



KPMG'S COPY

**Masan Group Corporation
and its subsidiaries**

Consolidated Financial Statements for the year ended
31 December 2018



Masan Group Corporation Corporate Information

Business Registration Certificate No.

0303576603

25 June 2018

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 25 June 2018. 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
Mr Ho Hung Anh

Chairman
Vice Chairman
(until 12 April 2018)

Ms Nguyen Hoang Yen
Mr Nguyen Thieu Nam
Mr Lars Kjaer
Mr Dominic Edward Salter Price

Member
Member
Member
Member

Board of Management

Dr Nguyen Dang Quang
Mr Nguyen Thieu Nam
Mr Michael Hung Nguyen
Mr Nguyen Anh Nguyen
Mr Seokhee Won

Chief Executive Officer
Deputy Chief Executive Officer
Deputy Chief Executive Officer
Deputy Chief Executive Officer
Deputy Chief Executive Officer
(until 27 February 2018)

Legal representative

Dr Nguyen Dang Quang

Chairman
Chief Executive Officer

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 FINANCIAL STATEMENTS

The Board of Management of Masan Group Corporation (“the Company”) presents this statement and the accompanying consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 December 2018.

The Board of Management is responsible for the preparation and fair presentation of the consolidated financial statements as at and for the year ended 31 December 2018 in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In preparing those consolidated 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 financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

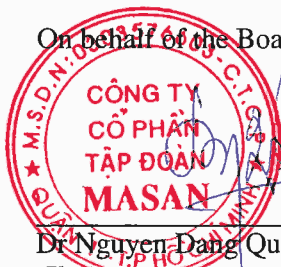
The Board of Management is also responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and to ensure that the accounting records comply with the requirements of Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to 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 financial statements.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We do hereby approve the accompanying consolidated financial statements of the Group as at and for the year ended 31 December 2018, which were prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Management



Dr. Nguyen Dang Quang
Chairman

Chief Executive Officer
Ho Chi Minh City, Vietnam
7 March 2019



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders Masan Group Corporation

We have audited the accompanying consolidated 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 31 December 2018, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 7 March 2019, as set out on pages 5 to 77.

Management's Responsibility

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

Auditor's Responsibility

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

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

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



Auditor's Opinion

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

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 18-01-00271-19-2




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


Chong Kwang Puay
Practicing Auditor Registration
Certificate No. 0864-2018-007-1

Ho Chi Minh City, 7 March 2019

Masan Group Corporation and its subsidiaries
Consolidated balance sheet as at 31 December 2018

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

	Code	Note	31/12/2018 VND million	1/1/2018 VND million
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		12,499,618	15,144,937
Cash and cash equivalents	110	5	4,585,889	7,417,111
Cash	111		513,597	320,723
Cash equivalents	112		4,072,292	7,096,388
Short-term financial investments	120	6	375,848	640,069
Held-to-maturity investments	123		375,848	640,069
Accounts receivable – short-term	130	7	2,412,555	2,247,100
Accounts receivable from customers	131		1,523,385	1,221,821
Prepayments to suppliers	132		707,242	277,698
Other short-term receivables	136		288,063	864,228
Allowance for doubtful debts	137		(106,135)	(116,647)
Inventories	140	8	4,333,191	4,333,097
Inventories	141		4,389,589	4,347,552
Allowance for inventories	149		(56,398)	(14,455)
Other current assets	150		792,135	507,560
Short-term prepaid expenses	151		94,291	87,233
Deductible value added tax	152		674,894	389,953
Taxes receivable from State Treasury	153	16(a)	22,950	30,374

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

Masan Group Corporation and its subsidiaries
Consolidated balance sheet as at 31 December 2018 (continued)

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

	Code	Note	31/12/2018 VND million	1/1/2018 VND million
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		52,078,995	48,383,585
Accounts receivable – long-term	210	7	1,377,124	1,453,961
Receivable on long-term lending loans	215		-	96,400
Other long-term receivables	216		1,377,124	1,357,561
Fixed assets	220		29,203,764	29,829,534
Tangible fixed assets	221	9	23,798,207	23,768,050
<i>Cost</i>	222		31,906,656	29,897,094
<i>Accumulated depreciation</i>	223		(8,108,449)	(6,129,044)
Finance lease tangible fixed assets	224	10	-	4,487
<i>Cost</i>	225		67,300	67,300
<i>Accumulated depreciation</i>	226		(67,300)	(62,813)
Intangible fixed assets	227	11	5,405,557	6,056,997
<i>Cost</i>	228		8,015,798	8,112,958
<i>Accumulated amortisation</i>	229		(2,610,241)	(2,055,961)
Long-term work in progress	240		2,171,342	1,838,001
Construction in progress	242	12	2,171,342	1,838,001
Long-term financial investments	250	6	15,347,915	11,338,355
Investments in associates	252		15,328,811	11,321,627
Equity investments in other entities	253		21,646	21,646
Allowance for diminution in the value of long-term financial investments	254		(8,442)	(4,918)
Held-to-maturity investments	255		5,900	-
Other long-term assets	260		3,978,850	3,923,734
Long-term prepaid expenses	261	13	3,164,050	2,990,882
Deferred tax assets	262	14	295,261	300,831
Goodwill	269	15	519,539	632,021
TOTAL ASSETS (270 = 100 + 200)	270		64,578,613	63,528,522

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

Masan Group Corporation and its subsidiaries
Consolidated balance sheet as at 31 December 2018 (continued)

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

	Code	Note	31/12/2018 VND million	1/1/2018 VND million
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		30,498,935	43,303,327
Current liabilities	310		15,795,515	15,532,987
Accounts payable to suppliers	311		2,668,610	2,105,255
Advances from customers	312		334,553	240,945
Taxes payable to State Treasury	313	16(b)	429,861	384,958
Payables to employees	314		300	25
Accrued expenses	315	17	2,791,050	2,801,126
Other short-term payables	319	18	296,413	803,374
Short-term borrowings and liabilities	320	19	9,243,779	9,166,273
Bonus and welfare funds	322		30,949	31,031
Long-term liabilities	330		14,703,420	27,770,340
Accounts payable to suppliers	331		36,330	78,525
Other long-term payables	337	18	23,804	26,728
Long-term borrowings, bonds and liabilities	338	19	12,751,649	25,630,003
Deferred tax liabilities	341	14	1,351,446	1,461,389
Provisions	342	20	540,191	573,695

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

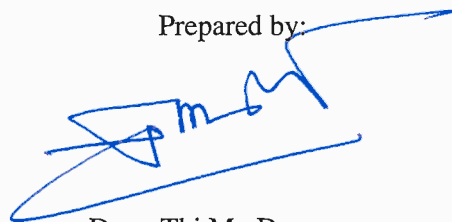
Masan Group Corporation and its subsidiaries
Consolidated balance sheet as at 31 December 2018 (continued)

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

	Code	Note	31/12/2018 VND million	1/1/2018 VND million
EQUITY (400 = 410)	400		34,079,678	20,225,195
Owners' equity	410	21	34,079,678	20,225,195
Share capital	411	22	11,631,495	11,573,740
Capital surplus	412	22	11,084,417	6,855,539
Other capital	414		(9,426,958)	(9,426,958)
Treasury shares	415	22	-	(6,518,087)
Foreign exchange differences	417		4,402	2,431
Undistributed profits after tax	421		16,193,388	12,350,048
- Undistributed profits after tax brought forward	421a		12,350,048	7,015,545
- Net profit for the current year	421b		3,843,340	5,334,503
Non-controlling interests	429		4,592,934	5,388,482
TOTAL RESOURCES (440 = 300 + 400)	440		64,578,613	63,528,522

