862,531,845	98,028,541,320	13,898,704,478	385,228,742,429	352,923,944,341	51,463,118,832	931,405,583,245
Charge for the year	3,730,881,408	35,131,303,248	3,917,416,004	66,892,868,504	8,138,841,240	21,934,668,276	139,745,978,680
Transfer to long-term prepaid expenses	-	(241,588,666)	-	-	-	-	(241,588,666)
Written off	-	(490,000,000)	-	-	-	-	(490,000,000)
Closing balance	33,593,413,253	132,428,255,902	17,816,120,482	452,121,610,933	361,062,785,581	73,397,787,108	1,070,419,973,259
Net book value							
Opening balance	89,223,286,557	193,074,183,354	104,046,872,870	373,126,074,142	51,190,967,360	361,234,644,679	1,171,896,028,962
Closing balance	85,492,405,149	159,251,581,923	56,458,923,066	306,233,205,638	43,052,126,120	339,299,976,403	989,788,218,299

Included in intangible fixed assets of the Group were assets costing VND12,683 million, which were fully amortised as of 31 December 2018 (1/1/2018: VND12,313 million), but which are still in active use.

15. CONSTRUCTION IN PROGRESS

	2018 VND
Opening balance	252,152,223,620
Additions during the year	339,454,944,474
Transfer to tangible fixed assets	(338,671,213,807)
Transfer to intangible fixed assets	(2,137,005,818)
Transfer to long-term prepaid expenses	(20,235,130,155)
Closing balance	230,563,818,314

Major constructions in progress were as follows:

	31/12/2018 VND	1/1/2018 VND
Buildings	51,142,314,446	14,065,705,531
Machinery and equipment	170,826,924,213	234,781,043,000
Software	-	3,246,249,258
Others	8,594,579,655	59,225,831
	230,563,818,314	252,152,223,620

16. LONG-TERM PREPAID EXPENSES

	Prepaid land costs VND	Goodwill from equitisation VND	Tools and supplies VND	Total VND
Opening balance	85,669,355,388	25,074,969,229	80,205,901,013	190,950,225,630
Additions during the year	-	-	11,997,376,585	11,997,376,585
Transfer from construction in progress	-	-	20,235,130,155	20,235,130,155
Net transfer from tangible fixed assets	-	-	234,554,577	234,554,577
Transfer from intangible fixed assets	-	-	828,304,001	828,304,001
Net transfer from short-term prepaid expenses	-	-	263,652,504	263,652,504
Disposals	-	-	(16,303,154,834)	(16,303,154,834)
Amortisation for the year	(2,096,255,810)	(3,134,371,153)	(37,102,517,757)	(42,333,144,720)
Currency translation differences	-	-	34,496,439	34,496,439
Closing balance	83,573,099,578	21,940,598,076	60,393,742,683	165,907,440,337

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (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

	31/12/2018		1/1/2018	
	Deferred tax assets VND	Deferred tax liabilities VND	Deferred tax assets VND	Deferred tax liabilities VND
Accrued advertising and promotion expenses	114,386,918,462	-	109,894,922,823	-
Accrued logistic expense	22,614,175,812	-	13,788,420,646	-
Accrued sales discounts	15,665,716,716	-	6,441,407,777	-
Other accruals	34,872,162,934	-	16,263,544,537	-
Unrealised profits	16,820,904,839	-	6,857,226,751	-
Tangible fixed assets	-	(2,176,548,351)	-	(2,650,137,072)
Intangible fixed assets	-	(138,279,259,513)	-	(155,336,122,804)
	204,359,878,763	(140,455,807,864)	153,245,522,534	(157,986,259,876)

18. GOODWILL

	2018 VND
Cost	
Opening and closing balances	693,961,414,227
Accumulated amortisation	
Opening balance	338,225,908,235
Charge for the year	68,800,752,948
Closing balance	407,026,661,183
Net book value	
Opening balance	355,735,505,992
Closing balance	286,934,753,044

19. ACCOUNTS PAYABLE TO SUPPLIERS

(a) Accounts payable to suppliers classified by payment term

	31/12/2018		1/1/2018	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Short-term	996,132,919,346	996,132,919,346	801,573,550,158	801,573,550,158
Long-term	36,330,147,040	36,330,147,040	78,525,018,000	78,525,018,000
	1,032,463,066,386	1,032,463,066,386	880,098,568,158	880,098,568,158

(b) Accounts payable to suppliers who are related parties

	31/12/2018		1/1/2018	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Payable to related parties	21,466,478,463	21,466,478,463	459,181,308	459,181,308

Please see Note 36 for balances between the Group and the related parties. The trade related amounts due to related parties were unsecured, interest free and are payable within 90 days from invoice date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (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

	1/1/2018 VND	Incurred VND	Paid VND	Deducted/ Refunded VND	Reclassified VND	31/12/2018 VND
Value added tax	72,045,746,024	3,168,271,915,841	(630,650,053,670)	(2,519,819,893,449)	720,340,161	90,568,054,907
Import-export tax	-	12,356,262,592	(12,356,262,592)	-	-	-
Corporate income tax	148,627,947,893	565,570,608,804	(525,263,590,831)	-	(1,275,430,377)	187,659,535,489
Personal income tax	2,550,402,744	56,106,348,228	(51,262,402,205)	(2,611,728,667)	-	4,782,620,100
Other taxes	1,087,606,378	101,152,167,915	(101,436,596,841)	-	-	803,177,452
	224,311,703,039	3,903,457,303,380	(1,320,968,906,139)	(2,522,431,622,116)	(555,090,216)	283,813,387,948

