



KPMG'S COPY

**Masan Group Corporation
and its subsidiaries**

**Consolidated Interim Financial Statements for
the six-month period ended 30 June 2019**



Masan Group Corporation Corporate Information

Business Registration Certificate No.

0303576603

17 July 2019

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 17 July 2019. The Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City. The initial Business Registration Certificate No. 4103002877 was dated 18 November 2004.

Board of Directors

Dr Nguyen Dang Quang	Chairman
Ms Nguyen Hoang Yen	Member
Mr Nguyen Thieu Nam	Member
Mr Woncheol Park	Member (from 24 April 2019)
Mr Nguyen Doan Hung	Member (from 24 April 2019)
Mr David Tan Wei Ming	Member (from 24 April 2019)
Mr Lars Kjaer	Member (until 23 April 2019)
Mr Dominic Edward Salter Price	Member (until 23 April 2019)

Board of Management

Dr Nguyen Dang Quang	Chief Executive Officer
Mr Nguyen Thieu Nam	Deputy Chief Executive Officer
Mr Michael Hung Nguyen	Deputy Chief Executive Officer
Mr Nguyen Anh Nguyen	Deputy Chief Executive Officer

Legal representative

Dr Nguyen Dang Quang	Chairman Chief Executive Officer
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Registered Office

Suite 802, 8th Floor, Central Plaza
17 Le Duan Street
Ben Nghe Ward, District 1
Ho Chi Minh City
Vietnam

Auditor

KPMG Limited
Vietnam

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Board of Management of Masan Group Corporation ("the Company") presents this statement and the accompanying consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as "the Group") for the six-month period ended 30 June 2019.

The Board of Management is responsible for the preparation and fair presentation of the consolidated interim financial statements as at and for the six-month period ended 30 June 2019 in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting. In preparing those consolidated interim financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated interim financial statements; and
- prepare the consolidated interim financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Management is also responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and to ensure that the accounting records comply with the requirements of Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management confirms that they have complied with the above requirements in preparing these consolidated interim financial statements.

APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

We do hereby approve the accompanying consolidated interim financial statements of the Group as at and for the six-month period ended 30 June 2019, which were prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

On behalf of the Board of Management



Dr Nguyen Dang Quang
Chairman
Chief Executive Officer
Ho Chi Minh City, Vietnam
15 August 2019



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10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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INTERIM FINANCIAL INFORMATION REVIEW REPORT

To the Shareholders Masan Group Corporation

We have reviewed the accompanying consolidated interim financial statements of Masan Group Corporation (“the Company”) and its subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheet as at 30 June 2019, the consolidated statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Management on 15 August 2019, as set out on pages 5 to 76.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 – *Review of interim financial information performed by the independent auditor of the entity*.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view, in all material respects, of the consolidated financial position of Masan Group Corporation and its subsidiaries as at 30 June 2019 and of their consolidated results of operations and their consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.



KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Review Report No.: 19-01-00258-19-2


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



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

Ho Chi Minh City, 15 August 2019

Masan Group Corporation and its subsidiaries
Consolidated balance sheet as at 30 June 2019

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

	Code	Note	30/6/2019 VND million	1/1/2019 VND million
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		14,368,745	12,499,618
Cash and cash equivalents	110	7	4,813,696	4,585,889
Cash	111		450,091	513,597
Cash equivalents	112		4,363,605	4,072,292
Short-term financial investments	120	8	142,130	375,848
Trading securities	121		36,530	-
Held-to-maturity investments	123		105,600	375,848
Accounts receivable – short-term	130	9	2,261,208	2,412,555
Accounts receivable from customers	131		1,398,046	1,523,385
Prepayments to suppliers	132		827,165	707,242
Other short-term receivables	136		148,179	288,063
Allowance for doubtful debts	137		(112,182)	(106,135)
Inventories	140	10	6,000,863	4,333,191
Inventories	141		6,055,683	4,389,589
Allowance for inventories	149		(54,820)	(56,398)
Other current assets	150		1,150,848	792,135
Short-term prepaid expenses	151		148,427	94,291
Deductible value added tax	152		981,679	674,894
Taxes receivable from State Treasury	153	17(a)	20,742	22,950

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

Masan Group Corporation and its subsidiaries
Consolidated balance sheet as at 30 June 2019 (continued)

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

	Code	Note	30/6/2019 VND million	1/1/2019 VND million
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		53,652,712	52,078,995
Accounts receivable – long-term	210	9	1,374,315	1,377,124
Other long-term receivables	216		1,374,315	1,377,124
Fixed assets	220		28,377,250	29,203,764
Tangible fixed assets	221	11	23,241,996	23,798,207
Cost	222		32,354,711	31,906,656
Accumulated depreciation	223		(9,112,715)	(8,108,449)
Finance lease tangible fixed assets	224		-	-
Cost	225		67,300	67,300
Accumulated depreciation	226		(67,300)	(67,300)
Intangible fixed assets	227	12	5,135,254	5,405,557
Cost	228		8,022,345	8,015,798
Accumulated amortisation	229		(2,887,091)	(2,610,241)
Long-term work in progress	240		3,604,558	2,171,342
Construction in progress	242	13	3,604,558	2,171,342
Long-term financial investments	250	8	16,320,109	15,347,915
Investments in associates	252		16,300,356	15,328,811
Equity investments in other entities	253		21,646	21,646
Allowance for diminution in the value of long-term financial investments	254		(7,793)	(8,442)
Held-to-maturity investments	255		5,900	5,900
Other long-term assets	260		3,976,480	3,978,850
Long-term prepaid expenses	261	14	3,231,064	3,164,050
Deferred tax assets	262	15	282,118	295,261
Goodwill	269	16	463,298	519,539
TOTAL ASSETS (270 = 100 + 200)	270		68,021,457	64,578,613

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

Masan Group Corporation and its subsidiaries
Consolidated balance sheet as at 30 June 2019 (continued)

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

	Code	Note	30/6/2019 VND million	1/1/2019 VND million
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		31,993,039	30,498,935
Current liabilities	310		18,360,400	15,795,515
Accounts payable to suppliers	311		2,406,769	2,668,610
Advances from customers	312		767,862	334,553
Taxes payable to State Treasury	313	17(b)	364,719	429,861
Payables to employees	314		67,191	300
Accrued expenses	315	18	2,190,957	2,791,050
Other short-term payables	319	19	503,681	296,413
Short-term borrowings and bonds	320	20	12,028,360	9,243,779
Bonus and welfare funds	322		30,861	30,949
Long-term liabilities	330		13,632,639	14,703,420
Accounts payable to suppliers	331		31,013	36,330
Other long-term payables	337	19	26,225	23,804
Long-term borrowings and bonds	338	20	11,793,320	12,751,649
Deferred tax liabilities	341	15	1,296,689	1,351,446
Provisions	342	21	485,392	540,191

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

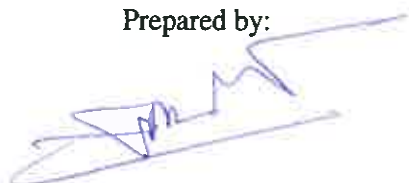
Masan Group Corporation and its subsidiaries
Consolidated balance sheet as at 30 June 2019 (continued)

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

	Code	Note	30/6/2019 VND million	1/1/2019 VND million
EQUITY (400 = 410)	400		36,028,418	34,079,678
Owners' equity	410	22	36,028,418	34,079,678
Share capital	411	23	11,689,464	11,631,495
Capital surplus	412	23	11,084,357	11,084,417
Other capital	414		(9,426,958)	(9,426,958)
Foreign exchange differences	417		7,648	4,402
Undistributed profits after tax	421		17,924,359	16,193,388
- Undistributed profits after tax brought forward	421a		16,193,388	12,350,048
- Net profit for the current period/prior year	421b		1,730,971	3,843,340
Non-controlling interests	429		4,749,548	4,592,934
TOTAL RESOURCES (440 = 300 + 400)	440		68,021,457	64,578,613

15 August 2019

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by: **TY**



Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer



Dr Nguyen Dang Quang
Chairman
Chief Executive Officer

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

Masan Group Corporation and its subsidiaries**Consolidated statement of income for the six-month period ended 30 June 2019**

Form B 02a – DN/HN

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

	Code	Note	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
Revenue from sale of goods	01	26	18,099,059	18,038,687
Revenue deductions	02	26	688,534	580,306
Net revenue (10 = 01 - 02)	10	26	17,410,525	17,458,381
Cost of sales	11	27	12,280,257	11,889,313
Gross profit (20 = 10 - 11)	20		5,130,268	5,569,068
Financial income	21	28	158,961	1,633,531
Financial expenses	22	29	1,086,126	1,572,544
<i>In which: Interest expense</i>	23		904,772	1,413,437
Share of profit in associates	24		980,023	987,441
Selling expenses	25	30	1,768,514	1,975,118
General and administration expenses	26	31	976,193	931,695
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		2,438,419	3,710,683
Other income	31		2,598	13,743
Other expenses	32		24,418	17,327
Results of other activities (40 = 31 - 32)	40		(21,820)	(3,584)
Accounting profit before tax (50 = 30 + 40) (carried forward)	50		2,416,599	3,707,099

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

Masan Group Corporation and its subsidiaries

Consolidated statement of income for the six-month period ended 30 June 2019 (continued)

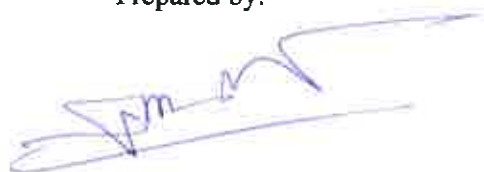
Form B 02a – DN/HN

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

	Code	Note	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
Accounting profit before tax (50 = 30 + 40) (brought forward)	50		2,416,599	3,707,099
Income tax expense – current	51	32	266,624	320,799
Income tax benefit – deferred	52	32	(41,614)	(31,748)
Net profit after tax (60 = 50 - 51 - 52)	60		2,191,589	3,418,048
Attributable to:				
Equity holders of the Company	61		1,881,698	3,030,981
Non-controlling interests	62		309,891	387,067
Earnings per share				
Basic earnings per share (VND)	70	34	1,617	2,893

15 August 2019

Prepared by:



Doan Thi My Duyen
Chief Accountant



Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer

Approved by:



Dr Nguyen Dang Quang
Chairman
Chief Executive Officer

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

Masan Group Corporation and its subsidiaries
Consolidated statement of cash flows for the six-month period ended 30 June 2019
(Indirect method)

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

	Code	Note	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	01		2,416,599	3,707,099
Adjustments for				
Depreciation and amortisation	02		1,379,235	1,343,165
Allowances and provisions	03		49,967	29,475
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04		(6,432)	25,123
Profits from investing activities	05		(1,086,277)	(2,597,571)
Interest expense and other financial expenses	06		977,447	1,500,512
Operating profit before changes in working capital	08		3,730,539	4,007,803
Decrease in receivables and other assets	09		33,354	139,942
Increase in inventories	10		(1,687,968)	(621,299)
Decrease in payables and other liabilities	11		(87,499)	(479,111)
Increase in prepaid expenses	12		(96,075)	(86,931)
Increase in trading securities	13		(36,530)	-
			1,855,821	2,960,404
Interest paid	14		(955,347)	(1,418,137)
Corporate income tax paid	15		(310,920)	(270,166)
Other payments for operating activities	17		(88)	(4,004)
Net cash flows from operating activities	20		589,466	1,268,097
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(2,289,933)	(1,139,779)
Proceeds from disposals of fixed assets and other long-term assets	22		2,789	7,642
Payments for granting loans and term deposits	23		(732,300)	(1,097,760)
Receipts from collecting loans and term deposits	24		1,002,548	1,248,981
Payments for investments	25		(171,347)	(1,612,925)
Proceeds from disposals of investments	26		-	379,584
Receipts of interest, dividends and others	27		144,959	147,070
Net cash flows from investing activities	30		(2,043,284)	(2,067,187)

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

Masan Group Corporation and its subsidiaries
Consolidated statement of cash flows for the six-month period ended 30 June 2019
(Indirect method – continued)

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

	Code	Note	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of new shares and equity issued to non-controlling interests	31		57,969	134,048
Proceeds from borrowings	33		13,302,876	11,085,364
Payments to settle borrowings and bonds	34		(11,537,457)	(11,228,372)
Payments to settle finance lease liabilities	35		-	(9,026)
Payments of dividends to shareholders and to non-controlling interests of subsidiaries	36		(152,382)	(1,077,999)
Net cash flows from financing activities	40		1,671,006	(1,095,985)
Net cash flows during the period (50 = 20 + 30 + 40)	50		217,188	(1,895,075)
Cash and cash equivalents at the beginning of the period	60		4,585,889	7,417,111
Effect of exchange rate fluctuations	61		10,619	(3,390)
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	7	4,813,696	5,518,646

15 August 2019

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer




Dr Nguyen Dang Quang
Chairman
Chief Executive Officer

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

Masan Group Corporation and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended
30 June 2019

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

These notes form an integral part of and should be read in conjunction with the accompanying consolidated interim financial statements.

1. Reporting entity

(a) Ownership structure

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

The consolidated interim financial statements comprise the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interest in associates.

(b) Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associates are described as follows:

Masan Group Corporation and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2019 (continued)

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

Subsidiaries					
Number	Name	Principal activity	Address	Percentage of economic interests at 30/6/2019	1/1/2019
<i>Direct subsidiaries</i>					
1	MasanConsumerHoldings Company Limited (“MCH”)	Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	85.7%	85.7%
2	Masan Horizon Company Limited (“MH”)	Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	99.9%	99.9%
3	Masan MEATLife Corporation (formerly known as Masan Nutri-Science Corporation) (“MML”)	Investment holding	10 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	81.2%	80.8%
<i>Indirect subsidiaries</i>					
1	Masan Brewery Company Limited (“MB”)	(i) Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	57.1%	57.1%
2	Masan Master Brewer Company Limited (“MMBr”)	(i) Beer and beverage trading	10 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	57.1%	57.1%
3	Masan Brewery PY One Member Company Limited (“MBPY”)	(i) Beer and beverage manufacturing	Hoa Hiep Industrial Park, Hoa Hiep Bac Ward, Dong Hoa District, Phu Yen Province, Vietnam	57.1%	57.1%

Masan Group Corporation and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended 30 June 2019 (continued)

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

Number	Name	Principal activity	Address	Percentage of economic interests at 30/6/2019	1/1/2019
4	Masan Brewery HG One Member Company Limited ("MBHG")	(i) Beer and beverage manufacturing	Song Hau Industrial Park, Dong Phu Ward, Chau Thanh District, Hau Giang Province, Vietnam	57.1%	57.1%
5	Masan Brewery Distribution One Member Company Limited ("MBD")	(i) Beer and beverage trading	10 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	57.1%	57.1%
6	Masan Brewery MB Company Limited ("MBMB")	(i) Beer and beverage manufacturing	Area B, Nam Cam Industrial Park – Dong Nam Nghe An Economic Zone, Nghi Long Commune, Nghi Loc District, Nghe An Province, Vietnam	57.1%	57.1%
7	Masan Consumer Corporation ("MSC")	(i) Trading and distribution	12 th Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	81.5%	81.5%
8	Masan Consumer (Thailand) Limited ("MTH")	(i) Trading and distribution	No. 83, 4 th Floor, Amnuay Songkhram Road, Tanon Nakornchaisri Sub-District, Dusit District, Bangkok, Thailand	81.5%	81.5%
9	Masan Food Company Limited ("MSF")	(i) Trading and distribution	12 th Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	81.5%	81.5%
10	Masan Industrial One Member Company Limited ("MSI")	(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	81.5%	81.5%

Masan Group Corporation and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2019 (continued)

Form B 09a – DN/HN

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

Number	Name	Principal activity	Address	Percentage of economic interests at 30/6/2019	1/1/2019
11	Viet Tien Food Technology One Member Company Limited (“VTF”)	(i) Seasonings manufacturing	Lot III-10-Industrial Group III, Tan Binh Industrial Park, Tan Phu District, Ho Chi Minh City, Vietnam	81.5%	81.5%
12	Masan HD One Member Company Limited (“MHD”)	(i) Convenience food manufacturing	Lot 22, Dai An Industrial Park, Tu Minh Ward, Hai Duong City, Vietnam	81.5%	81.5%
13	Masan PQ Corporation (“MPQ”)	(i) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam	81.5%	81.5%
14	Nam Ngu Phu Quoc One Member Company Limited (“NPQ”)	(i) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam	81.5%	81.5%
15	Masan Long An Company Limited (“MLA”) (*)	(i) Seasonings, convenience food manufacturing and packaging	Hamlet 2, Thanh Hoa Commune, Ben Luc District, Long An Province, Vietnam	81.5%	-
16	VinaCafé Bien Hoa Joint Stock Company (“VCF”)	(i) Beverage manufacturing and trading	Bien Hoa Industrial Zone I, Bien Hoa City, Dong Nai Province, Vietnam	80.3%	80.3%
17	Café De Nam Joint Stock Company (“CDN”)	(i) Beverage trading and manufacturing	Lot C I.III-3+5+7, Long Thanh Industrial Park, Tam An Commune, Long Thanh District, Dong Nai Province, Vietnam	68.3%	68.3%

Masan Group Corporation and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2019 (continued)

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

Number	Name	Principal activity	Address	Percentage of economic interests at 30/6/2019	1/1/2019
18	Vinh Hao Mineral Water Corporation (“VHC”)	(i) Beverage manufacturing and trading and packaging	Vinh Son Hamlet, Vinh Hao Commune, Tuy Phong District, Binh Thuan Province, Vietnam	72.2%	72.2%
19	Kronfa., JSC (“KRP”)	(i) Beverage manufacturing	Km37, National Road 27, Tan Son Town, Ninh Son District, Ninh Thuan Province, Vietnam	72.2%	72.2%
20	Masan Beverage Company Limited (“MSB”)	(i) Beverage trading and distribution	12 th Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	81.5%	81.5%
21	Masan MB One Member Company Limited (“MMB”)	(i) Seasonings, convenience food manufacturing and packaging	Area B, Nam Cam Industrial Park, Dong Nam Nghe An Economic Zone, Nghi Long Commune, Nghi Loc District, Nghe An Province, Vietnam	81.5%	81.5%
22	Masan HG One Member Company Limited (“MHG”)	(i) Convenience food manufacturing and packaging	Song Hau Industrial Park, Dong Phu Ward, Chau Thanh District, Hau Giang Province, Vietnam	81.5%	81.5%
23	Masan Jinju Joint Stock Company (“MSJ”)	(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	61.2%	61.2%
24	Quang Ninh Mineral Water Corporation (“QNW”)	(i) Beverage manufacturing and trading	Group 3A, Area 4, Suoi Mo, Bai Chay Ward, Ha Long City, Quang Ninh Province, Vietnam	53.7%	53.7%

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Number	Name	Principal activity	Address	Percentage of economic interests at 30/6/2019	1/1/2019
25	Mapleleaf Company Limited ("MPL")	(ii) Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	99.9%	99.9%
26	Masan Resources Corporation ("MSR")	(ii) Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	96.0%	96.0%
27	Masan Thai Nguyen Resources Company Limited ("MRTN")	(ii) Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam	96.0%	96.0%
28	Thai Nguyen Trading and Investment Company Limited ("TNTI")	(ii) Investment holding	8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	96.0%	96.0%
29	Nui Phao Mining Company Limited ("NPM")	(ii) Exploring and processing mineral	Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam	96.0%	96.0%
30	Masan Tungsten Limited Liability Company ("MTC")	(ii) Deep processing of nonferrous metals and precious metals (tungsten)	Hamlet 11, Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam	96.0%	96.0%
31	MNS Feed Company Limited ("MNS Feed")	(iii) Animal protein	Lot A4, Street No. 2, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	81.2%	80.8%