7 March 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 financial statements

Masan Group Corporation and its subsidiaries
Consolidated statement of income for the year ended 31 December 2018

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

	Code	Note	2018 VND million	2017 VND million
Revenue from sale of goods	01	25	39,378,747	38,980,236
Revenue deductions	02	25	1,191,130	1,359,590
Net revenue (10 = 01 - 02)	10	25	38,187,617	37,620,646
Cost of sales	11	26	26,306,208	25,988,836
Gross profit (20 = 10 - 11)	20		11,881,409	11,631,810
Financial income	21	27	1,901,793	1,404,660
Financial expenses	22	28	3,090,914	3,695,584
<i>In which: Interest expense</i>	23		2,667,531	3,185,361
Share of profit in associates	24		1,914,340	2,044,230
Selling expenses	25	29	4,314,253	5,290,872
General and administration expenses	26	30	2,015,388	1,912,357
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		6,276,987	4,181,887
Other income	31		14,708	17,557
Other expenses	32		47,871	60,807
Results of other activities (40 = 31 - 32)	40		(33,163)	(43,250)
Accounting profit before tax (50 = 30 + 40) (carried forward)	50		6,243,824	4,138,637

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

Masan Group Corporation and its subsidiaries
Consolidated statement of income for the year ended 31 December 2018 (continued)

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

	Code	Note	2018 VND million	2017 VND million
Accounting profit before tax (50 = 30 + 40) (brought forward)	50		6,243,824	4,138,637
Income tax expense – current	51	31	726,692	630,961
Income tax benefit – deferred	52	31	(104,373)	(100,014)
Net profit after tax (60 = 50 - 51 - 52)	60		5,621,505	3,607,690
Attributable to:				
Equity holders of the Company	61		4,916,497	3,102,664
Non-controlling interests	62		705,008	505,026
Earnings per share				
Basic earnings per share (VND)	70	33	4,561	2,727

7 March 2019

Prepared by:

Doan Thi My Duyen
Chief Accountant

Approved by:

Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer



Dr. Nguyễn Đăng Quang
Chairman
Chief Executive Officer

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

Masan Group Corporation and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2018
(Indirect method)

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

	Code	Note	2018 VND million	2017 VND million
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	01		6,243,824	4,138,637
Adjustments for				
Depreciation and amortisation	02		2,705,218	2,610,646
Allowances and provisions	03		123,092	169,358
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04		8,859	(9,246)
Profits from investing activities	05		(3,738,917)	(3,386,427)
Interest expense and other financial expenses	06		2,888,368	3,548,932
Operating profit before changes in working capital	08		8,230,444	7,071,900
Increase in receivables and other assets	09		(734,186)	(311,192)
(Increase)/decrease in inventories	10		(76,765)	1,031,669
Increase/(decrease) in payables and other liabilities	11		610,042	(1,032,082)
Increase in prepaid expenses	12		(86,037)	(27,996)
			7,943,498	6,732,299
Interest paid	14		(2,869,402)	(3,261,365)
Corporate income tax paid	15		(675,981)	(704,278)
Other payments for operating activities	17		(6,986)	(197)
Net cash flows from operating activities	20		4,391,129	2,766,459
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(2,638,466)	(2,111,023)
Proceeds from disposals of fixed assets and other long-term assets	22		10,232	10,763
Payments for granting loans and term deposits	23		(1,659,260)	(5,348,244)
Receipts from collecting loans and term deposits	24		2,013,981	6,752,487
Payments for investments	25		(2,308,579)	(522,403)
Proceeds from disposals of investments	26		379,736	3,874,973
Receipts of interest, dividends and others	27		335,756	477,399
Net cash flows from investing activities	30		(3,866,600)	3,133,952

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

Masan Group Corporation and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2018
(Indirect method – continued)

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

	Code Note	2018 VND million	2017 VND million
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of new shares, reissue of treasury shares and equity issued to non-controlling interests	31	10,927,861	3,512,651
Payments for repurchase of treasury shares	32	-	(5,877,224)
Proceeds from borrowings	33	23,643,380	24,017,010
Payments to settle borrowings and bonds	34	(36,614,844)	(30,558,296)
Payments to settle finance lease liabilities	35	(9,026)	(16,272)
Payments of dividends to shareholders and to non-controlling interests of subsidiaries	36	(1,304,374)	(2,712,948)
Net cash flows from financing activities	40	(3,357,003)	(11,635,079)
Net cash flows during the year (50 = 20 + 30 + 40)	50	(2,832,474)	(5,734,668)
Cash and cash equivalents at the beginning of the year	60	7,417,111	13,148,938
Effect of exchange rate fluctuations	61	1,252	2,841
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	4,585,889	7,417,111

7 March 2019

Prepared by:

Doan Thi My Duyen
Chief Accountant

Approved by:

Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer



Đỗ Nguyễn Đăng Quang
Chairman
Chief Executive Officer

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

Masan Group Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2018

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

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

1. Reporting entity

(a) Ownership structure

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

The consolidated 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 financial statements for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

Subsidiaries

Number	Name	Principal activity	Address	Percentage of economic interests at	
				31/12/2018	1/1/2018
<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 Nutri-Science Corporation (“MNS”)	Investment holding	10 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	80.8%	82.4%
<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 financial statements for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

Number	Name	Principal activity	Address	Percentage of economic interests at	
				31/12/2018	1/1/2018
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%	-
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%	82.4%
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%	82.4%
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%	82.4%
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%	82.4%

Masan Group Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

Number	Name	Principal activity	Address	Percentage of economic interests at	
				31/12/2018	1/1/2018
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%	82.4%
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%	82.4%
13	Masan PQ Corporation (formerly known as Ma San PQ Corporation) (“MPQ”)	(i) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam	81.5%	82.4%
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%	82.4%
15	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%	56.4%
16	Café De Nam Joint Stock Company (formerly known as “CDN Production Trading Corporation”)	(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%	47.9%
17	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%	72.9%

Masan Group Corporation and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2018 (continued)

Form B 09 – DN/HN

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

Number	Name	Principal activity	Address	Percentage of economic interests at	
				31/12/2018	1/1/2018
18	Kronfa., JSC (“KRP”)	(i) Beverage manufacturing	Km37, National Road 27, Tan Son Town, Ninh Son District, Ninh Thuan Province, Vietnam	72.2%	72.9%
19	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%	82.4%
20	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%	82.4%
21	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%	82.4%
22	Masan Jinju Joint Stock Company (formerly known as “Saigon Nutri Food 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%	82.4%
23	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%	54.2%
24	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%

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Number	Name	Principal activity	Address	Percentage of economic interests at	
				31/12/2018	1/1/2018
25	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%
26	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%
27	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%
28	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%
29	Masan Tungsten Limited Liability Company (formerly known as “Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC”) (“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%	49.0%
30	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	80.8%	82.4%
31	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	80.8%	82.4%

