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**Masan Group Corporation  
and its subsidiaries**

Consolidated quarterly financial statements for  
the period ended 30 September 2016

## Masan Group Corporation Corporate Information

<b>Business Registration Certificate No</b>	0303576603	24 June 2016
	The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 24 June 2016. 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.	
<b>Board of Directors</b>	Dr Nguyen Dang Quang Mr Ho Hung Anh Mr Ho Hung Anh Ms Nguyen Hoang Yen Mr Nguyen Thieu Nam Mr Lars Kjaer Mr Dominic Edward Salter Price	Chairman Vice Chairman (from 17 March 2016) Member (until 16 March 2016) Member Member Member Member
<b>Board of Management</b>	Dr Nguyen Dang Quang Mr Nguyen Thieu Nam Mr Michael Hung Nguyen Mr Seokhee Won Mr Nguyen Anh Nguyen	Chief Executive Officer Deputy Chief Executive Officer Deputy Chief Executive Officer Deputy Chief Executive Officer Deputy Chief Executive Office (from 15 August 2016)
<b>Legal Representative</b>	Dr Nguyen Dang Quang	Chairman
<b>Registered Office</b>	Suite 802, Central Plaza 17 Le Duan Street Ben Nghe Ward, District 1 Ho Chi Minh City Vietnam	

**Masan Group Corporation and its subsidiaries**  
**Consolidated balance sheet as at 30 September 2016**

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

	Code	Note	30/9/2016 VND million	1/1/2016 VND million
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>23,024,693</b>	<b>16,709,473</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>11,723,007</b>	<b>8,324,476</b>
Cash	111		938,211	918,656
Cash equivalents	112		10,784,796	7,405,820
<b>Short-term financial investments</b>	<b>120</b>	<b>12</b>	<b>3,351,342</b>	<b>293,990</b>
Held to maturity investments	123		3,351,342	293,990
<b>Accounts receivable</b>	<b>130</b>	<b>6</b>	<b>2,217,130</b>	<b>3,126,527</b>
Accounts receivable	131		1,085,962	878,130
Prepayments to suppliers	132		463,023	872,866
Receivables on short-term lending loans	135		-	762,400
Other receivables	136		701,551	641,598
Allowance for doubtful debts	137		(33,406)	(28,589)
Shortage of assets awaiting for resolution	139		-	122
<b>Inventories</b>	<b>140</b>	<b>7</b>	<b>5,395,832</b>	<b>4,417,969</b>
Inventories	141		5,410,854	4,434,592
Allowance for inventories	149		(15,022)	(16,623)
<b>Other current assets</b>	<b>150</b>		<b>337,382</b>	<b>546,511</b>
Short-term prepayments	151		118,390	79,536
Deductible value added tax	152		201,073	445,579
Taxes and other receivables from State Treasury	153		17,919	21,396

*The accompanying notes are an integral part of these quarterly financial statements*

**Masan Group Corporation and its subsidiaries**  
**Consolidated balance sheet as at 30 September 2016 (continued)**

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

	Code	Note	30/9/2016 VND million	1/1/2016 VND million
<b>Long-term assets</b> (200 = 210 + 220 + 240 + 250 + 260)	<b>200</b>		<b>50,154,501</b>	<b>55,140,227</b>
<b>Accounts receivable – long-term</b>	<b>210</b>	<b>6</b>	<b>2,225,327</b>	<b>10,432,139</b>
Receivables on long-term lending loans	215		789,700	8,563,114
Other long-term receivables	216		1,435,627	1,869,025
<b>Fixed assets</b>	<b>220</b>		<b>29,320,770</b>	<b>26,998,134</b>
Tangible fixed assets	221	8	22,702,311	19,965,062
<i>Cost</i>	222		26,520,334	22,597,132
<i>Accumulated depreciation</i>	223		(3,818,023)	(2,632,070)
Finance lease tangible fixed assets	224	9	21,312	31,407
<i>Cost</i>	225		67,300	67,300
<i>Accumulated depreciation</i>	226		(45,988)	(35,893)
Intangible fixed assets	227	10	6,597,147	7,001,665
<i>Cost</i>	228		7,946,295	7,906,859
<i>Accumulated amortization</i>	229		(1,349,148)	(905,194)
<b>Long-term assets in progress</b>	<b>240</b>	<b>11</b>	<b>2,911,432</b>	<b>5,480,035</b>
Construction in progress	242		2,911,432	5,480,035
<b>Long-term financial investments</b>	<b>250</b>	<b>12</b>	<b>11,968,166</b>	<b>9,144,883</b>
Investments in associates	252		11,947,432	9,124,149
Investments in other entities	253		21,646	21,646
Allowance for diminution in the value of long-term investments	254		(912)	(912)
<b>Other long-term assets</b>	<b>260</b>		<b>3,728,806</b>	<b>3,085,036</b>
Long-term prepayments	261	13	2,734,028	2,042,622
Deferred tax assets	262		222,154	213,737
Goodwill	269	14	772,624	828,677
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>73,179,194</b>	<b>71,849,700</b>