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Number	Name	Principal activity	Address	Percentage of economic interests at 30/6/2019	1/1/2019
32	Agro Nutrition International Joint Stock Company (“ANCO”)	(iii) Animal protein	Lot A4, Street No. 2, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	81.2%	80.8%
33	MNS Feed Vinh Long Company Limited (“MNS Feed Vinh Long”)	(iii) Animal protein	Area 4, Co Chien Industrial Park, Long Ho District, Vinh Long Province, Vietnam	81.2%	80.8%
34	Agro Nutrition International Binh Dinh One Member Limited Company (“ANCO Binh Dinh”)	(iii) Animal protein	Lot B4.06, Nhon Hoi Industrial Park (Area A), Nhon Hoi District, Quy Nhon Town, Binh Dinh Province, Vietnam	81.2%	80.8%
35	MNS Feed Thai Nguyen Company Limited (“MNS Feed Thai Nguyen”)	(iii) Animal protein	Lot B5-B6, Trung Thanh Industrial Park, Trung Thanh District, Pho Yen Town, Thai Nguyen Province, Vietnam	81.2%	80.8%
36	MNS Feed Tien Giang Company Limited (“MNS Feed Tien Giang”)	(iii) Animal protein	Lot 22-23B, Long Giang Industrial Park, Tan Lap 1 Ward, Tan Phuoc District, Tien Giang Province, Vietnam	81.2%	80.8%
37	MNS Feed Nghe An Company Limited (“MNS Feed Nghe An”)	(iii) Animal protein	C Area, Nam Cam Industrial Park, Dong Nam Nghe An Industrial Zone, Nghi Xa Ward, Nghi Loc District, Nghe An Province, Vietnam	81.2%	80.8%
38	MNS Feed Hau Giang Company Limited (“MNS Feed Hau Giang”)	(iii) Animal protein	Street No. 4, Tan Phu Thanh Industrial Park – Phase 1, Tan Phu Thanh Commune, Chau Thanh A District, Hau Giang Province, Vietnam	81.2%	80.8%

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Number	Name	Principal activity	Address	Percentage of economic interests at 30/6/2019	1/1/2019
39	MNS Meat Company Limited (“MNS Meat”)	(iii) Animal protein	Lot A4, Street No. 2, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	81.2%	80.8%
40	MNS Farm Nghe An Company Limited (“MNF (NA)”)	(iii) Breeding swine	Con Son Village, Ha Son Commune, Quy Hop District, Nghe An Province, Vietnam	81.2%	80.8%
41	MNS Farm Company Limited (“MNS Farm”)	(iii) Investment holding	10 th Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam	81.2%	80.8%
42	MNS Meat Processing Company Limited (“MNS Meat Processing”)	(iii) Investment holding	10 th Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam	81.2%	80.8%
43	MNS Meat Ha Nam Company Limited (“MNS Meat Ha Nam”)	(iii) Meat processing	Lot CN-02, Dong Van IV Industrial Park, Dai Cuong Village, Kim Bang District, Ha Nam Province, Vietnam	81.2%	80.8%
44	MNS Meat Sai Gon Company Limited (“MNS Meat Sai Gon”) (**)	(iii) Meat processing	Lot 2 Street No. 15, Lot 3-5-7 Street No. 17, Lot 2 Street No. 17, Lot 9 Street No. 19, Tan Duc Industrial Park, Huu Thanh Ward, Duc Hoa District, Long An Province, Vietnam	81.2%	-
45	Vietnamese – French Cattle Feed Joint Stock Company (“Proconco”)	(iii) Animal protein	Bien Hoa I Industrial Zone, Bien Hoa City, Dong Nai Province, Vietnam	61.0%	60.7%

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Number	Name	Principal activity	Address	Percentage of economic interests at 30/6/2019	1/1/2019
46	Proconco Can Tho Company Limited (“Proconco Can Tho”)	(iii) Animal protein	Lot 13 and Lot 14, Industrial Park Tra Noc 1, Tra Noc Ward, Binh Thuy District, Can Tho City, Vietnam	61.0%	60.7%
47	Con Co Binh Dinh Company Limited (“Proconco Binh Dinh”)	(iii) Animal protein	Lot A-2-5 and Lot A-2-6, Nhon Hoa Industrial Park, Nhon Hoa Ward, An Nhon Town, Binh Dinh Province, Vietnam	61.0%	60.7%
48	Proconco Hung Yen Manufacturing and Trading Company Limited (“Proconco Hung Yen”)	(iii) Animal protein	Yen Phu Hamlet, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam	61.0%	60.7%

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Associates

Number	Name	Principal activity	Percentage of economic interests at 30/6/2019	1/1/2019
<i>Direct associate</i>				
1	Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”)	Banking	(***)	(***)
<i>Indirect associates</i>				
1	Cholimex Food Joint Stock Company (“Cholimex”)	(iv) Seasonings manufacturing and trading	32.8%	32.8%
2	Thuan Phat Packing Joint Stock Company (“Thuan Phat”)	(v) Packing manufacturing	25.0%	25.0%
3	Abattoir Long Binh Joint Stock Company (“Abattoir”)	(v) Animal protein	25.0%	25.0%
4	Dong Nai Producing Trading Service Joint Stock Company (“Donatraco”)	(v) Animal protein	21.3%	21.3%
5	Vissan Joint Stock Company (“Vissan”)	(v) Food manufacturing and retailing	24.9%	24.9%

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- (i) These entities are direct and indirect subsidiaries of MCH.
- (ii) These entities are direct and indirect subsidiaries of MH.
- (iii) These entities are direct and indirect subsidiaries of MML.
- (iv) This entity is an indirect associate of MCH.
- (v) These entities are indirect associates of MML.

The percentage of economic interests represents the effective percentage of economic interests of the Company both directly and indirectly in the subsidiaries and of its subsidiaries or indirect subsidiaries in the associates.

- (*) Masan Long An Company Limited (“MLA”) was established under the Business Registration Certificate No. 1101905952 dated 23 January 2019 issued by the Department of Planning and Investment of Long An Province. As at the date of issuance of these consolidated interim financial statements, MLA has not yet started its operations.
- (**) MNS Meat Sai Gon Company Limited (“MNS Meat Sai Gon”) was established under the Business Registration Certificate No. 0315583531 dated 26 March 2019 issued by the Department of Planning and Investment of Long An Province. As at the date of issuance of these consolidated interim financial statements, MNS Meat Sai Gon has not yet started its operations.
- (***) For Techcombank, see Note 8(c).

As at 30 June 2019, the Group had 9,464 employees (1/1/2019: 9,135 employees).

(c) Normal operating cycle

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

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The consolidated interim 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.

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(c) Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December. The consolidated interim financial statements are prepared for the six-month period ended 30 June 2019.

(d) Accounting and presentation currency

The Company's accounting currency is Vietnam Dong ("VND").

The consolidated interim financial statements are prepared and presented in millions of Vietnam Dong ("VND million").

(e) Corresponding figures

The corresponding figures as at 1 January 2019 were brought forward from the audited figures as at 31 December 2018.

3. Summary of significant accounting policies

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

The accounting policies that have been adopted by the Group in the preparation of these consolidated interim financial statements are consistent with those adopted in the preparation of the latest consolidated annual financial statements.

(a) Basis of consolidation

(i) Common-control business combination

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 policy 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. Any difference between the cost of acquisition and net assets acquired is treated as a deemed distribution to or contribution from shareholders and recorded directly in undistributed profits after tax under equity.

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The consolidated statements of income and 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 periods presented or where the companies were incorporated at a date later than the beginning of the earliest period presented, for the period from the date of incorporation to the end of the relevant reporting periods.

(ii) *Non-common control business combination*

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 is 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 acquisition consists of the aggregate fair value at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group. Goodwill represents the excess of the cost of acquisition 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 include any costs directly attributable to the combination, such as professional fees paid to accountants, legal advisers, valuers and other consultants to effect the 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 combination being accounted for are not included in the cost of the combination; they are recognised as an expense when incurred.

(iii) *Subsidiaries*

Subsidiaries are entities controlled by 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, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated interim financial statements from the date that control commences until the date that control ceases.

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(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. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for in the consolidated interim financial statements using the equity method (equity accounted investees). The consolidated interim financial statements include the Group's share of the income and expenses of 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.

Gain or loss on disposal of interest in an associate without losing significant influence, including through dilution of interest (deemed disposal) in the associate, is recognised in the consolidated statement of income.

(v) Non-controlling interests ("NCI")

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 owners. 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 undistributed profits after tax under equity, except where such difference arises from a transaction that is contractually linked to an issuance of shares or capital contribution at a premium or surplus in which case the difference is recorded in other capital.

(vi) 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 interim financial statements. Unrealised gains and losses arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate.

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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(ii) Foreign operations

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

Foreign currency differences arising from the translation of foreign operations' 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) Investments

(i) Trading securities

Trading securities are bonds held by the Group for trading purpose i.e. purchased for resale with the aim of making profits over a short period of time. Trading securities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at cost less interest income for the period before investment acquisition date and allowance for diminution in value. An allowance is made for diminution in value of trading securities if market price of the securities item falls below its carrying amount. The allowance is reversed if the market price subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(ii) Held-to-maturity investments

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

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(iii) Equity investments in other entities

Equity investments in other entities of which the Company or its subsidiaries have no control or significant influence are initially recognised at cost, which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investment are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the management of the Company or its subsidiaries before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(e) Accounts receivable

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 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.

(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, and the costs of dismantling and removing the asset and restoring the site on which it is located. 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 period in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure have 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 are capitalised as an additional cost of tangible fixed assets.

Mining properties comprise mine rehabilitation assets and fair value of mineral reserves from business combination.

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(ii) Depreciation

Machinery and equipment and fair value of mineral reserves from business combination directly related to mining activities

Machinery and equipment and fair value of mineral reserves from business combination which are directly related to mining activities are depreciated over the estimated mineral reserve on a unit-of-production basis. Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the Group's mining properties. The estimated total production quantity output which tangible fixed assets are depreciated on a unit-of-production basis are as follows:

	As at 30/6/2019	As at 1/1/2019
ST plant	171,865 tonnes of tungsten	125,140 tonnes of tungsten
APT plant	166,990 tonnes of tungsten	120,265 tonnes of tungsten

Others

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

▪ mining properties	15 – 20 years
▪ buildings and structures	4 – 30 years
▪ leasehold improvements	3 – 5 years
▪ office equipment	3 – 15 years
▪ machinery and equipment	3 – 25 years
▪ motor vehicles	3 – 10 years

During the period, MTC, a subsidiary of the Company, revised the estimated total production quantity output for ST and APT plants and the estimated useful lives of the relevant fixed assets to more accurately reflect the total production quantity output and the useful lives of these assets.

The effect on the depreciation charge for the current period was to decrease the depreciation charge by VND15,061 million.

(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.