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Number	Name	Principal activity	Address	Percentage of economic interests at	
				31/12/2018	1/1/2018
32	MNS Feed Vinh Long Company Limited (formerly known as “Aqua Nutrition International Joint Venture Co., Ltd”) (“MNS Feed Vinh Long”)	(iii) Animal protein	Area 4, Co Chien Industrial Park, Long Ho District, Vinh Long Province, Vietnam	80.8%	82.4%
33	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	80.8%	82.4%
34	MNS Feed Thai Nguyen Company Limited (formerly known as “Agro Nutrition International Thai Nguyen Limited Company”) (“MNS Feed Thai Nguyen”)	(iii) Animal protein	Lot B5-B6, Trung Thanh Industrial Park, Trung Thanh District, Pho Yen Town, Thai Nguyen Province, Vietnam	80.8%	82.4%
35	MNS Feed Tien Giang Company Limited (formerly known as “Agro Nutrition International Tien Giang One Member Limited Company”) (“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	80.8%	82.4%

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Number	Name	Principal activity	Address	Percentage of economic interests at	
				31/12/2018	1/1/2018
36	MNS Feed Nghe An Company Limited (formerly known as “Agro Nutrition International Nghe An One Member Limited Liability Company”) (“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	80.8%	82.4%
37	MNS Feed Hau Giang Company Limited (formerly known as “Agro Nutrition International Hau Giang One Member Limited Liability Company”) (“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	80.8%	82.4%
38	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	80.8%	82.4%
39	MNS Farm Nghe An Company Limited (formerly known as “Masan Nutri-Farm (N.A) Limited Liability Company”) (“MNF (NA)”)	(iii) Breeding swine	Con Son Village, Ha Son Commune, Quy Hop District, Nghe An Province, Vietnam	80.8%	82.4%
40	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	80.8%	82.4%

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Number	Name	Principal activity	Address	Percentage of economic interests at	
				31/12/2018	1/1/2018
41	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	80.8%	82.4%
42	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	80.8%	82.4%
43	Vietnamese – French Cattle Feed Joint Stock Company (“Proconco”)	(iii) Animal protein	Bien Hoa I Industrial Zone, Bien Hoa City, Dong Nai Province, Vietnam	60.7%	61.9%
44	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	60.7%	61.9%
45	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	60.7%	61.9%
46	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	60.7%	61.9%

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Associates

Number	Name	Principal activity	Percentage of economic interests at	
			31/12/2018	1/1/2018
<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 MNS.
- (iv) This entity is an indirect associate of MCH.
- (v) These entities are indirect associates of MNS.

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 Brewery MB Company Limited (“MBMB”) was established on 16 March 2018 under the Business Registration Certificate No. 2901930406 issued by the Department of Planning and Investment of Nghe An Province. As at the date of issuance of these consolidated financial statements, MBMB has not yet started its operations.
- (**) For Techcombank, see Note 6(b).

As at 31 December 2018, the Group had 9,135 employees (1/1/2018: 9,601 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 financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

(b) Basis of measurement

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

(c) Annual accounting period

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

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(d) Accounting and presentation currency

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

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

(e) Corresponding figures

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

3. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) *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.

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.

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(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 financial statements from the date that control commences until the date that control ceases.

(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 financial statements using the equity method (equity accounted investees). The consolidated 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.

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(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 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 year have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

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

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

(ii) *Foreign operations*

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

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(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) *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.

(ii) *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.

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(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 year 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.

(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 31/12/2018 and 1/1/2018

ST plant	125,140 tonnes of tungsten
APT plant	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 |

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(h) Finance lease tangible fixed assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Tangible fixed assets acquired by way of finance leases are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation.

Depreciation on finance leased assets is computed on a straight-line basis over the estimated useful lives of items of the leased assets. The estimated useful lives of finance leased assets are consistent with the useful lives of tangible fixed assets as described in accounting policy 3(g).

(i) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

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

Land use rights 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.

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(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.

(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.

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(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.

(j) 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.

(k) 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.

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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) *Pre-operating expenses*

Pre-operating expenses are recorded in the consolidated statement of income, except for establishment costs and expenditures on training, advertising and promotional activities incurred from the incorporation date to the commercial operation date. These expenses are recognised as long-term prepaid expenses, initially stated at cost, and are amortised on a straight line basis over 3 years starting from the date of commercial operation.

(iii) *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.

(iv) *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.

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(v) *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.

(vi) *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).

(vii) *Other long-term prepaid expenses*

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

(l) *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.

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(m) Trade and other payables

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

(n) 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 and Decree 158/2016/ND-CP dated 29 November 2016 (“Decree 158/2016”).

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”) shall provide guidelines for the conversion method to determine the charge for granting mining rights in accordance with Decree 158/2016. Up to date, MONRE has provided neither guidelines for the new calculation method for prospective changes in estimates to be made nor a basis for reliable estimates to be made.

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.

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Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group are excluded.

(o) 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.

(p) Taxation

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

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

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

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

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(q) 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.

(iii) *Repurchase and reissue of ordinary shares (treasury shares)*

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are reissued subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within capital surplus.

(r) 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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(s) Financial income and financial expenses

(i) Financial income

Financial income comprises interest income from deposits 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 year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

(t) 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.

(u) 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 year. 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.

(v) 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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(w) 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.

(x) Share-based payments

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

4. 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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Segment revenue	17,345,752	13,525,516	13,976,854	18,690,485	6,865,011	5,404,645	-	-	38,187,617	37,620,646
Segment gross margin	7,571,676	5,897,461	2,096,950	3,991,222	2,212,783	1,743,127	-	-	11,881,409	11,631,810
Segment results	2,720,425	1,606,541	182,733	688,558	879,607	355,658	1,895,025	2,037,015	5,677,790	4,687,772
Net unallocated expenses									(56,285)	(1,080,082)
Net profit									5,621,505	3,607,690

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	Food and beverage		Meat value chain		Mining and Processing		Others		Total	
	31/12/2018	1/1/2018	31/12/2018	1/1/2018	31/12/2018	1/1/2018	31/12/2018	1/1/2018	31/12/2018	1/1/2018
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Segment assets	10,673,223	13,520,910	13,121,985	13,997,847	26,804,958	25,954,685	12,918,583	8,910,399	63,518,749	62,383,841
Unallocated assets									1,059,864	1,144,681
Total assets									64,578,613	63,528,522
Segment liabilities	6,343,517	6,537,706	5,629,300	6,093,569	13,174,819	14,005,091	-	-	25,147,636	26,636,366
Unallocated liabilities									5,351,299	16,666,961
Total liabilities									30,498,935	43,303,327
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Capital expenditure	477,605	516,239	1,075,988	653,732	1,076,471	940,731	-	-	2,630,064	2,110,702
Unallocated capital expenditure							8,402	321	8,402	321
Depreciation	598,560	584,985	292,107	269,027	1,144,280	1,089,403	-	-	2,034,947	1,943,415
Unallocated depreciation							1,749	1,717	1,749	1,717
Amortisation	298,444	301,943	430,458	421,313	204,947	209,082	-	-	933,849	932,338
Unallocated amortisation							45,047	46,395	45,047	46,395

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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	
	2018 VND million	2017 VND million	2018 VND million	2017 VND million	2018 VND million	2017 VND million
Segment revenue	31,872,793	32,574,734	6,314,824	5,045,912	38,187,617	37,620,646

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5. Cash and cash equivalents

	31/12/2018	1/1/2018
	VND million	VND million
Cash on hand	9,135	2,406
Cash at banks	502,722	313,283
Cash in transit	1,740	5,034
Cash equivalents	4,072,292	7,096,388
	<hr/>	<hr/>
	4,585,889	7,417,111
	<hr/>	<hr/>