*The accompanying notes are an integral part of these quarterly financial statements*

**Masan Group Corporation and its subsidiaries**  
**Consolidated balance sheet as at 30 September 2016 (continued)**

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

	Code	Note	30/9/2016 VND million	1/1/2016 VND million
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>49,828,370</b>	<b>44,740,654</b>
<b>Current liabilities</b>	<b>310</b>		<b>15,910,020</b>	<b>15,005,196</b>
Accounts payable	311		2,199,998	2,419,059
Advances from customers	312		125,221	139,989
Taxes payable to State Treasury	313	15	365,802	504,532
Payables to employees	314		268,319	257,716
Accrued expenses	315	16	3,204,175	2,875,921
Other short-term payables	319	17	82,286	398,473
Short-term borrowings and finance lease liabilities	320	18	9,632,991	8,366,625
Bonus and welfare funds	322		31,228	42,881
<b>Long-term borrowings and liabilities</b>	<b>330</b>		<b>33,918,350</b>	<b>29,735,458</b>
Long-term account payables	331		67,851	75,845
Other long-term payables	337	17	34,416	97,813
Long-term accrued expenses	333		23,352	-
Long-term borrowings and finance lease liabilities	338	19	31,537,630	27,253,112
Deferred tax liabilities	341		1,605,175	1,692,753
Provisions – long-term	342		649,926	615,935

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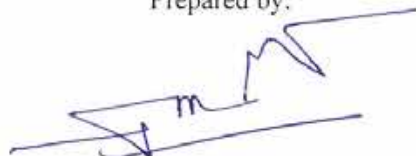
**Masan Group Corporation and its subsidiaries**  
**Consolidated balance sheet as at 30 September 2016 (continued)**

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

	Code	Note	30/9/2016 VND million	1/1/2016 VND million
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>23,350,824</b>	<b>27,109,046</b>
<b>Owners' equity</b>	<b>410</b>	<b>20</b>	<b>23,350,824</b>	<b>27,109,046</b>
Share capital	411	21	7,560,757	7,467,179
<i>Shares with voting rights</i>	<i>411a</i>		<i>7,560,757</i>	<i>7,467,179</i>
Capital surplus	412	21	9,631,047	9,631,106
Other capital	414	22	(9,426,958)	(9,045,049)
Treasury shares	415		(403,080)	-
Foreign exchange differences	417		(1,421)	-
Undistributed profits	421		8,460,188	8,561,380
<i>Undistributed profit brought forward</i>	<i>421a</i>		<i>8,560,953</i>	<i>7,069,066</i>
<i>Undistributed (loss)/profit for the current period</i>	<i>421b</i>		<i>(100,765)</i>	<i>1,492,314</i>
Non-controlling interest	429	20	7,530,291	10,494,430
<b>TOTAL RESOURCES</b> <b>(440 = 300 + 400)</b>	<b>440</b>		<b>73,179,194</b>	<b>71,849,700</b>

28 October 2016

Prepared by:



Doan Thi My Duyen  
*Chief Accountant*

Approved by:



Michael Hung Nguyen  
*Deputy Chief Executive Officer*  
*Chief Financial Officer*



Dr Nguyen Dang Quang  
*Chairman*  
*Chief Executive Officer*

*The accompanying notes are an integral part of these quarterly financial statements*

**Masan Group Corporation and its subsidiaries**  
**Consolidated statement of income for the period ended 30 September 2016**

**Form B 02a – DN/HN**

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

	Code	Note	From 1/7/2016 to 30/9/2016 VND million	From 1/7/2015 to 30/9/2015 VND million	From 1/1/2016 to 30/9/2016 VND million	From 1/1/2015 to 30/9/2015 VND million
<b>Total revenue</b>	<b>01</b>	<b>23</b>	<b>11,443,435</b>	<b>8,928,167</b>	<b>31,471,688</b>	<b>19,552,684</b>
<b>Less sales deductions</b>	<b>02</b>	<b>23</b>	<b>436,703</b>	<b>213,356</b>	<b>1,323,610</b>	<b>424,045</b>
<b>Net sales (10 = 01 – 02)</b>	<b>10</b>	<b>23</b>	<b>11,006,732</b>	<b>8,714,811</b>	<b>30,148,078</b>	<b>19,128,639</b>
<b>Cost of sales</b>	<b>11</b>	<b>24</b>	<b>7,724,908</b>	<b>6,118,824</b>	<b>21,291,716</b>	<b>13,008,393</b>
<b>Gross profit (20 = 10 – 11)</b>	<b>20</b>		<b>3,281,824</b>	<b>2,595,987</b>	<b>8,856,362</b>	<b>6,120,246</b>
Financial income	21	25	168,708	348,478	550,495	899,855
Financial expenses	22	26	860,218	818,888	2,322,402	1,987,928
<i>In which: Interest expense</i>	23		<i>842,244</i>	<i>508,133</i>	<i>2,240,137</i>	<i>1,479,022</i>
Share of profit in associates	24	27	314,673	126,979	704,698	378,760
Selling expenses	25		1,194,561	1,096,706	3,365,628	2,637,845
General and administration expenses	26		476,922	445,715	1,373,821	1,152,424
<b>Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}</b>	<b>30</b>		<b>1,233,504</b>	<b>710,135</b>	<b>3,049,704</b>	<b>1,620,664</b>
Other income	31	28	358	8,787	8,016	32,106
Other expenses	32	29	6,616	36,074	38,367	60,640
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>(6,258)</b>	<b>(27,287)</b>	<b>(30,351)</b>	<b>(28,534)</b>
<b>Profit before tax (50 = 30 + 40)</b>	<b>50</b>		<b>1,227,246</b>	<b>682,848</b>	<b>3,019,353</b>	<b>1,592,130</b>
<b>Income tax expense – current</b>	<b>51</b>		<b>198,402</b>	<b>204,128</b>	<b>581,596</b>	<b>501,124</b>
<b>Income tax benefit – deferred</b>	<b>52</b>		<b>(24,690)</b>	<b>(14,526)</b>	<b>(95,966)</b>	<b>(75,078)</b>
<b>Net profit (60 = 50 - 51 - 52) (carried forward to next page)</b>	<b>60</b>		<b>1,053,534</b>	<b>493,246</b>	<b>2,533,723</b>	<b>1,166,084</b>

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**Masan Group Corporation and its subsidiaries**  
**Consolidated statement of income for the period ended 30 September 2016 (continued)**

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

	Code	Note	From 1/7/2016 to 30/9/2016 VND million	From 1/7/2015 to 30/9/2015 VND million	From 1/1/2016 to 30/9/2016 VND million	From 1/1/2015 to 30/9/2015 VND million
<b>Net profit (60 = 50 - 51 - 52) (brought forward from previous page)</b>	<b>60</b>		<b>1,053,534</b>	<b>493,246</b>	<b>2,533,723</b>	<b>1,166,084</b>
<b>Attributable to:</b>						
Equity holders of the Company	61		813,228	220,542	1,847,558	584,368
Non-controlling interest	62		240,306	272,704	686,165	581,716
<b>Earnings per share</b>						
Basic earnings per share	70	30	1,065	294	2,432	779