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Land use rights with indefinite term are stated at cost and are not amortised. Land use rights with definite term are stated at cost less accumulated amortisation. The initial cost of 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 a period ranging from 3 to 10 years.

(iii) Brand name

Cost of acquiring a brand name is capitalised and treated as an intangible fixed asset.

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

(iv) Customer relationships

Customer relationships that are acquired by the Group in the acquisition of subsidiary are capitalised and presented 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 20 years.

(v) Mineral water resources

Mineral water resources that are acquired by the Group in the acquisition of subsidiary are capitalised and presented as an intangible fixed asset.

Fair values of mineral water resources acquired in a business combination are determined using either the direct comparison method or the multi-period excess earnings method. The direct comparison approach estimates the value of mineral resources by comparing recent asking/transacted price of similar interests located in a similar area. In the multi-period excess earnings method, 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 mineral water resources is amortised on a straight line basis over their useful lives ranging from 10 to 37 years.

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(vi) Mining rights

The mining rights is calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with the Decree No. 203/2013/ND/CP dated 28 November 2013 which became effective from 20 January 2014. Cost of mining rights was stated at an amount equal to the present value of mining rights fee and was capitalised and treated as an intangible fixed asset. Amortisation of mining rights fees is computed on a straight-line basis over the period of the economic life of the mine reserves.

(vii) Technology

Technology that is acquired by the Group in the acquisition of subsidiary is capitalised and presented as an intangible fixed asset.

The fair value of technology 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 technology is amortised on a straight line basis over their useful lives over 5 years.

(viii) Mineral water resources 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 9 to 30 years.

(i) Construction in progress

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed and mineral assets under development. No depreciation is provided for construction in progress during the period of construction, installation and commissioning stages.

Mineral assets under development comprise mineral reserve and related development costs acquired in a business combination and subsequent development expenditure. These assets are qualified for capitalisation when the mineral reserve to which they relate is proven to be commercially and technically viable. They are initially recognised at their fair value as part of business combination accounting and subsequent development expenditure are capitalised net of proceeds from the sale of ore extracted during the development phase. On completion of development, defined as the time when saleable materials begin to be extracted from the mine, all assets are reclassified to either “machinery or equipment” or “mining properties” in tangible fixed assets or in long-term prepaid expenses.

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(j) Long-term prepaid expenses

(i) Other mining costs

In accordance with the Letter No. 12727/BTC-TCDN dated 14 September 2015 from the Ministry of Finance which provides guidance that mining related costs could be recognised as long-term prepaid expenses under non-current assets.

Other mining costs comprise of:

- Exploration, evaluation and development expenditure (including development stripping); and
- Production stripping (as described below in “Deferred stripping costs”).

Deferred stripping costs

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore body. Stripping costs incurred in the development phase of a mine (development stripping costs) are recorded as part of the cost of construction of the mine. All development stripping expenditure incurred during construction phase are transferred to other mining costs.

The costs of removal of the waste material during a mine’s production phase (production stripping costs) are deferred where they give rise to future benefits:

- a) It is probable that the future economic benefits will flow to the Group;
- b) The component of the ore body for which access has been improved can be identified; and
- c) The costs incurred can be measured reliably.

Production stripping costs are allocated between inventories and long-term prepaid expenses in accordance with the life of mine strip ratio.

The life of mine strip ratio represents the estimated total volume of waste, to the estimated total quantity of economically recoverable ore, over the life of the mine. These costs are recognised as long-term prepaid expenses where the current period actual stripping ratio is higher than the average life of mine strip ratio.

The development and production stripping costs are amortised over the life of the proven and probable reserves of the relevant components on a systematic basis.

(ii) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance providing guidance on management, use and depreciation of fixed assets, and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the leases from 35 to 50 years.

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(iii) Land compensation costs

Land compensation costs comprise costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease.

(iv) Printing axles and tools and supplies

Printing axles and tools and supplies are initially stated at cost and amortised over their useful lives from over 1 to 3 years.

Tools and supplies 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 tools and supplies is amortised on a straight-line basis not more than 3 years.

(v) Goodwill from equitisation

Goodwill generated from state-owned enterprise's equitisation is recognised as long-term prepaid expenses. Goodwill generated from state-owned enterprise's equitisation 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 generated from the state-owned enterprise equitisation is amortised on a straight-line basis over ten years starting from the date of conversion from a state-owned enterprise into a joint stock company (date of first business registration certificate for a joint stock company).

(v) Swine breeders

Cost of swine breeders is recognised as long-term prepaid expenses and amortised on a straight-line basis over a period ranging from 2 to 3 years. The amortisation cost of breeders that directly relates to farming of swine are capitalised as part of work in progress.

(vi) Other long-term prepaid expenses

Other long-term prepaid expenses include pre-operating expenses and other prepaid expenses which are stated at their costs and are amortised on a straight-line basis not more than 3 years.

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(k) Goodwill

Goodwill arises on acquisition of subsidiaries and associates in non-common control acquisition.

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 a subsidiary is written down to recoverable amount where management determines that it is not fully recoverable.

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

(l) Trade 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.

Mining rights

In accordance with the Law on Minerals 2010, a subsidiary of the Company has an obligation to pay the government fees for mining rights grant. The mining rights fee is calculated based on the remaining exploitable reserves and the price to calculate the charge for granting mining rights in accordance with Decree 203/2013/ND-CP dated 28 November 2013, Decree 158/2016/ND-CP dated 29 November 2016 ("Decree 158/2016") and Circular 38/2017/TT-BTNMT dated 16 October 2017 ("Circular 38").

In accordance with Decree 158/2016 which became effective from 15 January 2017, mining rights is calculated based on the remaining exploitable reserves and the charge for granting mining rights as defined under the law on resource royalty. The Ministry of Natural Resources and Environment ("MONRE") has provided guidelines under Circular 38 for the conversion method based on various parameters to determine the conversion coefficient for the charge for granting mining rights in accordance with Decree 158/2016.

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Mine rehabilitation

The mining, extraction and processing activities of the Group give rise to obligations for site closure or rehabilitation. Closure and rehabilitation works can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of the Ministry of Natural Resources and Environment (“MONRE”) and the Group’s environmental policies based on the Environment Impact Report. The timing of the actual closure and rehabilitation expenditure is dependent on the life and nature of the mine.

When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset if the related obligations for closure and rehabilitation are unavoidable to the construction of the asset. The capitalised cost of closure and rehabilitation activities is recognised in mining properties and depreciated accordingly. The value of the provision is progressively increased over time as the effect of the discounting unwinds, creating an expense recognised in financial expenses.

Closure and rehabilitation provisions are also adjusted for changes in estimates. These adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the under-depreciated capitalised cost of the related assets, in which the capitalised cost is reduced to nil and the remaining adjustment is recognised in the consolidated statement of income.

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 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) Bonds issued

Straight bonds

At initial recognition, straight bonds are measured at cost which comprises proceeds from the issuance net of issuance costs. Any discount, premium or issuance costs are amortised on a straight-line basis over the terms of the bonds.

(o) Taxation

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

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

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

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

(p) Equity

(i) *Share capital and capital surplus*

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 capital surplus. The difference between proceeds from the issuance of shares over the par value is recorded in capital surplus.

(ii) *Other capital*

Agreements to issue a fixed number of shares in the future are recognised based on their fair values at the dates of the agreements under other capital if there are no other settlement alternatives.

(q) Revenue

Goods sold

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. For sales of minerals, the sales price is usually determined on a provisional basis at the date of revenue recognition. Adjustments to the sales price subsequently occurs based on movements in quoted market or contractual prices up to the date of final pricing. The period between provisional invoicing and final pricing is typically between 30 and 60 days, but in some cases can be as long as 90 days. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. In cases where the terms of the executed contractual sales agreement allow for an adjustment to the sales price based on a survey of the goods by the customer, assay results issued by a third party are preferable, unless customer's survey is within executed contractual tolerance, then sale is based on the most recently determined product specifications.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or possible return of goods. Revenue from sale of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

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(r) Financial income and financial expenses

(i) *Financial income*

Financial income comprises interest income from deposits, bonds and loans, gains on disposals of investments 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 comprise interest expense on borrowings and bonds, interest costs and foreign exchange losses. Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

(s) Operating lease payments

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

(t) Earnings per share

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

(u) 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 segments. The Group’s primary and secondary formats for segment reporting are based on business segments and geographical segments, respectively.

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(v) Related parties

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

(w) Share-based payments

Shares issued to employees at par value subscription price are recorded at their par value.

4. Seasonality of operations

The Group's Food and Beverage segment is subject to seasonal fluctuations. Total revenue of this segment typically increases in the fourth quarter of each year as distributors prepare for an anticipated increase in consumer demand in the months leading up to the Tet (Lunar New Year) holidays, which occur in the first quarter of each year. Accordingly, the Group typically increases the production of seasonings, convenience food and beer and beverage and also increases advertising and promotional efforts in the fourth quarter of each year during the period leading to the festive season.

5. Changes in accounting estimates

In preparing these consolidated interim financial statements, the Board of Management has made several accounting estimates. Actual results may differ from these estimates. Except for the change in accounting estimates as described in Note 3(g)(ii), there were no other significant changes in basis of accounting estimates compared to those made in the most recent consolidated annual financial statements or those made in the same interim period of the prior year.

6. Segment reporting

The Group has four reportable segments, as described below, which are the Group's strategic businesses. The strategic businesses offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic businesses, the Board of Management of the Company or its subsidiaries reviews internal management reports on a periodic basis.