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

6. Investments

	31/12/2018	1/1/2018
	VND million	VND million
Short-term financial investments		
Held-to-maturity investments (a)	375,848	640,069
	<hr/>	<hr/>
Long-term financial investments		
Held-to-maturity investments (a)	5,900	-
Investments in associates (b)	15,328,811	11,321,627
Equity investments in other entities (c)	21,646	21,646
Allowance for diminution in the value of long-term financial investments	(8,442)	(4,918)
	<hr/>	<hr/>
	15,347,915	11,338,355
	<hr/>	<hr/>

(a) Held-to-maturity investments

Held-to-maturity investments – short-term represented term deposits at banks with remaining terms to maturity of less than twelve months 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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(b) Investments in associates

	31/12/2018				1/1/2018			
	% 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%	12,918,583	19,426,445	20.0%	20.0%	8,910,399	(*)
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%	7,893	(*)	25.0%	25.0%	9,719	(*)
Abattoir Long Binh Joint Stock Company (“Abattoir”)	25.0%	25.0%	6,752	(*)	25.0%	25.0%	7,252	(*)
Dong Nai Producing Trading Services Joint Stock Company (“Donatraco”)	21.3%	21.3%	10,701	(*)	21.3%	21.3%	9,375	(*)
Vissan Joint Stock Company (“Vissan”)	24.9%	24.9%	2,135,490	(*)	24.9%	24.9%	2,135,490	(*)
			15,328,811	(*)			11,321,627	(*)

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Movements of investments in associates during the year 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	8,910,399	249,392	9,719	7,252	9,375	2,135,490	11,321,627
Share in post-acquisition profit of associates during the year and gain from deemed disposal on dilution in an associate (**)	4,008,184	5,318	(1,826)	100	1,597	14,126	4,027,499
Dividends declared	-	(5,318)	-	(600)	(271)	(14,126)	(20,315)
Closing balance	12,918,583	249,392	7,893	6,752	10,701	2,135,490	15,328,811

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

The fair value of investment in Techcombank as at 31 December 2018 was determined by reference to the market price on Ho Chi Minh City Stock Exchange.

(**) During the year, Techcombank reissued 172,353,345 treasury shares to shareholders other than the Company and its subsidiaries. Subsequently, the Group has 20% direct equity holding and 1.5% economic interest that is subject to a forward sale agreement (1/1/2018: 25.2%). The forward transaction has not been completed and is subject to the terms of the agreement.

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(c) Equity investments in other entities

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

	31/12/2018					1/1/2018				
	% of equity owned	% of voting rights	Cost VND million	Allowance for diminution in value VND million	Fair value VND million	% of equity owned	% of voting rights	Cost VND million	Allowance for diminution in value VND million	Fair value VND million
PTSC Dinh Vu Port Company	5.4%	5.4%	21,646	(8,442)	(*)	5.4%	5.4%	21,646	(4,918)	(*)

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

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

	2018 VND million	2017 VND million
Opening balance	4,918	-
Increase in allowance during the year	3,524	4,918
Closing balance	8,442	4,918

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(d) Transactions in subsidiaries for the year ended 31 December 2018 – transactions with non-controlling interests

(i) Transactions with non-controlling interests in MCH

In February 2018, MSB, a subsidiary of the Company, successfully acquired additional 7,982,361 shares of VCF for a total consideration of VND1,612,925 million. As a result of this transaction, the Company's equity interest in VCF has increased from 56.4% to 80.3%, resulting in the following effects:

	VND million
Consideration paid	(1,612,925)
Net assets acquired	540,974
	(1,071,951)
Differences recorded in undistributed profits after tax	(1,071,951)

In June 2018, Masan JinJu Joint Stock Company (formerly known as “Saigon Nutri Joint Stock Company” (“SNF”)), a subsidiary of the Company and JinJu Ham Limited Company (“JinJu”) entered into an agreement in which JinJu agrees to contribute capital with the amount of VND76,343 million in exchange of 25% equity interest in SNF. As at the reporting date, the capital amount was fully received and SNF amended its Business Registration Certificate accordingly. As a result of this transaction, the Company's equity interest in SNF has decreased from 82.4% to 61.2%, resulting in the following effects:

	VND million
Shares issued at par not subscribed by the Group, net of transaction costs	76,343
Net assets diluted	(48,281)
	28,062
Differences recorded in undistributed profits after tax	28,062

In July 2018, MSC issued shares to certain employees under its employee share based payment plan after obtaining shareholders' approval at its Annual General Meeting, resulting in the following effects:

	VND million
Shares issued at par not subscribed by the Group, net of transaction costs	52,408
Net assets diluted	(81,775)
	(29,367)
Differences recorded in undistributed profits after tax	(29,367)

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(ii) Transactions with non-controlling interests in MNS

During the year, the Company sold 1.57% of its equity interest in MNS for a total consideration of VND379,736 million. As a result of this transaction, the Company's equity interest in MNS has decreased from 82.4% to 80.8%, resulting in the following effects:

	VND million
Consideration received	379,736
Net assets diluted	(112,391)
	267,345
Differences recorded in undistributed profits after tax	267,345

(iii) Transaction with non-controlling interests in MH

In August 2018, NPM, a subsidiary of the Company, successfully acquired the remaining 49% equity interest in MTC for a total consideration of VND695,654 million. As a result of this transaction, the Company's equity interest in MTC has increased from 49.0% to 96.0%, resulting in the following effects:

	VND million
Consideration paid	(695,654)
Net assets acquired	562,571
	(133,083)
Differences recorded in undistributed profits after tax	(133,083)

(e) Significant transactions in subsidiaries in prior years

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 financial statements.

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

As at 31 December 2018, a part of short-term receivables of an indirect subsidiary was pledged with banks as security for loans granted to that subsidiary (Note 19).

As at 31 December 2018, prepayments to suppliers of the Group amounting to VND402,785 million (1/1/2018: VND80,898 million) were related to construction in progress.

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Other receivables comprised of:

	31/12/2018	1/1/2018
	VND million	VND million
Other short-term receivables		
Short-term deposits	16,090	31,927
Accrued interest receivable from deposits and other loan investing activities	34,874	17,112
Services receivable (*)	142,244	142,244
Advances	2,548	3,803
Others	92,307	669,142
	288,063	864,228
Other long-term receivables		
Long-term deposits	73,370	37,694
Others (**)	1,303,754	1,319,867
	1,377,124	1,357,561

(*) Services receivable was VND142,244 million (1/1/2018: VND142,244 million) due from Masan Corporation, a related party, which was unsecured and is receivable on demand. Subsequent to the reporting date, this amount was fully received.

(**) 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 year were as follows:

	2018	2017
	VND million	VND million
Opening balance	116,647	41,208
Increase in allowance during the year	8,586	87,225
Allowance utilised during the year	(6,863)	(11,477)
Written back	(12,235)	(309)
	106,135	116,647

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8. Inventories

	31/12/2018		1/1/2018	
	Cost VND million	Allowance VND million	Cost VND million	Allowance VND million
Goods in transit	402,381	-	489,062	-
Raw materials	1,528,618	(20,788)	1,975,130	(8,665)
Tools and supplies	719,031	(25,919)	716,875	-
Work in progress	286,469	-	153,612	-
Finished goods	1,419,285	(9,691)	876,484	(5,784)
Merchandise inventories	22,566	-	11,802	(6)
Goods on consignment	11,239	-	124,587	-
	4,389,589	(56,398)	4,347,552	(14,455)

As at 31 December 2018, certain inventories of the Group were pledged with banks as security for loans granted to subsidiaries (Note 19).