28 October 2016

Prepared by:




Doan Thi My Duyen  
*Chief Accountant*

Approved by:



Michael Hung Nguyen  
*Deputy Chief Executive Officer  
 Chief Financial Officer*

Dr. Nguyen Dang Quang  
*Chairman  
 Chief Executive Officer*



**Masan Group Corporation and its subsidiaries**  
**Consolidated statement of income for the period ended 30 September 2016 (continued)**

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

	Code	Pro forma <sup>(1)</sup>			
		From 1/7/2016 to 30/9/2016 VND million	From 1/7/2015 to 30/9/2015 VND million	From 1/1/2016 to 30/9/2016 VND million	From 1/1/2015 to 30/9/2015 VND million
<b>Total revenue</b>	<b>01</b>	<b>11,443,435</b>	<b>8,928,167</b>	<b>31,471,688</b>	<b>19,552,684</b>
<b>Less sales deductions</b>	<b>02</b>	<b>436,703</b>	<b>213,356</b>	<b>1,323,610</b>	<b>424,045</b>
<b>Net sales (10 = 01 – 02)</b>	<b>10</b>	<b>11,006,732</b>	<b>8,714,811</b>	<b>30,148,078</b>	<b>19,128,639</b>
<b>Cost of sales</b>	<b>11</b>	<b>7,673,689</b>	<b>6,074,393</b>	<b>21,145,817</b>	<b>12,891,723</b>
<b>Gross profit (20 = 10 – 11)</b>	<b>20</b>	<b>3,333,043</b>	<b>2,640,418</b>	<b>9,002,261</b>	<b>6,236,916</b>
Financial income	21	168,708	350,025	550,495	901,402
Financial expenses	22	860,218	818,888	2,322,402	1,987,928
Share of profit in associates	24	314,673	125,432	704,698	377,213
Selling expenses	25	1,194,561	1,096,706	3,365,628	2,637,845
General and administration expenses	26	303,493	272,880	854,667	773,038
<b>Net operating profit</b> <b>{30 = 20 + (21 - 22) + 24 - (25 + 26)}</b>	<b>30</b>	<b>1,458,152</b>	<b>927,401</b>	<b>3,714,757</b>	<b>2,116,720</b>
Other income	31	358	8,787	8,016	32,106
Other expenses	32	6,616	36,074	38,367	60,640
<b>Results of other activities</b> <b>(40 = 31 - 32)</b>	<b>40</b>	<b>(6,258)</b>	<b>(27,287)</b>	<b>(30,351)</b>	<b>(28,534)</b>
<b>Profit before tax</b> <b>(50 = 30 + 40)</b>	<b>50</b>	<b>1,451,894</b>	<b>900,114</b>	<b>3,684,406</b>	<b>2,088,186</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>198,402</b>	<b>204,128</b>	<b>581,596</b>	<b>501,124</b>
<b>Income tax expense/(benefit) – deferred</b>	<b>52</b>	<b>4,985</b>	<b>14,063</b>	<b>(8,388)</b>	<b>(10,296)</b>
<b>Net profit (60 = 50 - 51 - 52)</b> <b>(carried forward to next page)</b>	<b>60</b>	<b>1,248,507</b>	<b>681,923</b>	<b>3,111,198</b>	<b>1,597,358</b>

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**Masan Group Corporation and its subsidiaries**  
**Consolidated statement of income for the period ended 30 September 2016 (continued)**

**Form B 02a – DN/HN**

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

	Code	Pro forma <sup>(1)</sup>			
		From 1/7/2016 to 30/9/2016 VND million	From 1/7/2015 to 30/9/2015 VND million	From 1/1/2016 to 30/9/2016 VND million	From 1/1/2015 to 30/9/2015 VND million
<b>Net profit (60 = 50 - 51 - 52)</b> (brought forward from previous page)	<b>60</b>	<b>1,248,507</b>	<b>681,923</b>	<b>3,111,198</b>	<b>1,597,358</b>
<b>Attributable to:</b>					
Equity holders of the Company	61	967,371	287,312	2,291,237	901,534
Non-controlling interest	62	281,136	394,611	819,961	695,824
<b>Earnings per share</b>					
Basic earnings per share	70	1,265	383	3,015	1,201