21. ACCRUED EXPENSES

	31/12/2018 VND	1/1/2018 VND
Advertising and promotion expenses	614,724,035,713	570,590,834,872
Logistic expense	113,070,879,061	74,505,500,282
Exhibition expense	41,161,828,771	15,855,033,925
Bonus and 13 th month salary	207,212,703,794	85,716,216,827
Sales discounts	78,328,583,580	37,228,040,655
Market research expense	15,950,411,147	19,597,265,927
Accrued interest expense	10,404,139,017	8,696,317,975
Construction in progress	30,029,665,406	9,293,959,972
Purchases not yet received invoices	79,962,098,326	15,878,108,053
Accrued information and technology expenses	24,222,864,545	14,910,270,008
Others	52,021,726,769	41,360,489,016
	1,267,088,936,129	893,632,037,512

22. OTHER PAYABLES

(a) Other short-term payables

	31/12/2018 VND	1/1/2018 VND
Trade union fee, social, health and unemployment insurances	10,382,636,512	15,717,691,116
Short-term deposits received	1,820,079,403	2,817,633,596
Dividends payable	5,513,547,300	555,872,942,000
Others	1,986,118,645	6,712,911,516
	19,702,381,860	581,121,178,228

(b) Other long-term payables

	31/12/2018 VND	1/1/2018 VND
Long-term deposits received	20,101,628,673	20,821,499,726

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

	1/1/2018		Movements during the year			31/12/2018	
	Carrying amount VND	Amount within repayment capacity VND	Addition VND	Decrease VND	Carrying amount VND	Amount within repayment capacity VND	
Short-term borrowings	3,332,821,410,328	3,332,821,410,328	13,076,955,605,131	(13,184,066,174,903)	3,225,710,840,556	3,225,710,840,556	
Current portion of long-term borrowings	54,856,182,380	54,856,182,380	53,370,227,975	(54,856,182,380)	53,370,227,975	53,370,227,975	
	3,387,677,592,708	3,387,677,592,708	13,130,325,833,106	(13,238,922,357,283)	3,279,081,068,531	3,279,081,068,531	

23. BORROWINGS

(a) Short-term borrowings

23. BORROWINGS (CONTINUED)

(a) Short-term borrowings (continued)

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

	Currency	Annual interest rate	31/12/2018 VND	1/1/2018 VND
Short-term borrowings				
◆ Secured bank loans	VND	5.3% - 6.3%	138,876,285,706	399,546,993,783
◆ Unsecured bank loans	VND	5.1% - 6.7%	3,086,834,554,850	2,933,274,416,545
			3,225,710,840,556	3,332,821,410,328

As at 31 December 2018 and 1 January 2018, the secured bank loans of the Group were guaranteed by the Company.

(b) Long-term borrowings

	31/12/2018 VND	1/1/2018 VND
Long-term borrowings	94,512,364,751	150,854,501,536
Repayable within 12 months	(53,370,227,975)	(54,856,182,380)
Repayable after 12 months	41,142,136,776	95,998,319,156

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

	Currency	Annual interest rate	Year of maturity	31/12/2018 VND	1/1/2018 VND
Long-term borrowings					
◆ Secured bank loans	VND	9.3%	2020	94,512,364,751	150,854,501,536

The secured bank loans of the Group were secured over fixed assets of the Group with the carrying amount of VND550,516 million (1/1/2018: VND615,689 million).

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

As at 31 December 2018 and 1 January 2018, the Group does not have any overdue borrowings including principle and interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (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	Foreign exchange differences VND	Investment and development fund VND	Undistributed profits after tax VND	Non-controlling interests ("NCI") VND	Total VND
Balance as at 1 January 2017	5,381,601,170,000	5,088,056,394,992	(265,775,657,006)	(1,640,252,631,255)	(2,253,725,216)	22,731,972,844	2,434,650,312,379	909,680,511,323	11,928,438,348,061
Share capital issued (Note 25)	49,726,600,000	-	-	-	-	-	-	-	49,726,600,000
Net profit for the year	-	-	-	-	-	-	2,131,847,621,907	114,150,054,174	2,245,997,676,081
Dividends (Note 26)	-	-	-	-	-	-	(2,340,720,526,500)	-	(2,340,720,526,500)
Purchase of shares in a subsidiary	-	-	-	-	-	-	244,954,586	(492,154,586)	(247,200,000)
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(556,572,186,000)	(556,572,186,000)
Currency translation differences	-	-	-	-	5,204,739,102	-	-	-	5,204,739,102
Balance as at 31 December 2017	5,431,327,770,000	5,088,056,394,992	(265,775,657,006)	(1,640,252,631,255)	2,951,013,886	22,731,972,844	2,226,022,362,372	466,766,233,907	11,331,827,459,740

	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 as at 1 January 2018	5,431,327,770,000	5,088,056,394,992	(265,775,657,006)	(1,640,252,631,255)	2,951,013,886	22,731,972,844	2,226,022,362,372	466,766,233,907	11,331,827,459,740
Share capital issued (Note 25)	52,408,270,000	-	-	-	-	-	-	-	52,408,270,000
Bonus shares issued (Note 25)	795,555,190,000	(795,555,190,000)	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	3,367,089,339,533	30,390,078,089	3,397,479,417,622
Dividends (Note 26)	-	-	-	-	-	-	(2,363,097,496,500)	-	(2,363,097,496,500)
Acquisition of NCI (Note 5(a))	-	-	-	-	-	-	(1,301,506,857,458)	(311,418,585,035)	(1,612,925,442,493)
Capital contribution in a subsidiary by NCI (Note 5(b))	-	-	-	-	-	-	34,076,874,945	42,266,450,754	76,343,325,699
Dividends declared by a subsidiary	-	-	-	-	-	-	-	(3,270,360,000)	(3,270,360,000)
Currency translation differences	-	-	-	-	2,447,294,013	-	-	-	2,447,294,013
Balance as at 31 December 2018	6,279,291,230,000	4,292,501,204,992	(265,775,657,006)	(1,640,252,631,255)	5,398,307,899	22,731,972,844	1,962,584,222,892	224,733,821,437	10,881,212,471,803