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

	2018 VND million	2017 VND million
Opening balance	14,455	27,165
Increase in allowance during the year	79,777	36,903
Allowance utilised during the year	(34,600)	(37,475)
Written back	(3,234)	(12,138)
Closing balance	56,398	14,455

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9. Tangible fixed assets

	Mining properties VND million	Buildings and structures VND million	Leasehold improvements VND million	Office equipment VND million	Machinery and equipment VND million	Motor vehicles VND million	Total VND million
Cost							
Opening balance	5,026,292	7,099,623	84,191	140,658	17,429,923	116,407	29,897,094
Additions	-	14,413	-	3,648	34,483	2,744	55,288
Transfers from construction in progress	-	1,296,368	6,302	5,342	716,550	6,569	2,031,131
Transfers to short-term prepaid expenses	-	-	-	-	(49)	-	(49)
Transfers to long-term prepaid expenses	-	(3,077)	-	-	(284)	-	(3,361)
Disposals	-	(38)	-	(413)	(39,657)	(19,049)	(59,157)
Written off	-	(3,224)	-	(902)	(2,201)	(7,963)	(14,290)
Reclassifications	-	(1,347)	-	-	1,347	-	-
Closing balance	5,026,292	8,402,718	90,493	148,333	18,140,112	98,708	31,906,656

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	Mining properties VND million	Buildings and structures 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	717,188	1,078,138	46,953	79,406	4,154,155	53,204	6,129,044
Charge for the year	204,274	450,118	12,019	15,425	1,332,459	19,303	2,033,598
Transfers to long-term prepaid expenses	-	(329)	-	-	(49)	-	(378)
Disposals	-	(4)	-	(413)	(23,366)	(17,097)	(40,880)
Written off	-	(2,579)	-	(901)	(2,175)	(7,280)	(12,935)
Reclassifications	-	(162)	-	-	162	-	-
Closing balance	921,462	1,525,182	58,972	93,517	5,461,186	48,130	8,108,449
Net book value							
Opening balance	4,309,104	6,021,485	37,238	61,252	13,275,768	63,203	23,768,050
Closing balance	4,104,830	6,877,536	31,521	54,816	12,678,926	50,578	23,798,207

Included in tangible fixed assets were assets costing VND1,071,631 million which were fully depreciated as of 31 December 2018 (1/1/2018: VND914,253 million), but are still in active use.

The carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND1,765 million as of 31 December 2018 (1/1/2018: VND11,532 million).

As at 31 December 2018, tangible fixed assets with carrying value of VND1,597,215 million (1/1/2018: VND615,689 million) were pledged with banks as security for loans granted to the subsidiaries and VND12,361,085 million (1/1/2018: VND13,425,997 million) were pledged with banks as security for long-term bonds issued by a subsidiary (Note 19).

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10. Finance lease tangible fixed assets

	Machinery and equipment VND million
Cost	
Opening and closing balance	67,300
	67,300
Accumulated depreciation	
Opening balance	62,813
Charge for the year	4,487
	67,300
Closing balance	67,300
	67,300
Net book value	
Opening balance	4,487
Closing balance	-
	-
	-

A subsidiary of the Company leased laboratory equipment for metallurgical assay testing under a finance lease arrangement (Note 19).

Included in finance lease tangible fixed assets were assets costing VND67,300 million which were fully depreciated as of 31 December 2018 (1/1/2018: nil), but are still in active use.

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11. 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	387,234	449,602	2,413,459	3,074,214	412,698	588,373	669,433	117,945	8,112,958
Additions	-	80	-	-	-	-	-	2,765	2,845
Transfers from construction in progress	-	2,456	-	-	-	-	-	-	2,456
Transfers to long-term prepaid expenses	(54,465)	(1,070)	-	-	-	-	-	-	(55,535)
Written off	-	(490)	-	-	-	-	-	-	(490)
Others	-	-	-	-	-	-	-	(46,436)	(46,436)
Closing balance	332,769	450,578	2,413,459	3,074,214	412,698	588,373	669,433	74,274	8,015,798
Accumulated amortisation									
Opening balance	46,113	153,008	611,289	714,788	51,463	97,019	368,382	13,899	2,055,961
Charge for the year	10,989	55,266	151,401	143,838	21,935	30,550	138,144	3,917	556,040
Transfers to long-term prepaid expenses	(1,028)	(242)	-	-	-	-	-	-	(1,270)
Written off	-	(490)	-	-	-	-	-	-	(490)
Closing balance	56,074	207,542	762,690	858,626	73,398	127,569	506,526	17,816	2,610,241
Net book value									
Opening balance	341,121	296,594	1,802,170	2,359,426	361,235	491,354	301,051	104,046	6,056,997
Closing balance	276,695	243,036	1,650,769	2,215,588	339,300	460,804	162,907	56,458	5,405,557

Included in intangible fixed assets were assets costing VND34,893 million which were fully amortised as of 31 December 2018 (1/1/2018: VND28,033 million), but are still in active use.

As at 31 December 2018, intangible fixed assets with carrying value of VND498,533 million (1/1/2018: VND540,047 million) were pledged with banks as security for long-term bonds issued by a subsidiary (Note 19).

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12. Construction in progress

	2018	2017
	VND million	VND million
Opening balance	1,838,001	2,356,227
Additions during the year	2,396,998	2,006,997
Transfers to tangible fixed assets	(2,031,131)	(2,333,864)
Transfers to intangible fixed assets	(2,456)	(121,156)
Transfers to long-term prepaid expenses	(29,279)	(68,100)
Transfers to short-term prepaid expenses	-	(1,363)
Written off	(791)	(740)
	<hr/>	<hr/>
Closing balance	2,171,342	1,838,001
	<hr/>	<hr/>

As at 31 December 2018, construction in progress with carrying value of VND1,799,047 million (1/1/2018: VND1,293,915 million) were pledged with banks as security for long-term loans and bonds of the Company's subsidiaries (Note 19).

During the year, borrowing costs capitalised into construction in progress amounted to VND48,358 million (2017: VND91,874 million) (Note 34).

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13. Long-term prepaid expenses

	Other mining costs	Pre-operating expenses	Prepaid land costs	Land compensation costs	Printing axles, tools and supplies	Goodwill from equitisation	Others	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Opening balance	1,238,694	4,094	413,718	1,081,306	112,274	25,076	115,720	2,990,882
Additions	270,211	-	103	-	21,229	-	90,627	382,170
Transfers from long-term receivables	-	-	-	14,419	-	-	-	14,419
Transfers from tangible fixed assets	-	-	-	-	234	-	2,749	2,983
Transfers from intangible fixed assets	-	-	53,437	-	828	-	-	54,265
Transfers from/(to) construction in progress	-	-	(841)	4,693	24,650	-	777	29,279
Transfers from short-term prepaid expenses	-	-	-	-	410	-	-	410
Amortisation for the year	(80,579)	(4,094)	(8,365)	(68,795)	(69,302)	(3,135)	(76,104)	(310,374)
Written off	-	-	-	-	(18)	-	-	(18)
Reclassifications	-	-	23	-	(25,244)	-	25,221	-
Currency translation differences	-	-	-	-	34	-	-	34
Closing balance	1,428,326	-	458,075	1,031,623	65,095	21,941	158,990	3,164,050

As at 31 December 2018, prepaid land costs and tools and supplies with carrying value of VND90,129 million (1/1/2018: VND16,812 million) were pledged with banks as security for loans granted to the Company's subsidiaries (Note 19).