<sup>(1)</sup> *Pro forma numbers, for each of the reporting periods and its respective comparative period, have been computed by reversing impact from the amortization of goodwill, tangible assets and intangible assets as a result of the Group's M&A transactions in the past.*

**Masan Group Corporation and its subsidiaries**  
**Consolidated statement of cash flow for the period ended 30 September 2016**

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

	Code Note	From 1/1/2016 to 30/9/2016 VND million	From 1/1/2015 to 30/9/2015 VND million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>	<b>01</b>	<b>3,019,353</b>	<b>1,592,130</b>
<b>Adjustments for</b>			
Depreciation and amortization	02	1,731,773	1,301,926
Allowances and provisions	03	71,294	98,695
Net unrealised foreign exchange loss	04	2,750	25,636
Gain from investing activities	05	(1,214,753)	(1,196,579)
Interest expenses	06	2,240,137	1,479,022
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>5,850,554</b>	<b>3,300,830</b>
Decrease/(increase) in receivables and other assets	09	264,188	(706,018)
(Increase)/decrease in inventories	10	(1,005,911)	211,831
(Decrease)/increase in payables and other liabilities	11	(318,351)	860,520
(Increase)/decrease in prepayment	12	(124,500)	182,810
		<b>4,665,980</b>	<b>3,849,973</b>
Interest paid	14	(1,869,142)	(1,605,219)
Corporate income tax paid	15	(621,931)	(1,004,738)
Other payments for operating activities	17	(13,735)	(10,102)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>2,161,172</b>	<b>1,229,914</b>

*The accompanying notes are an integral part of these quarterly financial statements*

**Masan Group Corporation and its subsidiaries**  
**Consolidated statement of cash flow for the period ended 30 September 2016 (continued)**

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

	Code	Note	From 1/1/2016 to 30/9/2016 VND million	From 1/1/2015 to 30/9/2015 VND million
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets and other long-term assets	21		(2,212,064)	(3,057,282)
Proceeds from disposals of fixed assets and other long-term assets	22		7,385	1,960
Payments for granting loan and term deposits at banks	23		(67,928,216)	(34,860,715)
Receipts from collecting loan and term deposits at banks	24		73,406,678	31,003,457
Payments for investment in subsidiaries, associates and other entities	25		(22,343,496)	(2,245,595)
Collections on investments in other entities	26		206,218	2,046,750
Receipts of interest, dividend and related income from investing activities	27		929,232	869,095
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(17,934,263)</b>	<b>(6,242,330)</b>

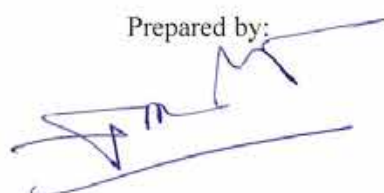
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**Masan Group Corporation and its subsidiaries**  
**Consolidated statement of cash flow for the period ended 30 September 2016 (continued)**

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

	Code	Note	From 1/1/2016 to 30/9/2016 VND million	From 1/1/2015 to 30/9/2015 VND million
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of shares and capital contribution in subsidiaries by non-controlling interest	31		14,440,817	147,512
Payments for equity instruments repurchased	32		(670,007)	-
Proceeds from short-term and long-term borrowings	33		21,011,994	30,874,488
Payments to settle borrowings	34		(15,458,809)	(23,148,789)
Payments to settle finance lease liabilities	35		(10,429)	-
Payment of dividends to non-controlling interest by subsidiaries	36		(143,266)	(709,765)
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>19,170,300</b>	<b>7,163,446</b>
<b>Net cash flows during the period (50 = 20 + 30 + 40)</b>	<b>50</b>		<b>3,397,209</b>	<b>2,151,030</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>		<b>8,324,476</b>	<b>5,166,415</b>
<b>Effect of exchange rate fluctuation on cash and cash equivalents</b>	<b>61</b>		<b>1,322</b>	<b>14,922</b>
<b>Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)</b>	<b>70</b>	<b>5</b>	<b>11,723,007</b>	<b>7,332,367</b>