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (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 as follows:

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

26. DIVIDENDS

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

27. OFF BALANCE SHEET ITEMS

(a) Lease commitments

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

	31/12/2018 VND	1/1/2018 VND
Within 1 year	127,765,788,160	68,171,420,108
Within 2 to 5 years	75,685,864,262	34,583,920,018
	203,451,652,422	102,755,340,126

(b) Foreign currencies

	31/12/2018		1/1/2018	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	740,958	17,145,755,322	68,009	1,541,076,916
THB	83,683,037	58,076,027,338	84,093,681	56,931,421,922
		75,221,782,660		58,472,498,838

(c) Capital expenditure commitments

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

	31/12/2018 VND	1/1/2018 VND
Approved and contracted	515,280,553,275	34,772,517,932
Approved but not contracted	758,931,378,098	59,105,280,099
	1,274,211,931,373	93,877,798,031

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (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 SALE OF GOODS AND PROVISION OF SERVICES

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

Net revenue comprised of:

	2018 VND	2017 VND
Total revenue		
♦ Sale of goods	17,261,137,304,354	13,387,481,139,058
♦ Other sales	29,116,453,368	35,445,566,369
	17,290,253,757,722	13,422,926,705,427
Less revenue deductions		
♦ Sales discounts	239,691,062,886	119,637,550,845
♦ Sales returns	44,087,081,879	89,648,881,166
	283,778,144,765	209,286,432,011
Net revenue	17,006,475,612,957	13,213,640,273,416

29. COST OF SALES

	2018 VND	2017 VND
Total cost of sales		
♦ Goods sold	9,273,923,412,036	7,101,751,091,727
♦ Other cost of goods sold	39,858,755,149	52,215,065,786
♦ Allowance for inventories	74,300,096,446	27,092,679,765
	9,388,082,263,631	7,181,058,837,278

30. FINANCIAL INCOME

	2018 VND	2017 VND
Interest income from deposits at banks and other investments	131,269,502,036	230,080,756,031
Interest income from loans provided to a related party	409,296,925,742	220,132,965,010
Interest income from other loan investing activities	6,357,534,246	2,958,904,110
Foreign exchange gains	3,116,696,530	3,815,837,883
Others	186,547,751	-
	550,227,206,305	456,988,463,034

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

31. FINANCIAL EXPENSES

	2018 VND	2017 VND
Interest expense on borrowings from banks	180,421,924,187	131,876,543,711
Foreign exchange losses	2,041,801,876	3,766,264,435
Others	64,464,193	-
	182,528,190,256	135,642,808,146

32. SELLING EXPENSES

	2018 VND	2017 VND
Advertising and promotion expenses	2,128,550,544,726	2,058,692,697,367
Logistic expense	608,104,871,347	510,524,903,640
Staff costs	268,328,446,207	271,109,257,566
Exhibition expense	162,483,454,654	87,993,128,341
Leased line system and information technology services	41,922,414,884	632,089,617
Marketing research expense	37,646,182,924	49,294,638,984
Others	37,843,883,921	35,161,333,201
	3,284,879,798,663	3,013,408,048,716

33. GENERAL AND ADMINISTRATION EXPENSES

	2018 VND	2017 VND
Staff costs	371,230,840,746	234,320,300,793
Amortisation of fair value uplift of fixed assets arising in business combination	101,683,757,256	118,104,446,087
Leased line system and information technology services	81,263,158,513	107,771,402,668
Amortisation of goodwill	68,800,752,948	68,800,752,948
Depreciation and amortisation of fixed assets	46,464,630,264	64,799,939,488
Office rental	53,690,994,670	51,183,011,983
Research and development expenses	15,198,148,028	13,930,816,202
Others	54,891,301,511	62,565,266,976
	793,223,583,936	721,475,937,145

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

34. INCOME TAX

(a) Recognised in the consolidated statement of income

	2018 VND	2017 VND
Current tax expense		
Current year	566,854,850,985	369,263,690,931
(Over)/under provision in prior years	(1,284,242,181)	29,147,555,930
	565,570,608,804	398,411,246,861
Deferred tax benefit		
Origination and reversal of temporary differences	(68,644,808,241)	(15,811,983,211)
Effect of change in tax rate	-	(6,629,367,367)
	(68,644,808,241)	(22,441,350,578)
Income tax expense	496,925,800,563	375,969,896,283

(b) Reconciliation of effective tax rate

	2018 VND	2017 VND
Accounting profit before tax	3,894,405,218,185	2,621,967,572,364
Tax at the Company's income tax rate	778,881,043,637	524,393,514,473
Effect of incentive tax rates in subsidiaries	(306,861,679,110)	(199,751,491,179)
Effect of share of profit in an associate	(1,063,686,798)	(1,063,686,798)
Non-deductible expenses	6,709,833,116	5,211,913,869
(Over)/under provision in prior years	(1,284,242,181)	29,147,555,930
Tax losses utilised	-	(213,273,480)
Effect of amortisation of goodwill	13,760,150,590	13,760,150,587
Unrecognised deferred tax assets	6,784,381,309	4,485,212,881
	496,925,800,563	375,969,896,283

(c) Applicable tax rates

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (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 2018 was based on the profit attributable to ordinary shareholders of the Company after deducting the amounts appropriated to bonus and welfare funds for the year, of VND3,367,089 million (2017: VND2,131,848 million) and a weighted average number of ordinary shares outstanding of 606,742,272 (2017: 600,909,728), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2018 VND	2017 VND
Net profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare funds	3,367,089,339,533	2,131,847,621,907

(ii) Weighted average number of ordinary shares

	2018	2017 (as restated)
Issued ordinary shares at the beginning of the year – currently in circulation	525,132,777	520,160,117
Effect of shares issued during the year	2,469,650	2,370,528
Effect of bonus shares issued during the year	527,602,427	522,530,645
Weighted average number of ordinary shares at the end of the year – currently in circulation	606,742,272	600,909,728

In September 2018, the Company issued 79,555,519 ordinary shares as bonus shares to its existing shareholders.