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14. Deferred tax assets and liabilities

(i) Recognised deferred tax assets and liabilities

	31/12/2018	1/1/2018
	VND million	VND million
Deferred tax assets:		
Accrued expenses and provisions	234,274	268,901
Unrealised profits on intra-group transactions	20,933	21,639
Tax losses carried forward	38,380	8,299
Tangible fixed assets	1,674	1,992
	<hr/>	<hr/>
Total deferred tax assets	295,261	300,831
	<hr/>	<hr/>
Deferred tax liabilities:		
Tangible fixed assets	(639,785)	(678,204)
Intangible fixed assets	(711,661)	(783,185)
	<hr/>	<hr/>
Total deferred tax liabilities	(1,351,446)	(1,461,389)
	<hr/>	<hr/>
Net deferred tax liabilities	(1,056,185)	(1,160,558)
	<hr/>	<hr/>

(ii) Movements of temporary differences during the year

	1/1/2018	Recognised in	31/12/2018
	VND million	consolidated	VND million
		statement of	VND million
		income	
		VND million	
Accrued expenses and provisions	268,901	(34,627)	234,274
Unrealised profits on intra-group transactions	21,639	(706)	20,933
Tax losses carried forward	8,299	30,081	38,380
Tangible fixed assets	(676,212)	38,101	(638,111)
Intangible fixed assets	(783,185)	71,524	(711,661)
	<hr/>	<hr/>	<hr/>
	(1,160,558)	104,373	(1,056,185)
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15. Goodwill

	VND million
Cost	
Opening and closing balance	1,115,851
<hr/>	
Accumulated amortisation	
Opening balance	483,830
Amortisation during the year	112,482
<hr/>	
Closing balance	596,312
<hr/>	
Net book value	
Opening balance	632,021
Closing balance	519,539
<hr/>	

16. Taxes

(a) Taxes receivable from State Treasury

	31/12/2018	1/1/2018
	VND million	VND million
Corporate income tax	11,496	11,266
Other taxes	11,454	19,108
<hr/>		
	22,950	30,374
<hr/>		

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(b) Taxes payable to State Treasury

	31/12/2018	1/1/2018
	VND million	VND million
Value added tax	92,151	74,263
Special consumption tax	12,206	28,963
Corporate income tax	272,640	223,576
Personal income tax	49,273	51,214
Import-export tax	623	-
Other taxes	2,968	6,942
	<hr/>	<hr/>
	429,861	384,958
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Movements of taxes payable to State Treasury during the year were as follows:

	1/1/2018	Incurred	Paid	Net-off/ Reclassified	31/12/2018
	VND million	VND million	VND million	VND million	VND million
Value added tax	74,263	3,894,806	(655,870)	(3,221,048)	92,151
Special consumption tax	28,963	235,051	(247,272)	(4,536)	12,206
Corporate income tax	223,576	726,692	(675,981)	(1,647)	272,640
Personal income tax	51,214	287,503	(289,444)	-	49,273
Import-export tax	-	291,535	(290,912)	-	623
Other taxes	6,942	720,860	(724,834)	-	2,968
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	384,958	6,156,447	(2,884,313)	(3,227,231)	429,861
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17. Accrued expenses

	31/12/2018	1/1/2018
	VND million	VND million
Advertising and promotion expenses	699,938	832,210
Interest expense	423,557	575,153
Sales discounts and customer support fee	400,892	445,458
Bonus and 13 th month salary	420,873	254,661
Logistic expense	121,386	83,625
Accrual for construction work	110,873	73,915
Purchases not yet received invoices	87,051	19,961
Exhibition and market expenses	57,612	40,237
Information and technology expenses	24,223	14,910
Natural resource taxes and fees	10,034	145,840
Consultant fee	10,754	5,356
Others	423,857	309,800
	<hr/>	<hr/>
	2,791,050	2,801,126
	<hr/>	<hr/>

18. Other payables

	31/12/2018	1/1/2018
	VND million	VND million
Short-term		
Trade union fees, social, health and unemployment insurance	11,927	16,485
Short-term deposits received	4,897	5,352
Dividends payable	29,123	559,400
Others	250,466	222,137
	<hr/>	<hr/>
	296,413	803,374
	<hr/>	<hr/>
Long-term		
Long-term deposits received	21,802	24,726
Others	2,002	2,002
	<hr/>	<hr/>
	23,804	26,728
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19. Borrowings, bonds and finance lease liabilities

	31/12/2018	1/1/2018
	VND million	VND million
Short-term borrowings (*)		
Short-term borrowings	6,132,408	7,273,764
Current portion of long-term borrowings and liabilities	3,111,371	1,892,509
	<hr/>	<hr/>
	9,243,779	9,166,273
	<hr/>	<hr/>
Long-term borrowings, bonds and financial lease liabilities (**)		
Long-term borrowings, bonds and financial lease liabilities	15,863,020	27,522,512
Repayable within twelve months	(3,111,371)	(1,892,509)
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Repayable after twelve months	12,751,649	25,630,003
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(*) Short-term borrowings

	1/1/2018		Movements during the year			31/12/2018
	Carrying amounts and amounts within repayment capacity VND million	Additions VND million	Repayments VND million	Reclassifications from long-term borrowings and liabilities VND million	Unrealised foreign exchange losses VND million	Carrying amounts and amounts within repayment capacity VND million
Short-term borrowings	7,273,764	20,520,885	(21,671,077)	-	8,836	6,132,408
Current portion of long-term borrowings and liabilities	1,892,509	-	(1,908,307)	3,127,169	-	3,111,371
	9,166,273	20,520,885	(23,579,384)	3,127,169	8,836	9,243,779

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

	Currency	Annual interest rate	31/12/2018 VND million	1/1/2018 VND million
Secured bank loans	VND	5.3% - 7.3%	999,614	999,595
Secured bank loans	USD	4.0% - 5.2%	1,658,760	1,225,254
Unsecured bank loans	VND	4.8% - 6.7%	3,474,034	4,358,636
Unsecured bank loans	USD	3.0%	-	86,340
Unsecured loans	USD	6.0%	-	603,939
			6,132,408	7,273,764

As at 31 December 2018 and 1 January 2018, the bank loans were secured by the following assets of the Group:

- (i) 200 million shares of MSR (1/1/2018: 100 million shares);
- (ii) a part of inventories and short-term receivables of an indirect subsidiary.