Prepared by:  


Doan Thi My Duyen  
*Chief Accountant*

28 October 2016

Approved by:  


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 quarterly financial statements*



**Masan Group Corporation and its subsidiaries**  
**Notes to the consolidated financial statements for the period ended 30 September 2016**

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

**1. Reporting entity**

Masan Group Corporation (“the Company”) is a joint stock company incorporated in Vietnam. The principal activity of the Company is in investment holding.

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

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

**(a) Subsidiaries**

**(i) Direct subsidiaries**

Number	Name	Principal activity	Percentage of economic interests at	
			30/9/2016	1/1/2016
1	MasanConsumerHoldings Company Limited (“MCH”) (i)	Investment holding	85.7%	100.0%
2	Masan Horizon Corporation (“MH”)	Investment holding	99.9%	99.9%
3	Masan Nutri-Science Corporation (formerly known as Masan Nutri-Science Company Limited) (“MNS”) (vi)	Investment holding	89.7%	99.9%

**(ii) Indirect subsidiaries**

Number	Name	Principal activity	Percentage of economic interests at	
			30/9/2016	1/1/2016
1	Masan Brewery Company Limited (“MB”) (i)	Investment holding	57.1%	100.0%

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Number	Name	Principal activity	Percentage of economic interests at	
			30/9/2016	1/1/2016
2	Masan Master Brewer Company Limited (“MMBr”)	Beer and beverage trading	57.1%	100.0%
3	Masan Brewery PY One Member Company Limited (“MBPY”)	Beer and beverage manufacturing	57.1%	100.0%
4	Masan Brewery HG One Member Company Limited (“MBHG”)	Beer and beverage trading	57.1%	100.0%
5	Masan Brewery Distribution One Member Company Limited (“MBD”)	Beer and beverage trading	57.1%	100.0%
6	Masan Consumer Corporation (“MSC”) (ii)	Trading and distribution	83.1%	77.8%
7	Masan Consumer (Thailand) Limited (“MTH”) (xii)	Trading and distribution	83.1%	-
8	Masan Food Company Limited (“MSF”)	Food Trading	83.1%	77.8%
9	Masan Industrial One Member Company Limited (“MSI”)	Food sauce and instant noodle manufacturing	83.1%	77.8%
10	Viet Tien Food Technology One member Company Limited (“VTF”)	Food sauce manufacturing	83.1%	77.8%
11	Masan HD One member Company Limited (“MHD”)	Food sauce and instant noodle manufacturing	83.1%	77.8%
12	Ma San PQ Corporation (“MPQ”)	Food sauce manufacturing	78.6%	73.5%
13	Nam Ngu Phu Quoc One Member Company Limited (“NPQ”) (ix)	Seasonings manufacturing	83.1%	-
14	VinaCafé Bien Hoa Joint Stock Company (“VCF”) (v)	Beverage manufacturing	50.0%	41.4%
15	CDN Production Trading Corporation (“CDN”) (viii)	Coffee manufacturing and trading	42.5%	-

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Number	Name	Principal activity	Percentage of economic interests at	
			30/9/2016	1/1/2016
16	Vinh Hao Mineral Water Corporation (“VHC”) (iii)	Beverage manufacturing	73.6%	49.7%
17	Kronfa., JSC (“KRP”)	Beverage manufacturing	73.6%	49.7%
18	Masan Beverage Company Limited (“MSB”)	Beverage trading and manufacturing	83.1%	77.8%
19	Masan DN One Member Company Limited (“MDN”)	Food sauce, instant noodle manufacturing and beverage manufacturing	83.1%	77.8%
20	Masan MB One Member Company Limited (“MMB”)	Instant noodle and beverage manufacturing	83.1%	77.8%
21	Masan HG One Member Company Limited (“MHG”)	Seasonings, convenience food manufacturing and trading	83.1%	77.8%
22	Saigon Nutri Food Joint Stock Company (“SNF”)	Convenience food manufacturing	83.1%	77.8%
23	Quang Ninh Mineral Water Corporation (“QNW”) (vii)	Beverage manufacturing	54.6%	50.6%
24	Mapleleaf Company Limited (“MPL”)	Investment holding	99.9%	99.9%
25	Masan Resources Corporation (formerly known as Ma San Resources Corporation) (“MR”)	Investment holding	72.7%	72.7%
26	Masan Thai Nguyen Resources Company Limited (formerly known as Ma San Thai Nguyen Resources Company Limited) (“MRTN”)	Investment holding	72.7%	72.7%