Issued ordinary shares at the beginning of 2017 and 2018 have been adjusted to reflect the bonus shares issued in 2018. Basic earnings per share for the year ended 31 December 2017 have also been restated accordingly to reflect these bonus share.

(iii) Basic earnings per share

	2018 VND	2017 VND (as restated)
Basic earnings per share	5,549	3,548

(b) Diluted earnings per share

As at 31 December 2018 and 1 January 2018, the Company did not have potential ordinary shares, therefore the presentation of diluted earnings per share is not applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (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:

Relationship	Nature of transactions	Transaction value			Receivable/(payable) as at	
		2018 VND	2017 VND	31/12/2018 VND	1/1/2018 VND	
Parent of parent company						
Masan Group Corporation	Sale of goods	33,207,236	11,187,458	-	-	-
	Management fee	4,996,948,188	-	5,496,643,007	-	-
Parent company						
MasanConsumerHoldings Company Limited	Loans provided	4,337,000,000,000	5,420,405,000,000	7,433,716,876,592	5,896,716,876,592	
	Collection of loans	2,800,000,000,000	-	-	-	
	Collection of loans through net-off with dividends payable	-	1,187,405,000,000	-	-	
	Interest income receivable from loans	409,296,925,742	220,132,965,010	744,335,693,311	335,038,767,569	
	Dividends declared	2,270,686,203,000	2,270,686,203,000	-	-	
	Dividends paid by cash	2,270,686,203,000	1,083,281,203,000	-	-	
Associate						
Cholimex Food Joint Stock Company	Post-acquisition dividends received	5,318,443,000	5,318,443,000	-	-	
Other related parties						
Masan Brewery PY One Member Company Limited	Sale of goods	33,680,677	30,145,786	-	-	
Masan Brewery Distribution One Member Company Limited	Sale of goods	2,299,953,474	816,513,690	2,527,369,828	10,614,490	
	Purchase of goods	46,151,538,108	1,620,813,794	(20,804,520,370)	(409,681,308)	
	Management fee	25,966,703,930	42,212,820,014	60,624,394,654	46,467,302,338	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

Relationship	Nature of transactions	Transaction value			Receivable/(payable) as at	
		2018 VND	2017 VND	31/12/2018 VND	1/1/2018 VND	
Masan Brewery HG One Member Company Limited	Sale of goods	23,114,838	177,621,475	-	-	
	Purchase of goods	55,827,750	55,000,000	-	(49,500,000)	
	Management fee	2,552,138,546	1,733,359,174	2,745,941,875	1,906,695,091	
Masan Brewery MB One Member Company Limited	Sale of fixed assets	19,240,043,103	-	21,164,047,413	-	
Agro Nutrition International Joint Stock Company	Sale of goods	52,760,545	58,170,627	-	16,698,000	
	Management fee	5,401,497,275	8,635,272,987	2,821,114,056	8,970,161,887	
MNS Feed Tien Giang Company Limited (formerly known as Agro Nutrition International Tien Giang One Member Limited Company)	Sale of goods	-	6,844,745	-	-	
	Management fee	1,413,647,105	1,248,902,868	617,822,920	1,373,793,155	
MNS Feed Thai Nguyen Company Limited (formerly known as Agro Nutrition International Thai Nguyen Company Limited)	Sale of goods	29,696,909	6,516,573	-	-	
	Management fee	1,317,783,118	1,260,197,437	498,242,808	1,386,217,181	
MNS Feed Vinh Long Company Limited (formerly known as Aqua Nutrition International Joint Venture Co., Ltd)	Sale of goods	-	16,924,336	-	-	
	Management fee	1,510,709,543	1,397,436,985	637,208,299	1,537,180,683	

Relationship	Nature of transactions	Transaction value			Receivable/(payable) as at	
		2018 VND	2017 VND	31/12/2018 VND	1/1/2018 VND	
MNS Feed Hau Giang Company Limited (formerly known as Agro Nutrition International Hau Giang One Member Limited Liability Company)	Sale of goods	-	1,875,273	-	-	
	Management fee	1,074,951,181	903,161,912	507,005,940	993,478,103	
MNS Feed Nghe An Company Limited (formerly known as Agro Nutrition International Nghe An Company Limited)	Sale of goods	41,116,909	5,953,991	-	-	
	Management fee	1,606,391,239	1,287,824,042	804,869,783	1,416,606,447	
MNS Farm Nghe An Company Limited (formerly known as Masan Nutri-Farm (N.A) Limited Liability Company)	Sale of goods	14,472,982	15,601,936	-	-	
	Management fee	3,096,357,943	7,652,397,325	986,100,091	6,898,790,674	
Vietnamese – French Cattle Feed Joint Stock Company	Sale of goods	71,593,600	132,675,545	-	-	
	Management fee	10,571,231,250	14,829,590,245	5,131,224,940	15,432,135,658	
Proconco Can Tho One Member Company Limited	Sale of goods	-	17,861,973	-	-	
	Management fee	2,483,411,874	1,781,402,913	1,411,327,932	1,959,543,205	
Conco Binh Dinh Co.,Ltd	Sale of goods	-	6,469,691	-	-	
	Management fee	1,671,915,669	1,472,308,326	736,957,268	1,619,539,159	
Proconco Hung Yen Manufacturing and Trading Company Limited	Sale of goods	5,238,000	6,985,391	-	-	
	Management fee	761,002,325	1,079,114,287	34,718,341	1,187,025,716	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