() Long-term borrowings, bonds and financial lease liabilities**

	31/12/2018 VND million	1/1/2018 VND million
Long-term borrowings (a)	841,621	1,119,903
Straight bonds (b)	15,021,399	26,393,583
Finance lease liabilities (c)	-	9,026
	15,863,020	27,522,512

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

	Currency	Annual interest rate	Year of maturity	31/12/2018 VND million	1/1/2018 VND million
a. Long-term borrowings					
Secured bank loans (i)	VND	7.5% - 9.3%	2020 - 2024	841,621	323,478
Unsecured loan (ii)	USD	0%	2018	-	796,425
				841,621	1,119,903
b. Straight bonds					
(including issuance costs)	VND	8.0% - 10.0%	2020 - 2024	15,021,399	26,393,583
c. Finance lease liabilities					
	VND	14.0%	2018	-	9,026

(a) Long-term borrowings

As at 31 December 2018, long-term borrowings of the Group comprised of:

- (i) VND denominated loans amounting to VND841,621 million (1/1/2018: VND323,478 million), which were secured over certain fixed assets, certain construction in progress and long-term prepaid expenses with carrying value of VND1,597,215 million (1/1/2018: VND615,689 million) (Note 9), VND401,870 million (1/1/2018: VND320,764 million) (Note 12) and VND90,129 million (1/1/2018: VND16,812 million) (Note 13), respectively.
- (ii) In 2016, the Company entered into an agreement with MRC Ltd for MRC Ltd, which was a previous minority investor in a subsidiary – Masan Resources Corporation (“MSR”), to subscribe for 12,000,000 shares of the Company at VND95,000 per share and the Company also entered into a loan agreement with MRC Ltd for an unsecured loan of USD35 million payable after two years of drawdown with 0% interest rate. In the event MRC Ltd sells any of the 12,000,000 shares of the Company acquired above, subject to customary adjustments from dilutive events, the loan payable will be decreased proportionately. Lastly, MRC Ltd has signed an agreement to grant the Company a call option, pursuant to which the Company or its nominee shall be entitled, but not obliged, to purchase from MRC Ltd the Company’s shares at VND112,000 per share, subject to customary adjustments from dilutive events. This option is only exercisable within 10 business days in the event that MRC Ltd serves a payment notice for the loan above. The number of callable shares is calculated based on the amount of loan repaid over USD35 million multiplied by 12,000,000 shares, subject to customary adjustments from dilutive events. The payment notice was served on 8 January 2018 and the call option had lapsed. The Company fully repaid this loan on 24 December 2018.

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(b) Straight bonds

The carrying amount of the bonds comprised the following:

	31/12/2018	1/1/2018
	VND million	VND million
Straight bonds	15,200,010	26,700,000
Unamortised bond issuance costs	(178,611)	(306,417)
	15,021,399	26,393,583

- (i) VND2,100 billion (1/1/2018: 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 (1/1/2018: 80.3 million shares) of MSC;
- (ii) VND1,300 billion (1/1/2018: 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 4.1 million shares (1/1/2018: 3.5 million shares) of ANCO;
- (iii) VND700 billion (1/1/2018: 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 (1/1/2018: 12.7 million shares) of Proconco;
- (iv) VND5,600 billion (1/1/2018: VND8,100 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;
- (v) VND3,000 billion (1/1/2018: 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 (1/1/2018: nil) 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 (1/1/2018: nil) of MSR;
- (vii) VND500 billion (1/1/2018: nil) 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 (1/1/2018: nil) of MSR; and
- (viii) VND1,000 billion (1/1/2018: nil) 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 (1/1/2018: nil) of MSR.

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- (ix) VND1,500 billion (1/1/2018: nil) 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 (1/1/2018: nil) of MSR. As at 31 December 2018, VND1,499,990 million bonds were owned by the Company and eliminated in the consolidated financial statements.

As at 31 December 2018, the associates of the Group held VND1,006,117 million of the issued bonds.

The secured bonds were also secured over certain fixed assets and construction in progress with total carrying value of VND14,256,795 million (1/1/2018: VND14,939,195 million) of indirect subsidiaries of the Company.

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

(c) Finance lease liabilities

The future minimum lease payments under non-cancellable finance leases are as follows:

	31/12/2018			1/1/2018		
	Payments VND million	Interest VND million	Principal VND million	Payments VND million	Interest VND million	Principal VND million
Within 1 year	-	-	-	9,399	373	9,026

20. Provisions

	31/12/2018 VND million	1/1/2018 VND million
Provision for mining rights fee	466,446	500,451
Provision for mine rehabilitation	26,218	24,344
Provision for severance allowance	47,527	48,900
	540,191	573,695

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21. Changes in owners' equity

	Share capital	Capital surplus	Other capital	Treasury shares	Foreign exchange differences	Undistributed profits after tax	Equity attributable to equity holders of the Company	Non-controlling interests	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Balance as at 1 January 2017	7,680,757	10,649,796	(9,426,958)	(641,110)	(1,874)	7,015,545	15,276,156	5,036,469	20,312,625
Issuance of bonus shares	3,794,207	(3,794,207)	-	-	-	-	-	-	-
Issuance of new shares	98,776	(50)	-	-	-	-	98,726	-	98,726
Repurchase of treasury shares	-	-	-	(5,876,977)	-	-	(5,876,977)	-	(5,876,977)
Transactions with NCI	-	-	-	-	-	2,231,839	2,231,839	666,338	2,898,177
Capital contribution by NCI in a subsidiary	-	-	-	-	-	-	-	10	10
Net profit for the year	-	-	-	-	-	3,102,664	3,102,664	505,026	3,607,690
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(820,263)	(820,263)
Currency translation differences	-	-	-	-	4,305	-	4,305	902	5,207
Balance as at 31 December 2017	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

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Movements of provisions during the year were as follows:

	Mining rights fee VND million	Mine rehabilitation VND million	Severance allowance VND million	Total VND million
Opening balance	500,451	24,344	48,900	573,695
Provision made during the year	39,141	1,874	6,943	47,958
Provision used during the year	(73,146)	-	(6,904)	(80,050)
Provision written back during the year	-	-	(1,412)	(1,412)
Closing balance	466,446	26,218	47,527	540,191

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	Share capital	Capital surplus	Other capital	Treasury shares	Foreign exchange differences	Undistributed profits after tax	Equity attributable to equity holders of the Company	Non-controlling interests	Total
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	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
Reissue of treasury shares	-	4,228,928	-	6,518,087	-	-	10,747,015	-	10,747,015
Transactions with NCI (Note 6)	-	-	-	-	-	(938,994)	(938,994)	(861,098)	(1,800,092)
Net profit for the year	-	-	-	-	-	4,916,497	4,916,497	705,008	5,621,505
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(774,097)	(774,097)
Currency translation differences	-	-	-	-	1,971	-	1,971	476	2,447
Others (*)	-	-	-	-	-	(134,163)	(134,163)	134,163	-
Balance as at 31 December 2018	11,631,495	11,084,417	(9,426,958)	-	4,402	16,193,388	29,486,744	4,592,934	34,079,678

(*) This relates to waiver of distribution from a subsidiary to the Company, for the subsidiary's usage.

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22. Share capital, capital surplus and treasury shares

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

	31/12/2018		1/1/2018	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	1,163,149,548	11,631,495	1,157,373,974	11,573,740
Issued share capital				
Ordinary shares	1,163,149,548	11,631,495	1,157,373,974	11,573,740
Capital surplus	-	11,084,417	-	6,855,539
Treasury shares				
Ordinary shares	-	-	(109,899,932)	(6,518,087)

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.

On 2 October 2018 ("the Closing Date"), the Company reissued 109,899,932 treasury shares at VND100,000 per share to SK Investment Vina I Pte. Ltd. ("SK"). The Company has also signed an agreement to grant SK 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 shares acquired above 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 year were as follows:

	2018		2017	
	Number of shares	VND million	Number of shares	VND million
Balance at beginning of the year	1,157,373,974	11,573,740	768,075,674	7,680,757
Issuance of bonus shares	-	-	379,420,700	3,794,207
Issuance of new shares at par for cash	5,775,574	57,755	9,877,600	98,776
Balance at end of the year	1,163,149,548	11,631,495	1,157,373,974	11,573,740

23. 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 2018, the Company issued 5,775,574 shares to employees at par for cash.