The Group holds the following business segments through separate subsidiary groups:

- Food and beverage
- Meat value chain: breeding swine, animal protein and food manufacturing; and retailing
- Mining and processing
- Others: financial services and others

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(a) Business segments

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Food and beverage		Meat value chain		Mining and Processing		Others		Total	
	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
Segment revenue	7,979,472	7,526,309	6,741,040	6,693,413	2,690,013	3,238,659	-	-	17,410,525	17,458,381
Segment gross margin	3,249,877	3,345,280	1,143,888	1,062,105	736,503	1,161,683	-	-	5,130,268	5,569,068
Segment results	1,205,396	1,222,932	213,958	152,681	105,322	451,192	972,515	968,269	2,497,191	2,795,074
Net unallocated (expenses)/income									(305,602)	622,974
Net profit									2,191,589	3,418,048

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	Food and beverage		Meat value chain		Mining and Processing		Others		Total	
	30/6/2019	1/1/2019	30/6/2019	1/1/2019	30/6/2019	1/1/2019	30/6/2019	1/1/2019	30/6/2019	1/1/2019
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Segment assets	11,301,576	10,673,223	14,226,677	13,121,985	27,899,086	26,804,958	13,891,098	12,918,583	67,318,437	63,518,749
Unallocated assets									703,020	1,059,864
Total assets									68,021,457	64,578,613
Segment liabilities	6,294,148	6,343,517	6,519,165	5,629,300	13,858,933	13,174,819	-	-	26,672,246	25,147,636
Unallocated liabilities									5,320,793	5,351,299
Total liabilities									31,993,039	30,498,935
Capital expenditure	616,952	125,976	1,113,546	452,113	559,115	559,057	-	-	2,289,613	1,137,146
Unallocated capital expenditure									320	2,633
Depreciation	300,914	297,922	177,865	138,507	565,320	571,593	-	-	1,044,099	1,008,022
Unallocated depreciation									1,469	676
Amortisation	148,581	149,786	218,764	214,307	107,909	101,817	-	-	475,254	465,910
Unallocated amortisation									156	22,562

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(b) Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, which is located in Vietnam (“Domestic”) or countries other than Vietnam (“Overseas”). Segment assets and capital expenditure are not presented since the location of assets and production is mostly in Vietnam.

	Domestic		Overseas		Total	
	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
Segment revenue	14,585,913	14,276,548	2,824,612	3,181,833	17,410,525	17,458,381

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7. Cash and cash equivalents

	30/6/2019	1/1/2019
	VND million	VND million
Cash on hand	23,406	9,135
Cash at banks	417,797	502,722
Cash in transit	8,888	1,740
Cash equivalents	4,363,605	4,072,292
	<hr/>	<hr/>
	4,813,696	4,585,889
	<hr/>	<hr/>

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

As at 30 June 2019, term deposits at banks with carrying value of VND50,000 million (1/1/2019: VND135,000 million) were pledged with banks as security for letter of credit of MNS Meat Ha Nam Company Limited, a related party.

8. Investments

	30/6/2019	1/1/2019
	VND million	VND million
Short-term financial investments		
Trading securities (a)	36,530	-
Held-to-maturity investments (b)	105,600	375,848
	<hr/>	<hr/>
	142,130	375,848
	<hr/>	<hr/>
Long-term financial investments		
Held-to-maturity investments (b)	5,900	5,900
Investments in associates (c)	16,300,356	15,328,811
Equity investments in other entities (d)	21,646	21,646
Allowance for diminution in the value of long-term financial investments	(7,793)	(8,442)
	<hr/>	<hr/>
	16,320,109	15,347,915
	<hr/>	<hr/>

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	30/6/2019		1/1/2019	
	Quantity	Fair value VND million	Quantity	Fair value VND million
				Allowance for diminution in value VND million
Bonds	3,653	36,530 (*)	-	- (*)

(*) The Group has not determined the fair values of the trading securities for disclosure in the consolidated interim financial statements because there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of the trading securities may differ from their carrying amounts.

(b) Held-to-maturity investments

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

Held-to-maturity investments – long-term represented term deposits at banks with remaining terms to maturity of more than twelve months from the reporting date.

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	30/6/2019				1/1/2019			
	% of equity owned over charter capital	% of voting rights over charter capital	Carrying value at equity accounted VND million	Fair value VND million	% of equity owned over charter capital	% of voting rights over charter capital	Carrying value at equity accounted VND million	Fair value VND million
Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”) (**)	20.0%	20.0%	13,891,098	15,293,147	20.0%	20.0%	12,918,583	19,426,445
Cholimex Food Joint Stock Company (“Cholimex”)	32.8%	32.8%	249,392	(*)	32.8%	32.8%	249,392	(*)
Thuan Phat Packing Joint Stock Company (“Thuan Phat”)	25.0%	25.0%	6,726	(*)	25.0%	25.0%	7,893	(*)
Abattoir Long Binh Joint Stock Company (“Abattoir”)	25.0%	25.0%	6,472	(*)	25.0%	25.0%	6,752	(*)
Dong Nai Producing Trading Services Joint Stock Company (“Donatraco”)	21.3%	21.3%	11,178	(*)	21.3%	21.3%	10,701	(*)
Vissan Joint Stock Company (“Vissan”)	24.9%	24.9%	2,135,490	(*)	24.9%	24.9%	2,135,490	(*)
			16,300,356	(*)			15,328,811	(*)

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Movements of investments in associates during the period were as follows:

	Techcombank VND million	Cholimex VND million	Thuan Phat VND million	Abattoir VND million	Donatraco VND million	Vissan VND million	Total VND million
Opening balance	12,918,583	249,392	7,893	6,752	10,701	2,135,490	15,328,811
Share in post-acquisition profit/(loss) of associates during the period	972,515	7,978	(1,167)	220	477	-	980,023
Dividends declared	-	(7,978)	-	(500)	-	-	(8,478)
Closing balance	13,891,098	249,392	6,726	6,472	11,178	2,135,490	16,300,356

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

The fair values of investment in Techcombank as at 30 June 2019 and 1 January 2019 were determined by reference to the market prices on Ho Chi Minh City Stock Exchange.

(**) The Group has 20% direct equity holding and 1.5% economic interest that is subject to a forward sale agreement (1/1/2019: 21.5%). The forward transaction has not been completed and is subject to the terms of the agreement.

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(d) Equity investments in other entities

Details of the Group's cost of equity investments in other entities were as follows:

	30/6/2019		1/1/2019		Fair value VND million	Fair value VND million
	% of equity owned	% of voting rights	Cost VND million	Allowance for diminution in value VND million		
PTSC Dinh Vu Port Company	5.4%	5.4%	21,646	(7,793)	21,646	(8,442)
				(*)		(*)

(*) The Group has not determined the fair value of the equity investment for disclosure in the consolidated interim 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.

Movements of the allowance for diminution in the value of long-term financial investments during the period were as follows:

	From 1/1/2019 to 30/6/2019	From 1/1/2018 to 30/6/2018
	VND million	VND million
Opening balance	8,442	4,918
Increase in allowance during the period	-	2,658
Written back	(649)	-
Closing balance	7,793	7,576

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(e) Transactions in subsidiaries for the six-month period ended 30 June 2019 – transactions with non-controlling interests

Transactions with non-controlling interests in MML

During the period, the Company acquired 0.4% equity interests in MML for a total consideration of VND162,820 million. As a result of this transaction, the Company's equity interest in MML has increased from 80.8% to 81.2%, resulting in the following effects:

	VND million
Consideration paid	(162,820)
Net assets acquired	20,278
	(142,542)
Differences recorded in undistributed profits after tax	(142,542)

(f) Significant transactions in subsidiaries in prior periods

Transaction with non-controlling interests in MCH

Pursuant to agreement between Singha Asia Holdings Pte. Ltd. ("Singha") and MCH, Singha has the right to pay a second subscription amount of USD450 million in exchange for an additional 10.7% equity interest in MCH. The second subscription amount has not been made as of the date of issuance of these consolidated interim financial statements.

9. Accounts receivable – short-term and long-term

As at 30 June 2019, a part of short-term receivables of an indirect subsidiary was pledged with banks as security for loans granted to that subsidiary (Note 20).

As at 30 June 2019, prepayments to suppliers of the Group amounting to VND618,956 million (1/1/2019: VND402,785 million) were related to construction in progress.

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Other receivables comprised of:

	30/6/2019	1/1/2019
	VND million	VND million
Other short-term receivables		
Short-term deposits	83,781	16,090
Accrued interest receivable from deposits and other loan investing activities	15,260	34,874
Services receivable	-	142,244
Advances	3,863	2,548
Others	45,275	92,307
	<hr/>	<hr/>
	148,179	288,063
Other long-term receivables		
Long-term deposits	89,707	73,370
Others (*)	1,284,608	1,303,754
	<hr/>	<hr/>
	1,374,315	1,377,124

(*) Others represented receivables from State Treasury for the land compensation cost of the Nui Phao Mining Project at Ha Thuong Commune, Dai Tu District, Thai Nguyen Province. The amount could be netted off with annual land rental fee.

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

	From 1/1/2019	From 1/1/2018
	to 30/6/2019	to 30/6/2018
	VND million	VND million
Opening balance	106,135	116,647
Increase in allowance during the period	13,400	8,342
Allowance utilised during the period	(5,926)	(6,856)
Written back	(1,427)	(12,193)
	<hr/>	<hr/>
Closing balance	112,182	105,940

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10. Inventories

	30/6/2019		1/1/2019	
	Cost VND million	Allowance VND million	Cost VND million	Allowance VND million
Goods in transit	523,468	-	402,381	-
Raw materials	1,675,561	(23,710)	1,528,618	(20,788)
Tools and supplies	759,819	(25,919)	719,031	(25,919)
Work in progress	366,096	-	286,469	-
Finished goods	1,959,304	(5,191)	1,419,285	(9,691)
Merchandise inventories	754,707	-	22,566	-
Goods on consignment	16,728	-	11,239	-
	6,055,683	(54,820)	4,389,589	(56,398)

As at 30 June 2019, certain inventories of the Group were pledged with banks as security for loans granted to subsidiaries (Note 20).