Relationship	Nature of transactions	Transaction value			Receivable/(payable) as at	
		2018 VND	2017 VND	31/12/2018 VND	1/1/2018 VND	
Masan Nutri-Science Corporation	Management fee	6,247,128,302	-	6,871,841,133	-	
MNS Meat Ha Nam Company Limited	Sale of goods	20,766,928	-	7,912,200	-	
	Sale of fixed assets	129,833,333	-	-	-	
	Management fee	1,327,010,547	-	1,459,711,602	-	
Nui Phao Mining Company Limited	Sale of goods	1,072,107,209	-	86,225,766	-	
	Management fee	3,261,776,530	-	3,587,954,183	-	
Vietnam Technological and Commercial Joint Stock Bank	Sale of goods	2,722,682,431	-	536,350,713	-	
	Sale of services	21,818,182	-	-	-	
JinJu Ham Company Limited	Purchase of goods	9,309,912,853	-	(661,958,093)	-	
	Capital contribution	76,343,325,699	-	-	-	
Key management personnel	Remuneration to key management personnel (*)	49,160,905,351	22,505,992,606	-	-	

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

(*) No board fees were paid to members of the Board of Directors of the Company for the years ended 31 December 2018 and 2017.

37. POST BALANCE SHEET EVENTS

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

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

7 March 2019

Prepared by:



Phan Thi Thuy Hoa
Chief Accountant

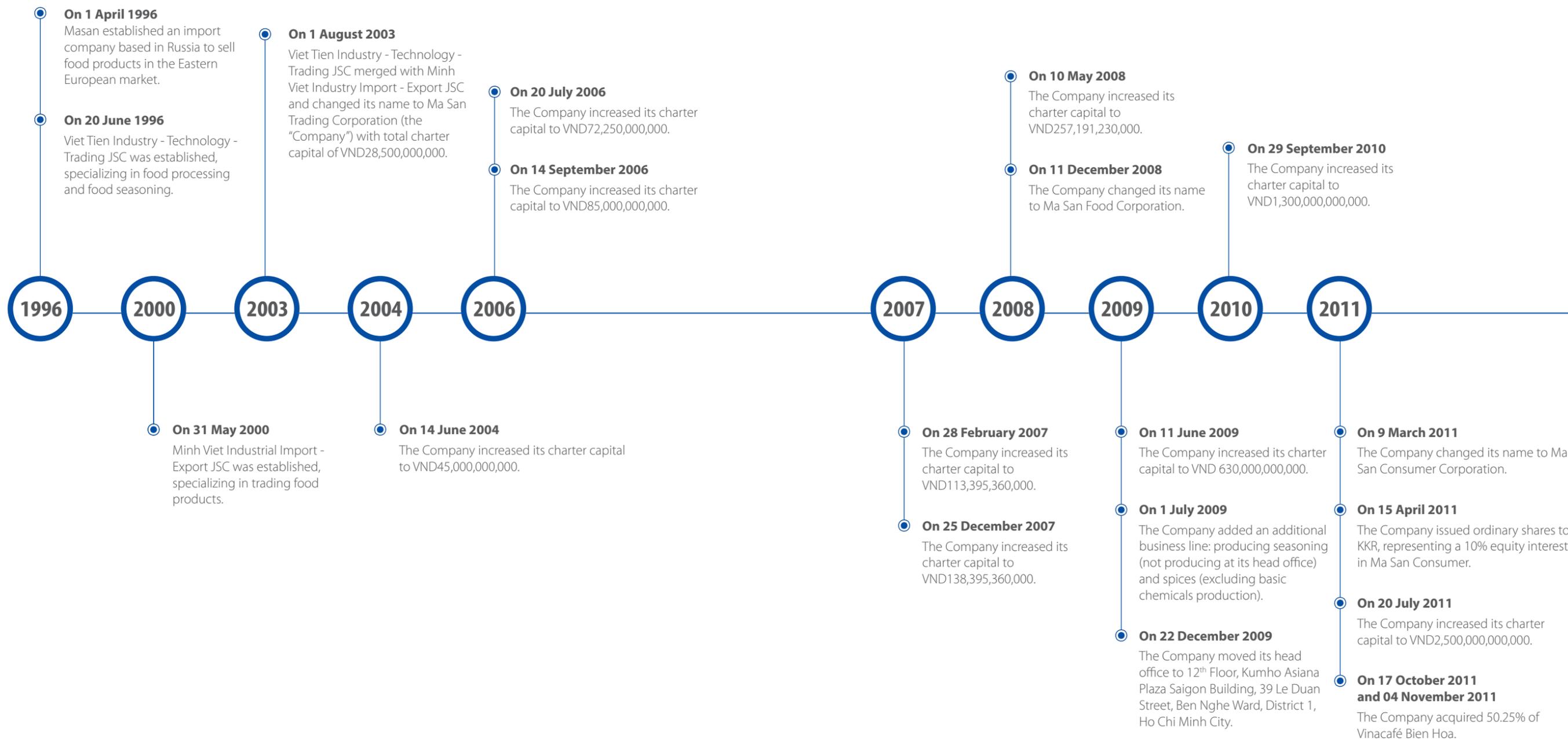
Approved by:

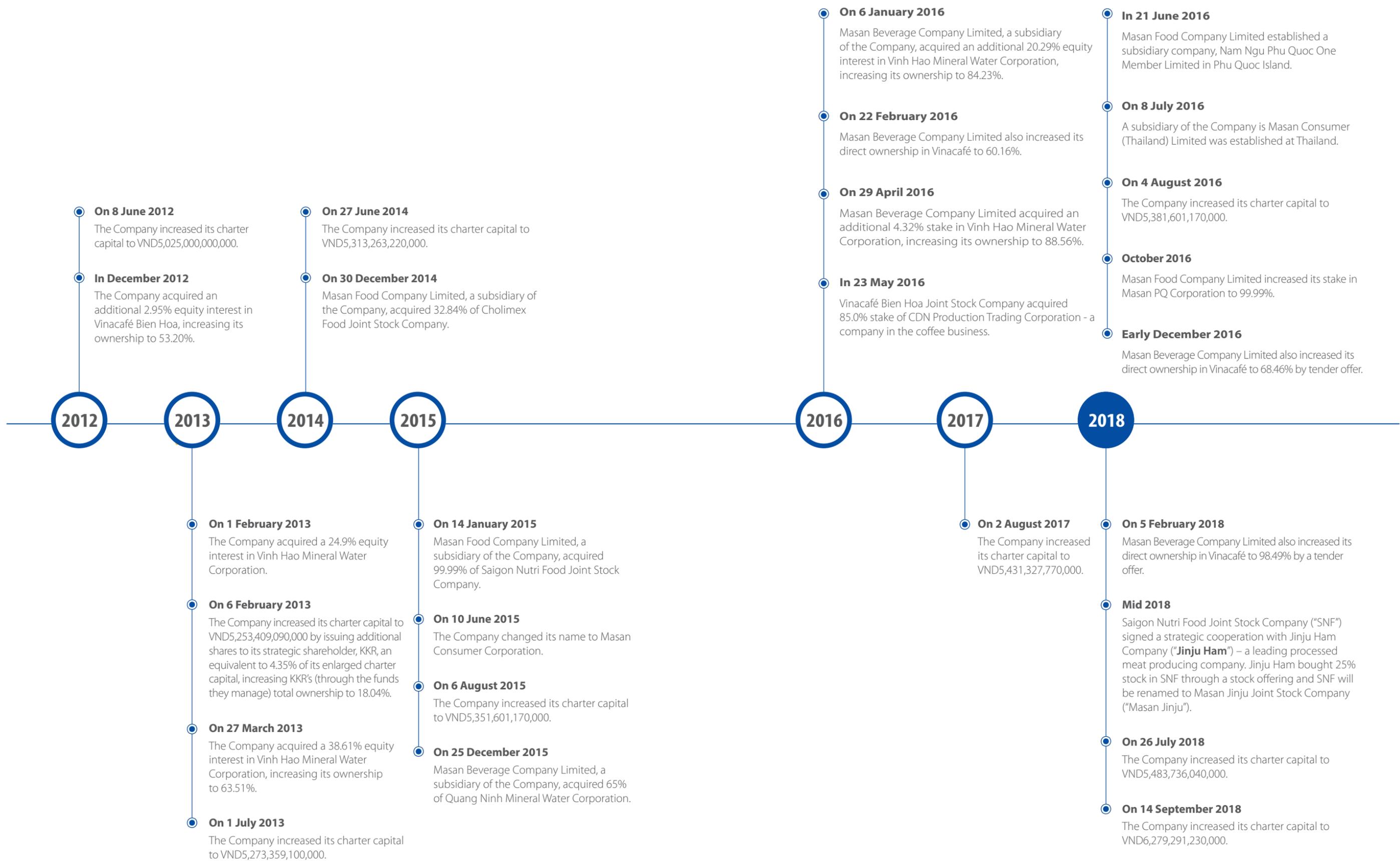


Huynh Viet Thang
Acting Chief Financial Officer

Trung Cong Thang
Chairman of the Board of Directors

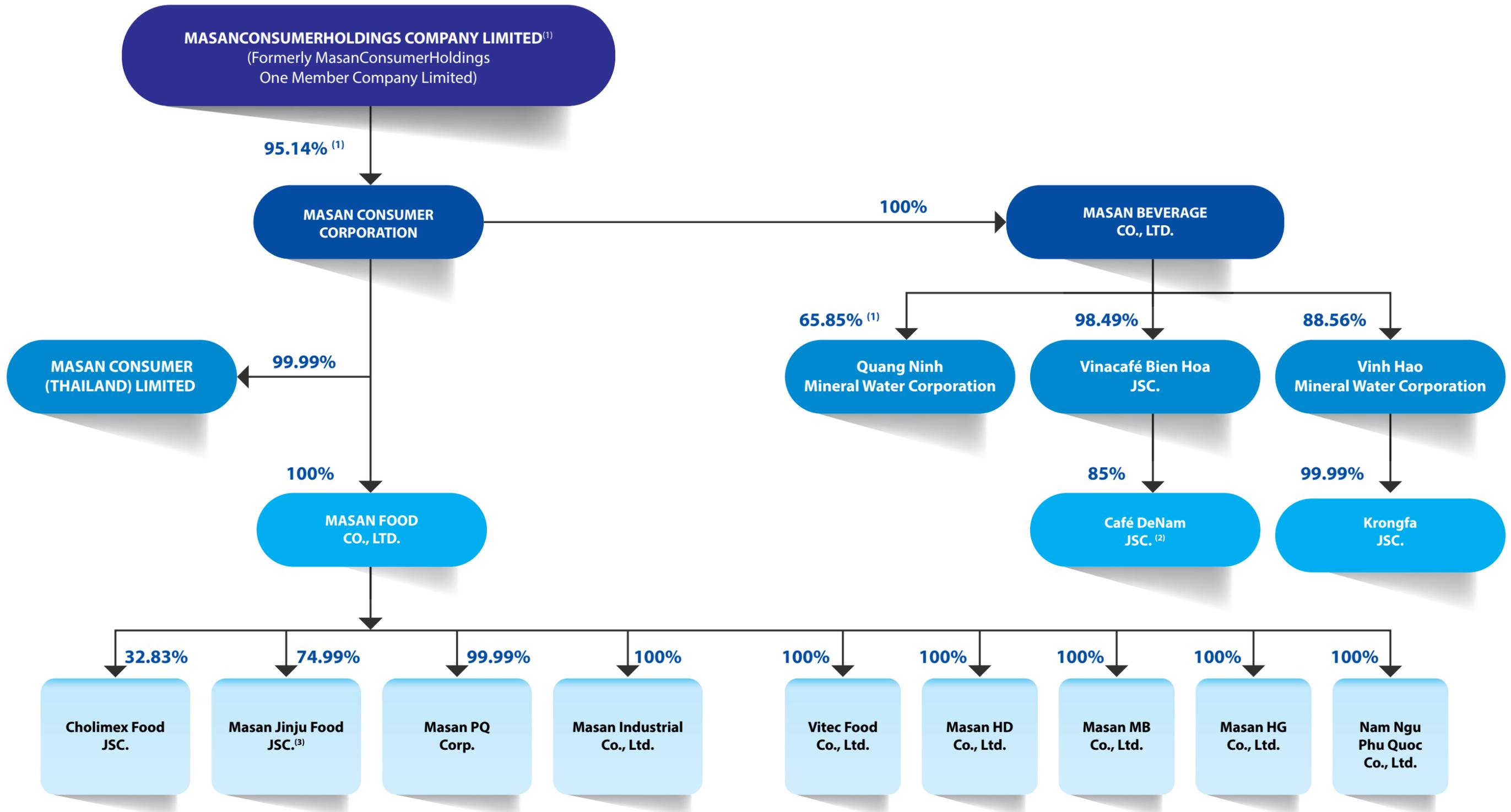






GROUP STRUCTURE

As of 31 December 2018, unless otherwise disclosed. Full legal names for each entity are provided in the audited financial statements.



1. Based on total outstanding shares as at 31 December 2018.

2. Formerly, CDN Trading production JSC.

3. Formerly, Saigon Nutri Food JSC

ORGANIZATION



BOARD OF DIRECTORS

Member

Full name: **Nguyen Hoang Yen**
 Gender: Female
 Year of birth: 1963
 Qualification: University graduate

Member

Full name: **Nguyen Thieu Quang**
 Gender: Male
 Year of birth: 1959
 Qualification: University graduate

Member

(from 24 April 2018)
 Full name: **Danny Le**
 Gender: Male
 Year of birth: 1984
 Qualification: University graduate

Chairman

Full name: **Truong Cong Thang**
 Gender: Male
 Year of birth: 1973
 Qualification: University graduate

Member

Full name: **Nguyen Dang Quang**
 Gender: Male
 Year of birth: 1963
 Qualification: Doctorate

Member

(until 12 April 2018)
 Full name: **Ho Hung Anh**
 Gender: Male
 Year of birth: 1970
 Qualification: University graduate

Member

(until 27 February 2018)
 Full name: **Seokhee Won**
 Gender: Male
 Year of birth: 1969
 Qualification: University graduate



SUPERVISORY BOARD

Member

Full name: **Do Thi Hoang Yen**
 Gender: Female
 Year of birth: 1983
 Qualification: University graduate

Head of the Supervisory Board

Full name: **Nguyen Quynh Lam**
 Gender: Male
 Year of birth: 1965
 Qualification: University graduate

Member

Full name: **Doan Thi My Duyen**
 Gender: Female
 Year of birth: 1985
 Qualification: Master's Degree



MANAGEMENT BOARD

Mr. **Seokhee Won**
 Chief Executive Officer
 (until 27 February 2018)
 Mr. **Truong Cong Thang**
 Chief Executive Officer
 (from 28 February 2018)

Ms. **Nguyen Hoang Yen**
 Deputy Chief Executive Officer

Mr. **Pham Hong Son**
 Deputy Chief Executive Officer

Mr. **Pham Dinh Toai**
 Deputy Chief Executive Officer
 (until 20 March 2019)

Mr. **Nguyen Anh Nguyen**
 Deputy Chief Executive Officer

Ms. **Dinh Kim Nhung**
 Deputy Chief Executive Officer
 (until 25 February 2019)



BOARD OF DIRECTORS

Name of members	Position	Number of share	Shareholding (%) ⁽¹⁾