24. Off balance sheet items

(a) Lease commitments

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

	31/12/2018	1/1/2018
	VND million	VND million
Within 1 year	158,303	98,137
Within 2 to 5 years	136,125	91,649
More than 5 years	179,760	237,285
	474,188	427,071

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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:

	31/12/2018	1/1/2018
	VND million	VND million
Approved and contracted	1,797,246	634,291
Approved but not contracted	1,299,287	1,819,571
	3,096,533	2,453,862

(c) Foreign currencies

	31/12/2018		1/1/2018	
	Original currency	VND million equivalent	Original currency	VND million equivalent
USD	11,209,880	260,861	2,871,933	65,062
EUR	314	9	334	9
SGD	334	5	314	5
THB	83,683,037	58,076	84,093,681	56,931
		318,951		122,007

(d) Final sales pricing adjustment

As disclosed in Note 3(r), a subsidiary of the Group 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 year 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 year ended 31 December 2018 that have been recognised on a provisional basis is VND384 billion (2017: VND65 billion).

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25. Revenue from sale of goods

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

Net revenue comprised of:

	2018 VND million	2017 VND million
Total revenue		
▪ Sales of finished goods and others	39,378,747	38,980,236
Less revenue deductions		
▪ Sale discounts	1,144,682	1,134,211
▪ Sale returns	46,448	225,379
	1,191,130	1,359,590
	38,187,617	37,620,646

26. Cost of sales

	2018 VND million	2017 VND million
Total cost of sales		
▪ Finished goods sold and other sales	26,229,665	25,964,071
▪ Allowance for inventories	76,543	24,765
	26,306,208	25,988,836

27. Financial income

	2018 VND million	2017 VND million
Interest income from:		
• Deposits	313,391	345,442
• Other loan investing activities	11,173	70,196
Foreign exchange gains	65,835	50,898
Gain from deemed disposal on dilution in an associate and others	1,511,394	938,124
	1,901,793	1,404,660

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28. Financial expenses

	2018	2017
	VND million	VND million
Interest expense on loans/bonds from:		
• Banks	383,009	318,524
• Bondholders and others	2,284,522	2,866,837
Bond issuance costs	220,837	249,961
Foreign exchange losses	91,752	153,294
Others	110,794	106,968
	<hr/>	<hr/>
	3,090,914	3,695,584
	<hr/>	<hr/>

29. Selling expenses

	2018	2017
	VND million	VND million
Promotion and advertising expenses	2,414,846	3,344,380
Logistic expense	803,314	770,457
Staff costs	607,162	689,868
Exhibition expense	162,304	105,844
Outside services	39,234	51,632
Others	287,393	328,691
	<hr/>	<hr/>
	4,314,253	5,290,872
	<hr/>	<hr/>

30. General and administration expenses

	2018	2017
	VND million	VND million
Staff costs	765,809	515,241
Amortisation of fair value uplift of fixed assets arising in business combination	513,827	530,248
Amortisation of goodwill	112,482	112,482
Depreciation and amortisation	97,430	120,619
Research and development expenses	15,437	14,218
System lease line and IT services	89,089	111,601
Office rental	79,298	82,797
Outside services	95,886	99,288
Others	246,130	325,863
	<hr/>	<hr/>
	2,015,388	1,912,357
	<hr/>	<hr/>

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31. Income tax

(a) Recognised in the consolidated statement of income

	2018 VND million	2017 VND million
Current tax expense		
Current year	726,873	599,980
(Over)/under provision in prior years	(181)	30,981
	<hr/> 726,692	<hr/> 630,961
Deferred tax benefit		
Origination and reversal of temporary differences	(104,373)	(100,014)
	<hr/> (104,373)	<hr/> (100,014)
Income tax expense	<hr/> 622,319	<hr/> 530,947

(b) Reconciliation of effective tax rate

	%	2018 VND million	%	2017 VND million
Accounting profit before tax	100.0%	6,243,824	100.0%	4,138,637
Tax at the Company's income tax rate	20.0%	1,248,765	20.0%	827,727
Effect of different tax rates in subsidiaries	(7.7%)	(483,689)	(9.3%)	(386,264)
Effect of consolidation transactions	(3.2%)	(197,822)	2.8%	116,082
Non-deductible expenses	0.6%	36,319	1.8%	74,932
Effect of share of profit in associates net of tax	(6.1%)	(382,868)	(9.9%)	(408,846)
Unrecognised deferred tax assets	6.5%	406,446	8.8%	363,909
(Over)/under provision in prior years	-	(181)	0.7%	30,981
Tax losses utilised	(0.1%)	(4,651)	(2.1%)	(87,574)
	<hr/> 10.0%	<hr/> 622,319	<hr/> 12.8%	<hr/> 530,947

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(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.

32. Significant transactions with related parties

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

Related party	Nature of transaction	2018 VND million	2017 VND million
Associates			
Vietnam Technological and Commercial Joint Stock Bank and its Subsidiaries	Loans received	1,651,044	1,194,607
	Loans repaid	1,406,719	977,696
	Bonds issued (*)	3,800,000	3,000,000
	Bonds repurchased	885,204	-
	Purchases of trading securities	2,016,734	-
	Sales of trading securities	504,274	-
	Interest expense	122,123	202,160
Other related parties			
A member of a subsidiary's Members' Council	Sales of goods to a related party of this member	720,924	-
Key management personnel	Remuneration to key management personnel (**)	148,983	120,819

As at and for the year ended 31 December 2018, 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.

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- (*) 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 years ended 31 December 2018 and 2017.

33. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2018 was based on the net profit attributable to ordinary shareholders of VND4,916,497 million (2017: VND3,102,664 million) of the Company and a weighted average number of ordinary shares outstanding of 1,077,880,214 shares during the year (2017: 1,137,586,245 shares).

For the purpose of calculating basic earnings per shares, shares that are issuable solely after the passage of time are treated as outstanding shares from the date that the right to the shares comes into existence calculated as follows:

(i) *Net profit attributable to ordinary shareholders*

	2018	2017
	VND million	VND million
Net profit attributable to ordinary shareholders	4,916,497	3,102,664

(ii) *Weighted average number of ordinary shares*

	2018	2017
Issued ordinary shares at the beginning of the year	1,047,474,042	758,841,464
Effect of treasury shares held	-	(17,467,597)
Effect of shares issued for cash	3,006,463	3,734,545
Effect of treasury shares reissued	27,399,709	-
Effect of shares to be issued solely after the passage of time	-	8,580,822
Weighted average number of ordinary shares during the year	1,077,880,214	753,689,234
Effect of bonus shares issued	-	383,897,011
Weighted average number of ordinary shares during the year	1,077,880,214	1,137,586,245

(b) Diluted earnings per share

The Company has no dilutive potential ordinary shares.

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34. Non-cash investing activities

	2018	2017
	VND million	VND million
Cost of construction not yet paid	457,484	274,712
Interest expense capitalised into construction in progress	48,358	91,874
Depreciation and amortisation capitalised into construction in progress	1,389	438
Capitalisation of interest expense into borrowings	-	34,097

35. Post balance sheet events

In January 2019, Masan Food Company Limited, a subsidiary of the Company, has established a new wholly owned subsidiary named Masan Long An Company Limited.

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

7 March 2019

Prepared by:

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 Chief Accountant

Approved by:

Michael Hung Nguyen
 Deputy Chief Executive Officer
 Chief Financial Officer

Đỗ Nguyễn Đăng Quang
 Chairman
 Chief Executive Officer