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

	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
Opening balance	56,398	14,455
Increase in allowance during the period	23,947	13,435
Allowance utilised during the period	(21,874)	(16,429)
Written back	(3,651)	(2,644)
Closing balance	54,820	8,817

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11. Tangible fixed assets

Cost	Mining	Buildings	Leasehold	Office	Machinery and	Motor	Total
	properties	and structures	improvements	equipment	equipment	vehicles	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Opening balance	5,026,292	8,402,718	90,493	148,333	18,140,112	98,708	31,906,656
Additions	-	27,251	-	1,593	10,416	48	39,308
Transfers from construction in progress	-	131,948	-	17,444	312,214	1,721	463,327
Transfers to long-term prepaid expenses	-	(88)	-	(63)	(361)	(58)	(570)
Disposals	-	(10,791)	-	(321)	(29,433)	(4,733)	(45,278)
Written off	-	(1,406)	(3,182)	(836)	(3,308)	-	(8,732)
Reclassifications	-	158	-	-	(158)	-	-
Closing balance	5,026,292	8,549,790	87,311	166,150	18,429,482	95,686	32,354,711

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	Mining properties and structures VND million	Buildings and improvements VND million	Leasehold improvements VND million	Office equipment VND million	Machinery and equipment VND million	Motor vehicles VND million	Total VND million
Accumulated depreciation							
Opening balance	921,462	1,525,182	58,972	93,517	5,461,186	48,130	8,108,449
Charge for the period	100,703	249,316	6,544	8,055	671,630	9,320	1,045,568
Transfers to long-term prepaid expenses	-	(88)	-	(63)	(196)	(1)	(348)
Disposals	-	(6,305)	-	(321)	(20,971)	(4,716)	(32,313)
Written off	-	(1,373)	(3,181)	(836)	(3,251)	-	(8,641)
Closing balance	1,022,165	1,766,732	62,335	100,352	6,108,398	52,733	9,112,715
Net book value							
Opening balance	4,104,830	6,877,536	31,521	54,816	12,678,926	50,578	23,798,207
Closing balance	4,004,127	6,783,058	24,976	65,798	12,321,084	42,953	23,241,996

Included in tangible fixed assets were assets costing VND1,185,461 million which were fully depreciated as of 30 June 2019 (1/1/2019: VND1,071,631 million), but are still in active use.

The carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND415 million as of 30 June 2019 (1/1/2019: VND1,765 million).

As at 30 June 2019, tangible fixed assets with carrying value of VND1,043,039 million (1/1/2019: VND1,597,215 million) were pledged with banks as security for loans granted to the subsidiaries and VND12,026,183 million (1/1/2019: VND12,361,085 million) were pledged with banks as security for long-term bonds issued by a subsidiary (Note 20).

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12. Intangible fixed assets

	Land use rights VND million	Software VND million	Brand name VND million	Customer relationships VND million	Mineral water resources VND million	Mining rights VND million	Technology VND million	Mineral water resources exploitation rights VND million	Total VND million
Cost									
Opening balance	332,769	450,578	2,413,459	3,074,214	412,698	588,373	669,433	74,274	8,015,798
Additions	-	-	-	-	-	-	-	613	613
Transfers from construction in progress	-	8,698	-	-	-	-	-	-	8,698
Others	-	-	-	-	-	-	-	(2,764)	(2,764)
Closing balance	332,769	459,276	2,413,459	3,074,214	412,698	588,373	669,433	72,123	8,022,345
Accumulated amortisation									
Opening balance	56,074	207,542	762,690	858,626	73,398	127,569	506,526	17,816	2,610,241
Charge for the period	5,028	27,700	75,683	71,919	10,966	15,276	69,071	1,783	277,426
Others	-	-	-	-	-	-	-	(576)	(576)
Closing balance	61,102	235,242	838,373	930,545	84,364	142,845	575,597	19,023	2,887,091
Net book value									
Opening balance	276,695	243,036	1,650,769	2,215,588	339,300	460,804	162,907	56,458	5,405,557
Closing balance	271,667	224,034	1,575,086	2,143,669	328,334	445,528	93,836	53,100	5,135,254

Included in intangible fixed assets were assets costing VND38,853 million which were fully amortised as of 30 June 2019 (1/1/2019: VND34,893 million), but are still in active use.

As at 30 June 2019, intangible fixed assets with carrying value of VND484,987 million (1/1/2019: VND498,533 million) were pledged with banks as security for long-term bonds issued by a subsidiary (Note 20).

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13. Construction in progress

	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
Opening balance	2,171,342	1,838,001
Additions during the period	1,925,454	901,725
Transfers to tangible fixed assets	(463,327)	(555,215)
Transfers to intangible fixed assets	(8,698)	-
Transfers to long-term prepaid expenses	(19,867)	(47,401)
Written off	(346)	-
	<hr/>	<hr/>
Closing balance	3,604,558	2,137,110

As at 30 June 2019, construction in progress with carrying value of VND3,058,321 million (1/1/2019: VND1,799,047 million) were pledged with banks as security for long-term loans and bonds of the Company's subsidiaries (Note 20).

During the period, trial-run expense, borrowing costs and amortisation of land use rights capitalised into construction in progress amounting to VND51,740 million, VND52,574 million and VND780 million, respectively (for the six-month period ended 30 June 2018: nil, VND19,344 million and VND1,315 million, respectively).

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14. Long-term prepaid expenses

	Other mining costs VND million	Prepaid land costs VND million	Land compensation costs VND million	Printing axles, tools and supplies VND million	Goodwill from equitisation VND million	Swine breeders VND million	Others VND million	Total VND million
Opening balance	1,428,326	458,075	1,031,623	65,095	21,941	57,697	101,293	3,164,050
Additions	100,032	-	-	19,953	-	27,244	35,834	183,063
Transfers from long-term receivables	-	-	14,453	-	-	-	-	14,453
Transfers from tangible fixed assets	-	-	-	193	-	-	29	222
Transfers from construction in progress	-	3,509	-	14,222	-	-	2,136	19,867
Transfers from/(to) short-term prepaid expenses	-	-	-	(378)	-	-	593	215
Amortisation for the period	(47,104)	(5,078)	(35,469)	(26,762)	(1,567)	(13,126)	(14,595)	(143,701)
Written off	-	-	-	(669)	-	(6,480)	-	(7,149)
Reclassifications	-	(377)	-	(2)	-	-	379	-
Currency translation differences	-	-	-	44	-	-	-	44
Closing balance	1,481,254	456,129	1,010,607	71,696	20,374	65,335	125,669	3,231,064

As at 30 June 2019, prepaid land costs with carrying value of VND103,668 million (1/1/2019: VND88,754 million) were pledged with banks as security for loans granted to the Company's subsidiaries (Note 20).

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15. Deferred tax assets and liabilities

(i) Recognised deferred tax assets and liabilities

	30/6/2019	1/1/2019
	VND million	VND million
Deferred tax assets:		
Accrued expenses and provisions	177,564	234,274
Unrealised profits on intra-group transactions	23,770	20,933
Tax losses carried forward	79,268	38,380
Tangible fixed assets	1,516	1,674
Total deferred tax assets	282,118	295,261
Deferred tax liabilities:		
Tangible fixed assets	(620,520)	(639,785)
Intangible fixed assets	(676,169)	(711,661)
Total deferred tax liabilities	(1,296,689)	(1,351,446)
Net deferred tax liabilities	(1,014,571)	(1,056,185)

(ii) Movements of temporary differences during the period

	1/1/2019	Recognised in	30/6/2019
	VND million	consolidated	VND million
		statement of	
		income	
		VND million	VND million
Accrued expenses and provisions	234,274	(56,710)	177,564
Unrealised profits on intra-group transactions	20,933	2,837	23,770
Tax losses carried forward	38,380	40,888	79,268
Tangible fixed assets	(638,111)	19,107	(619,004)
Intangible fixed assets	(711,661)	35,492	(676,169)
	(1,056,185)	41,614	(1,014,571)

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16. Goodwill

	VND million
Cost	
Opening and closing balance	1,115,851
Accumulated amortisation	
Opening balance	596,312
Amortisation during the period	56,241
Closing balance	652,553
Net book value	
Opening balance	519,539
Closing balance	463,298

17. Taxes

(a) Taxes receivable from State Treasury

	30/6/2019	1/1/2019
	VND million	VND million
Corporate income tax	10,679	11,496
Other taxes	10,063	11,454
	20,742	22,950

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(b) Taxes payable to State Treasury

	30/6/2019	1/1/2019
	VND million	VND million
Value added tax	58,203	92,151
Special consumption tax	8,205	12,206
Corporate income tax	227,137	272,640
Personal income tax	66,692	49,273
Import-export tax	697	623
Other taxes	3,785	2,968
	364,719	429,861

Movements of taxes payable to State Treasury during the period were as follows:

	1/1/2019	Incurred	Paid	Net-off/ Reclassified	30/6/2019
	VND million	VND million	VND million	VND million	VND million
Value added tax	92,151	1,784,580	(518,492)	(1,300,036)	58,203
Special consumption tax	12,206	91,098	(95,099)	-	8,205
Corporate income tax	272,640	266,624	(310,920)	(1,207)	227,137
Personal income tax	49,273	209,391	(190,051)	(1,921)	66,692
Import-export tax	623	184,468	(184,394)	-	697
Other taxes	2,968	219,845	(219,028)	-	3,785
	429,861	2,756,006	(1,517,984)	(1,303,164)	364,719

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18. Accrued expenses

	30/6/2019	1/1/2019
	VND million	VND million
Interest expense	390,197	423,557
Advertising and promotion expenses	378,899	699,938
Sales discounts and customer support fee	283,227	400,892
Bonus and 13 th month salary	231,699	420,873
Accrual for construction work	174,303	110,873
Purchases not yet received invoices	132,997	87,051
Logistic expense	122,007	121,386
Exhibition and market expenses	63,417	57,612
Natural resource taxes and fees	59,710	10,034
Information and technology expenses	27,394	24,223
Consultant fee	5,800	10,754
Others	321,307	423,857
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	2,190,957	2,791,050
	<hr/>	<hr/>

19. Other payables

	30/6/2019	1/1/2019
	VND million	VND million
Short-term		
Obligation to issue shares	197,318	-
Trade union fees, social, health and unemployment insurance	21,752	11,927
Dividends payable	10,133	29,123
Short-term deposits received	4,125	4,897
Others	270,353	250,466
	<hr/>	<hr/>
	503,681	296,413
	<hr/>	<hr/>
Long-term		
Long-term deposits received	23,038	21,802
Others	3,187	2,002
	<hr/>	<hr/>
	26,225	23,804
	<hr/>	<hr/>

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20. Borrowings and bonds

	30/6/2019	1/1/2019
	VND million	VND million
Short-term borrowings and bonds (*)		
Short-term borrowings	7,777,098	6,132,408
Current portion of long-term borrowings and bonds	4,251,262	3,111,371
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	12,028,360	9,243,779
	<hr/>	<hr/>
Long-term borrowings and bonds (**)		
Long-term borrowings and bonds	16,044,582	15,863,020
Repayable within twelve months	(4,251,262)	(3,111,371)
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Repayable after twelve months	11,793,320	12,751,649
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(*) Short-term borrowings and bonds

	Movements during the period				30/6/2019	
	1/1/2019	Additions		Repayments	Unrealised foreign	Carrying amounts
	and amount within	VND million	VND million	VND million	exchange gains	and amount within
	repayment capacity				VND million	repayment capacity
	VND million					VND million
Short-term borrowings	6,132,408	12,643,197	(10,996,684)	(1,823)		7,777,098
Current portion of long-term borrowings and bonds	3,111,371	1,225,262	(85,371)	-		4,251,262
	9,243,779	13,868,459	(11,082,055)	(1,823)		12,028,360

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

	Currency	Annual interest rate	30/6/2019 VND million	1/1/2019 VND million
Secured bank loans	VND	5.6% - 8.5%	1,383,057	999,614
Secured bank loans	USD	3.6% - 5.8%	2,183,602	1,658,760
Unsecured bank loans	VND	5.2% - 6.4%	4,210,439	3,474,034
			7,777,098	6,132,408

As at 30 June 2019 and 1 January 2019, the bank loans were secured by the following assets of the Group:

- (i) 200 million shares of MSR (1/1/2019: 200 million shares);
- (ii) a part of inventories and short-term receivables of an indirect subsidiary.