Truong Cong Thang	Chairman	-	-
Nguyen Dang Quang	Member	26,450	0.004%
Nguyen Hoang Yen	Member	619,996	0.10%
Nguyen Thieu Quang	Member	126,762	0.02%
Danny Le	Member	-	-

(1) Based on total outstanding shares as at 31 December 2018.

Activities of Board of Directors

The Board of Directors is elected by shareholders to oversee the activities of the Company. Members of the Board of Directors regularly meet to discuss strategic decisions raised by the Management Board. The Board of Directors has a minimum of five members and maximum of 11 members. In 2018, the Board of Directors had five members.

The Board of Directors can hold periodical meetings or extraordinary meetings at the head office of the Company or other places. Periodical meetings are organized on a quarterly basis.

The Board of Directors passes decisions by voting at meetings or by collecting opinions in writing. Each member of Board of Directors has one vote.

In 2018, there were no transactions between Masan Consumer Corporation and members of the Board of Directors of the Company.

In 2018, the Board of Directors received no compensation.

Activities of Chief Executive Officer and Management Board

The Management Board is responsible for implementing the Company's business strategy and managing day to day operations. The Chief Executive Officer chairs the Management Board.

In 2018, Board of Directors participated in:

- » Overseeing the activities of the Chief Executive Officer and other managers related to the daily operations of the Company;
- » Coordinating closely with the Chief Executive Officer and Management Board to discuss strategy and issues of the Company;
- » Deciding on restructuring the business model and organizational structure of the Company to be more efficient;
- » Deciding on investment projects of the Company and its subsidiaries.

SUPERVISORY BOARD

Name of members	Position	Number of share	Shareholding
Nguyen Quynh Lam	Head of Supervisory Board	-	-
Doan Thi My Duyen	Member	-	-
Do Thi Hoang Yen	Member	-	-

Activities of Supervisory Board and Supervisors

The Supervisory Board of the Company can have three to five members. Members of the Supervisory Board can be re-elected with an unlimited number of terms. In 2018, the Supervisory Board had three members.