() Long-term borrowings and bonds**

	30/6/2019 VND million	1/1/2019 VND million
Long-term borrowings (a)	1,374,787	841,621
Straight bonds (b)	14,669,795	15,021,399
		16,044,582
		15,863,020

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

	Currency	Annual interest rate	Year of maturity	30/6/2019 VND million	1/1/2019 VND million
a. Long-term borrowings					
Secured bank loans	VND	7.7% - 9.3%	2020 - 2024	1,374,787	841,621
b. Straight bonds (including issuance costs)					
	VND	8.0% - 10.2%	2020 - 2024	14,669,795	15,021,399

(a) Long-term borrowings

As at 30 June 2019, long-term borrowings of the Group were secured over certain fixed assets, certain construction in progress and long-term prepaid expenses with carrying value of VND1,043,039 million (1/1/2019: VND1,597,215 million) (Note 11), VND1,404,194 million (1/1/2019: VND401,870 million) (Note 13) and VND103,668 million (1/1/2019: VND88,754 million) (Note 14), respectively.

(b) Straight bonds

The carrying amount of the bonds comprised the followings:

	30/6/2019 VND million	1/1/2019 VND million
Straight bonds	14,810,010	15,200,010
Unamortised bond issuance costs	(140,215)	(178,611)
	14,669,795	15,021,399

- (i) VND2,100 billion (1/1/2019: VND2,100 billion) bonds with a maturity of 10 years at an interest rate of 8.0% per annum in 10 years. The bonds were guaranteed by Credit Guarantee and Investment Facility and secured over 59.3 million shares (1/1/2019: 59.3 million shares) of MSC;
- (ii) VND1,300 billion (1/1/2019: VND1,300 billion) bonds with a maturity of 5 years at an interest rate of 7.0% per annum in the first year and 1.5% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 17.1 million shares (1/1/2019: 4.1 million shares) of ANCO;

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- (iii) VND700 billion (1/1/2019: VND700 billion) bonds with a maturity of 5 years at an interest rate of 8.0% per annum in the first year and 3.0% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 14.4 million shares (1/1/2019: 14.4 million shares) of Proconco;
- (iv) VND4,100 billion (1/1/2019: VND5,600 billion) bonds with a maturity of 5 years at an interest rate of 8.0% per annum in the first year and 3.0% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over certain fixed assets and construction in progress with total carrying value of VND14,165,297 million (1/1/2019: VND14,256,795 million) of indirect subsidiaries of the Company;
- (v) VND3,000 billion (1/1/2019: VND3,000 billion) bonds with a maturity of 2 years at an interest rate of 9.0% per annum. These bonds were unsecured;
- (vi) VND1,000 billion (1/1/2019: VND1,000 billion) bonds with a maturity of 2 years at an interest rate of 9.5% per annum. The bonds were secured over 93.8 million shares (1/1/2019: 93.8 million shares) of MSR;
- (vii) VND500 billion (1/1/2019: VND500 billion) bonds with a maturity of 5 years at an interest rate of 10.0% per annum in the first year and 3.25% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 47 million shares (1/1/2019: 47 million shares) of MSR;
- (viii) VND1,000 billion (1/1/2019: VND1,000 billion) bonds with a maturity of 3 years at an interest rate of 9.8% per annum in the first year and 3.2% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 95.2 million shares (1/1/2019: 95.2 million shares) of MSR;
- (ix) VND1,500 billion (1/1/2019: VND1,500 billion) bonds with a maturity of 5 years at an interest rate of 10.0% per annum in the first year and 3.25% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 140.8 million shares (1/1/2019: 140.8 million shares) of MSR. As at 30 June 2019, VND389,990 million bonds (1/1/2019: VND1,499,990 million) were owned by the Company and eliminated in the consolidated interim financial statements;
- (x) VND500 billion (1/1/2019: nil) bonds with a maturity of 5 years at an interest rate of 10.2% per annum in the first year and 3.3% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 50.5 million shares (1/1/2019: nil) of MSR. As at 30 June 2019, these bonds were owned by the Company and eliminated in the consolidated interim financial statements;
- (xi) VND300 billion (1/1/2019: nil) bonds with a maturity of 3 years at an interest rate of 10% per annum in the first year and 3.1% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 30.3 million shares (1/1/2019: nil) of MSR. As at 30 June 2019, these bonds were owned by the Company and eliminated in the consolidated interim financial statements;

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- (xii) VND200 billion (1/1/2019: nil) bonds with a maturity of 3 years at an interest rate of 10% per annum in the first year and 3.1% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 20.2 million shares (1/1/2019: nil) of MSR. As at 30 June 2019, these bonds were owned by the Company and eliminated in the consolidated interim financial statements; and
- (xiii) VND500 billion (1/1/2019: nil) bonds with a maturity of 5 years at an interest rate of 10.2% per annum in the first year and 3.3% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 50.5 million shares (1/1/2019: nil) of MSR. As at 30 June 2019, these bonds were owned by the Company and eliminated in the consolidated interim financial statements.

As at 30 June 2019, the associates of the Group held VND530,970 million (1/1/2019: VND1,006,117 million) of the issued bonds.

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

21. Provisions

	30/6/2019	1/1/2019
	VND million	VND million
Provision for mining rights fee	411,541	466,446
Provision for mine rehabilitation	27,227	26,218
Provision for severance allowance	46,624	47,527
	485,392	540,191

Movements of provisions during the period were as follows:

	Mining rights fee	Mine rehabilitation	Severance allowance	Total
	VND million	VND million	VND million	VND million
Opening balance	466,446	26,218	47,527	540,191
Provision made during the period	18,241	1,009	698	19,948
Provision used during the period	(73,146)	-	-	(73,146)
Provision written back during the period	-	-	(1,601)	(1,601)
Closing balance	411,541	27,227	46,624	485,392

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22. Changes in owners' equity

	Share capital VND million	Capital surplus VND million	Other capital VND million	Treasury shares VND million	Foreign exchange differences VND million	Undistributed profits after tax of the Company VND million	Equity attributable to equity holders of the Company VND million	Non-controlling interests VND million	Total VND million
Balance as at 1 January 2018	11,573,740	6,855,539	(9,426,958)	(6,518,087)	2,431	12,350,048	14,836,713	5,388,482	20,225,195
Issuance of new shares	57,755	(50)	-	-	-	-	57,705	-	57,705
Transactions with NCI	-	-	-	-	-	(776,295)	(776,295)	(380,703)	(1,156,998)
Net profit for the period	-	-	-	-	-	3,030,981	3,030,981	387,067	3,418,048
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(527,229)	(527,229)
Currency translation differences	-	-	-	-	(19)	-	(19)	(74)	(93)
Others	-	-	-	-	-	(134,163)	(134,163)	134,163	-
Balance as at 30 June 2018	11,631,495	6,855,489	(9,426,958)	(6,518,087)	2,412	14,470,571	17,014,922	5,001,706	22,016,628

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	Share capital VND million	Capital surplus VND million	Other capital VND million	Foreign exchange differences VND million	Undistributed profits after tax of the Company VND million	Equity attributable to equity holders of the Company VND million	Non-controlling interests VND million	Total VND million
Balance as at 1 January 2019	11,631,495	11,084,417	(9,426,958)	4,402	16,193,388	29,486,744	4,592,934	34,079,678
Issuance of new shares	57,969	(60)	-	-	-	57,909	-	57,909
Transactions with NCI (Note 8)	-	-	-	-	(142,542)	(142,542)	(20,278)	(162,820)
Net profit for the period	-	-	-	-	1,881,698	1,881,698	309,891	2,191,589
Dividends declared by subsidiaries	-	-	-	-	-	-	(133,392)	(133,392)
Currency translation differences	-	-	-	3,246	-	3,246	735	3,981
Others	-	-	-	-	(8,185)	(8,185)	(342)	(8,527)
Balance as at 30 June 2019	11,689,464	11,084,357	(9,426,958)	7,648	17,924,359	31,278,870	4,749,548	36,028,418

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23. Share capital and capital surplus

The Company's authorised and issued share capital comprises of:

	30/6/2019		1/1/2019	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	1,168,946,447	11,689,464	1,163,149,548	11,631,495
Issued share capital				
Ordinary shares	1,168,946,447	11,689,464	1,163,149,548	11,631,495
Capital surplus	-	11,084,357	-	11,084,417

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. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

In 2018, the Company signed an agreement to grant SK Investment Vina I Pte. Ltd. ("SK"), a shareholder, a put option. In the event that the Company and SK fail to materialise the value creation and synergies from this partnership or disagree on the strategic directions of the Company, SK will have an irrevocable option to request the Company or its nominee to purchase all the Company's 109,899,932 shares acquired on 2 October 2018 ("the Closing Date") at the amount equal to VND100,000 per share less the aggregate dividends and distributions paid by the Company, subject to customary adjustments from dilutive events. This option shall be exercisable after the 5th year from the Closing Date and remain exercisable until the 6th year from the Closing Date. It can only be exercised once with respect to all above shares and will lapse if SK sells any of them.

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Movements of share capital during the period were as follows:

	From 1/1/2019 to 30/6/2019		From 1/1/2018 to 30/6/2018	
	Number of shares	VND million	Number of shares	VND million
Balance at beginning of the period	1,163,149,548	11,631,495	1,157,373,974	11,573,740
Issuance of new shares at par for cash	5,796,899	57,969	5,775,574	57,755
Balance at end of the period	1,168,946,447	11,689,464	1,163,149,548	11,631,495

24. Share-based payment

The Group has an employee share-based payment plans to award shares based on the assessment of the performance of employees. The future issuance of shares under the plan has to be approved by the shareholders at Annual General Meeting.

In June 2019, the Company issued 5,796,899 shares to employees at par for cash.

25. Off balance sheet items

(a) Lease commitments

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

	30/6/2019 VND million	1/1/2019 VND million
Within 1 year	157,105	158,303
Within 2 to 5 years	121,254	136,125
More than 5 years	218,505	179,760
	496,864	474,188

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(b) Capital expenditure

As at reporting date, the following outstanding capital commitments have been approved but not provided for in the consolidated balance sheet:

	30/6/2019	1/1/2019
	VND million	VND million
Approved and contracted	1,340,174	1,797,246
Approved but not contracted	967,770	1,299,287
	<hr/>	<hr/>
	2,307,944	3,096,533
	<hr/>	<hr/>

(c) Foreign currencies

	30/6/2019		1/1/2019	
	Original currency	VND million equivalent	Original currency	VND million equivalent
USD	4,656,781	108,176	11,209,880	260,861
EUR	36	1	314	9
SGD	-	-	334	5
THB	96,315,455	71,177	83,683,037	58,076
		<hr/>		<hr/>
		179,354		318,951
		<hr/>		<hr/>

(d) Final sales pricing adjustment

As disclosed in Note 3(q), a subsidiary of the Company had the following commitments under sales contract to adjust the sales price of its product sold based on future quoted market price at the London Metal Bulletin (“LMB”) at the agreed final pricing date. The revenue on provisionally priced sales is initially recognised based on the estimated fair value of the total consideration receivable at the date of transaction. Revenue will be adjusted at the final pricing date subsequent to this period end. Such adjustments are treated as changes in estimates due to the absence of a mechanism to reliably estimate future LMB quoted prices at the date of transaction.

Total revenue for the six-month period ended 30 June 2019 that have been recognised on a provisional basis is VND315 billion (for the six-month period ended 30 June 2018: VND211 billion).

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26. Revenue from sale of goods

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

Net revenue comprised of:

	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
Total revenue		
▪ Sales of finished goods and others	18,099,059	18,038,687
Less revenue deductions		
▪ Sale discounts	657,013	562,274
▪ Sale returns	31,521	18,032
	688,534	580,306
	17,410,525	17,458,381

27. Cost of sales

	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
Total cost of sales		
▪ Finished goods sold and other sales	12,259,961	11,878,522
▪ Allowance for inventories	20,296	10,791
	12,280,257	11,889,313

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28. Financial income

	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
Interest income from:		
• Deposits	105,478	130,434
• Other loan investing activities	11,389	3,073
Foreign exchange gains	42,037	22,626
Gain from deemed disposal on dilution in an associate and others	57	1,477,398
	<hr/> 158,961	<hr/> 1,633,531

29. Financial expenses

	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
Interest expense on loans/bonds from:		
• Banks	218,456	164,986
• Bondholders and others	686,316	1,248,451
Bond issuance costs	72,675	87,075
Foreign exchange losses	45,625	32,936
Others	63,054	39,096
	<hr/> 1,086,126	<hr/> 1,572,544

30. Selling expenses

	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
Promotion and advertising expenses	796,615	1,092,520
Logistic expense	386,068	363,379
Staff costs	349,435	279,342
Exhibition expense	85,782	63,627
Outside services	27,854	28,557
Others	122,760	147,693
	<hr/> 1,768,514	<hr/> 1,975,118

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31. General and administration expenses

	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
Staff costs	360,576	298,563
Amortisation of fair value uplift of fixed assets arising in business combination	254,009	254,009
Amortisation of goodwill	56,241	56,241
Depreciation and amortisation	54,245	53,450
Research and development expenses	13,193	6,842
System lease line and IT services	34,663	46,145
Office rental	44,075	37,738
Outside services	14,205	57,850
Others	144,986	120,857
	976,193	931,695

32. Income tax

(a) Recognised in the consolidated statement of income

	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
Current tax expense		
Current period	316,606	330,483
Over provision in prior periods	(49,982)	(9,684)
	266,624	320,799
Deferred tax benefit		
Origination and reversal of temporary differences	(42,004)	(31,748)
Write down of deferred tax recognised	390	-
	(41,614)	(31,748)
Income tax expense	225,010	289,051

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(b) Reconciliation of effective tax rate

	From 1/1/2019 to 30/6/2019		From 1/1/2018 to 30/6/2018	
	%	VND million	%	VND million
Accounting profit before tax	100.0%	2,416,599	100.0%	3,707,099
Tax at the Company's income tax rate	20.0%	483,320	20.0%	741,420
Effect of different tax rates in subsidiaries	(7.7%)	(186,069)	(6.4%)	(237,968)
Effect of consolidation transactions	0.4%	8,830	(5.7%)	(213,129)
Non-deductible expenses	0.6%	14,695	0.4%	16,268
Effect of share of profit in associates net of tax	(8.1%)	(196,005)	(5.3%)	(197,488)
Unrecognised deferred tax assets	6.2%	150,629	5.1%	190,733
Over provision in prior periods	(2.1%)	(49,982)	(0.3%)	(9,684)
Tax losses utilised	(0.0%)	(798)	(0.0%)	(1,101)
Write down of deferred tax recognised	0.0%	390	0.0%	-
	9.3%	225,010	7.8%	289,051

(c) Applicable tax rates

Under the prevailing corporate income tax law, 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 exemptions and reductions.

(d) Tax contingencies

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

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33. Significant transactions with related parties

In addition to related party balances disclosed in other notes to these consolidated interim financial statements, the Group had the following significant transactions with related parties in accordance with Vietnamese Accounting Standards during the period:

Related party	Nature of transaction	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
Associates			
Vietnam Technological and Commercial Joint Stock Bank and its Subsidiaries	Loans received	1,100,596	1,110,047
	Loans repaid	1,067,228	1,006,502
	Bonds issued (*)	1,500,000	122,339
	Bonds repurchased	-	885,204
	Purchases of trading securities	1,500,000	-
	Interest expense	52,986	101,459
Other related parties			
Key management personnel	Remuneration to key management personnel (**)	99,783	85,315
A member of a subsidiary's Members' Council	Purchase goods from a related party of this member (***)	725,042	-

As at and for the six-month period ended 30 June 2019, the Company and its subsidiaries have current and term deposit accounts at and overdraft and agency transactions with Vietnam Technological and Commercial Joint Stock Bank and its subsidiaries at normal trading terms.

(*) The bonds are listed and sold to a broader set of investors pursuant to an arrangement agreement.

(**) No board fees were paid to the Board of Directors' members of the Company for the six-month periods ended 30 June 2019 and 2018.

(***) In 2018, NPM, a subsidiary, has sold goods to a related party of a member of its Members' Council and subsequently in 2019, NPM has purchased such goods from such related party. The transaction was approved by the Members' Council of NPM on 25 March 2019.

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34. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2019 was based on the net profit attributable to ordinary shareholders of VND1,881,698 million (for the six-month period ended 30 June 2018: VND3,030,981 million) of the Company and a weighted average number of ordinary shares outstanding of 1,163,341,710 shares during the period (for the six-month period ended 30 June 2018: 1,047,665,497 shares), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
Net profit attributable to ordinary shareholders	1,881,698	3,030,981

(ii) Weighted average number of ordinary shares

	From 1/1/2019 to 30/6/2019	From 1/1/2018 to 30/6/2018
Issued ordinary shares at the beginning of the period	1,163,149,548	1,047,474,042
Effect of shares issued for cash	192,162	191,455
Weighted average number of ordinary shares during the period	<u>1,163,341,710</u>	<u>1,047,665,497</u>

(b) Diluted earnings per share

The Company has no dilutive potential ordinary shares.

35. Non-cash investing activities

	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2018 to 30/6/2018 VND million
Cost of construction not yet paid	420,472	267,810
Depreciation and amortisation capitalised into construction in progress	-	1,079

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36. Contingent assets

Claims against Jacobs E&C Australia PTY Limited (“Jacobs”)

On 28 March 2019, a panel of three arbitrators appointed by the Singapore International Arbitration Center (“the Arbitral Tribunal”) has awarded NPM a partial final award as compensation for Jacobs’ conduct (“the Partial Final Award”). The case concerns the circumstances of the entry into and the performance of an engineering and procurement services agreement (“EPSA”) executed by NPM and Jacobs in 2011 for engineering, procurement and construction management of NPM’s mineral processing plant in Thai Nguyen, Vietnam. In addition to the Partial Final Award, the Arbitral Tribunal will also consider awards in relation to interest and cost which will be determined at a later date. NPM has filed an application to enforce the Partial Final Award in Australia. A court hearing for the case is scheduled to begin on 4 September 2019. No payment has been received by NPM yet under the Partial Final Award.

37. Post balance sheet events

In July 2019, Masan Consumer Corporation, a subsidiary of the Company, has issued 3,049,325 ordinary shares at VND70,000 to its employees under Employee Stock Ownership Plan (ESOP) after obtaining shareholders’ approval at its Annual General Meeting in April 2019. As the results of this event, the Company’s equity interest in Masan Consumer Corporation has reduced from 81.5% to 81.1%.

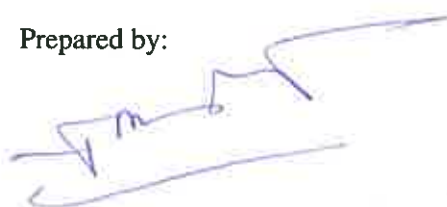
In July 2019, the Board of Directors of Masan Consumer Corporation, a subsidiary of the Company, approved to issue 91,946,767 bonus shares to shareholders. As at the date of issuance of these consolidated interim financial statements, the issuance of bonus shares have not been completed.

In July 2019, Masan Nutri-Science Corporation, a subsidiary of the Company, announced the plan to list its shares on the Unlisted Public Company Market by the end of 2019 and changed its name to “Masan MEATLife Corporation”.

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

15 August 2019

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer

Dr. Nguyen Dang Quang
Chairman
Chief Executive Officer