A member of the Supervisory Board must be at least 21 years old, not be the spouse, parent, adopted parent, adopted child, or sibling of any members of the Board of Directors, Chief Executive Officer and other managers of the Company.

The Supervisory Board oversees activities of the Board of Directors and Management Board in compliance with the Company's Charter. In particular, the Supervisory Board participates in regular and extraordinary meetings of the Board of Directors and shareholders' meetings.

In 2018, the Supervisory Board received no compensation.

In 2018, there were no transactions between Masan Consumer Corporation and members of the Company's Supervisory Board.

Activities of Supervisory Board in 2018

In 2018, the Supervisory Board:

- » Ensured the overseeing activities of the Board of Directors and the Management Board in compliance with the Company's Charter and relevant laws; assessed the appropriateness of decisions made by Board of Directors and CEO;
- » Reviewed and supervised the execution of the Company's business plan in 2018; supervised the execution of Annual General Meetings' resolutions;
- » Reviewed the Company's procedures in issuing rules, policies, processes and other documents;
- » Reviewed the reasonability, legality, integrity and carefulness in business management, accounting, statistics and financial reporting;
- » Reviewed the reports from the Independent Auditors and the internal control of the Company prior to the Board of Directors' approval; provided opinions on the appointment of an Independent Auditor. Business performance and financial statements were strictly reviewed, ensuring the accuracy and legality in financial recording. The Company and its subsidiaries' financial statements were audited by KPMG Vietnam Ltd. to ensure that these reports gave a true and fair view, in all material aspects, in accordance with Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting;
- » Evaluated reports on business performance, the Company's half year and full year financial statements, reported on the assessment of the Board of Directors' oversight; evaluated Annual General Meetings' documents;
- » In 2018, the Supervisory Board met 2 times to discuss the issues within their responsibilities.

TOTAL SHARES AS AT 31 DECEMBER 2018

627,929,123

SHARES

TOTAL OUTSTANDING SHARES AS AT 31 DECEMBER 2018

609,929,123

SHARES

TOTAL TREASURY SHARES AS AT 31 DECEMBER 2018

18,000,000

SHARES

DOMESTIC SHAREHOLDERS

Domestic shareholder ownership: 98.83% ⁽¹⁾

Detailed information about major shareholders

Name of shareholder	Place of permanent residence/head office	Occupation/business lines	Number of shares	Percent % ⁽²⁾
MasanConsumerHoldings Company Limited	Room 802, Floor 8, Central Plaza Building, 17 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City	Investment	580,286,474	95.14%

FOREIGN SHAREHOLDERS

Foreign shareholder ownership: 1.17%⁽¹⁾

There are no major foreign shareholders

(1) Based on latest shareholder list as at 25 March 2018 and total outstanding shares as at 31 December 2018.

(2) Based on total outstanding shares as at 31 December 2018.

GLOSSARY OF TERMS

CAGR	: Compound annual growth rate
CEO	: Chief Executive Officer
Cholimex	: Cholimex Food Joint Stock Company
ESOP	: Employees' Share Ownership Program
GDP	: Gross Domestic Product
BOD	: Board of Directors
FMCG	: Fast-moving Consumer Goods
HCMC	: Ho Chi Minh City
HORECA	: Hotel, restaurants, and cafes
HR	: Human resources
In-land ASEAN	: A region comprising Vietnam, Thailand, Myanmar, Cambodia and Laos
IT	: Information Technology
Key account or KA	: Major Customers
Ltd	: Limited liability company
M&A	: Mergers and Acquisitions

Masan or Masan Consumer	: Masan Consumer Corporation and its subsidiaries
Masan Consumer Holdings	: MasanConsumerHoldings Company, Ltd.
MNC	: Multinational Company
Quang Ninh Mineral Water	: Quang Ninh Mineral Water Corporation
R&D	: Research and Development
Singha	: Singha Asia Holding One Pte Ltd.
SG&A	: Sales, General and Admin Expenses
The Group or the Company	: Masan Consumer
US\$: United States Dollar, U.S. Dollar
Vinacafé Bien Hoa	: Vinacafé Bien Hoa Joint Stock Company
Vinacafé	: Trade mark of Vinacafé Bien Hoa Joint Stock Company
Vinh Hao	: Vinh Hao Mineral Water Corporation
VND	: Vietnamese Dong
YoY	: Year-over-year
VAS	: Vietnamese Accounting Standards

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this report that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms, such as “anticipate”, “believe”, “can”, “could”, “estimate”, “anticipate”, “project”, “expect”, “intend”, “may”, “plan”, “aim”, “will” and “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), planned projects and other matters discussed in this document regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this report involve known and unknown risks, uncertainties and other factors that may cause our actual financial results, performance or achievements to be materially different from any future financial results, performance or achievements expressed or implied by such forward-looking statements or other projections.

Forward-looking statements are based on our beliefs and assumptions, which in turn are based on currently available information. Our outlook is predominantly based on our interpretation of what we consider to be the key economic factors affecting our business, the Vietnamese economy and the sectors we operate in. Although we believe the assumptions upon which these forward-looking statements are based on reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, many of which are beyond our control. Accordingly, investors are cautioned not to place undue reliance on the forward-looking statements in this report. These statements speak only as of the date of this report or the respective dates indicated in this report, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

CONTACT

MASAN CONSUMER CORPORATION

English name	MASAN CONSUMER CORPORATION
Abbreviated name	MSC or MASAN CONSUMER CORPORATION
Head office	12 th floor, MPlaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
Tel	+84 902 662 660
Fax	+84 28 3810 9463
Website	www.masanconsumer.com
Tax code	0302017440
Charter capital	VND 6,279,291,230,000 (Six thousand two hundred seventy nine billion, two hundred and ninety one million, two hundred thirty thousand Vietnamese dong).



MASAN CONSUMER CORPORATION

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🌐 www.masanconsumer.com