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Number	Name	Principal activity	Percentage of economic interests at	
			30/9/2016	1/1/2016
27	Thai Nguyen Trading and Investment Company Limited (“TNTI”)	Investment holding	72.7%	72.7%
28	Nui Phao Mining Company Limited (“NP”)	Exploring and processing mineral	72.7%	72.7%
29	Nui Phao – H.C. Starck Tungsten Chemicals Manufacturing LLC (“NP - HC Starck”)	Processing mineral	37.1%	37.1%
30	Kenji Company Limited (“Kenji”)	Investment holding	89.7%	99.9%
31	Shika Company Limited (“Shika”)	Investment holding	89.7%	99.9%
32	Meiji Corporation (“Meiji”)	Investment holding	89.7%	99.9%
33	Agro Nutrition International Joint Stock Company (“ANCO”)	Consumer-Agri	89.7%	70.0%
34	Aqua Nutrition International Joint Venture Co., Ltd (“ANCO Vinh Long”)	Consumer-Agri	89.7%	70.0%
35	Agro Nutrition International Binh Dinh One Member Limited Company (“ANCO Binh Dinh”)	Consumer-Agri	89.7%	70.0%
36	Agro Nutrition International Thai Nguyen Limited Company (“ANCO Thai Nguyen”)	Consumer-Agri	89.7%	70.0%
37	Agro Nutrition International Tien Giang One Member Limited Company (“ANCO Tien Giang”)	Consumer-Agri	89.7%	70.0%
38	Agro Nutrition International Nghe An Company Limited (“ANCO Nghe An”)	Consumer-Agri	89.7%	70.0%
39	Agro Nutrition International Hau Giang One Member Limited Liability Company (“ANCO Hau Giang”)	Consumer-Agri	89.7%	70.0%
40	Masan Nutri-Farm Limited Liability Company (“MNF”) (x)	Consumer-Agri	89.7%	-

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Number	Name	Principal activity	Percentage of economic interests at	
			30/9/2016	1/1/2016
41	Masan Nutri-Farm (N.A) LL.C ("MNF N.A") (xi)	Consumer-Agri	89.7%	-
42	Vietnamese – French Cattle Feed Joint Stock Company ("Proconco") (iv)	Consumer-Agri	67.4%	68.6%
43	Proconco Can Tho Co., Ltd. ("Proconco Can Tho")	Consumer-Agri	67.4%	68.6%
44	Con Co Binh Dinh Co., Ltd. ("Proconco Binh Dinh")	Consumer-Agri	67.4%	68.6%
45	Proconco Hung Yên (formerly known as Toan Loi Manufacturing and Trading Company Limited) ("Proconco Hung Yen")	Consumer-Agri	67.4%	68.6%



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- (i) In January 2016, Singha Asia Holding Pte. Ltd (“Singha”) invested VND13,343,726 million (in which, VND86,100 million had been already received in December 2015) and VND1,111,900 million in cash in exchange for primary shares of MCH, and MB respectively, representing an equity interest of 14.3% and 33.3% respectively. As a result of these transactions, equity interest of the Company in MCH decreased from 100% to 85.7% and in MB, an indirect subsidiary of the Company through MCH, decreased from 100% to 57.1%.
- (ii) In January 2016, MCH increased its equity interests in MSC from 77.8% to 96.7% by purchasing from non-controlling interest shares. As a result of this transaction, equity interest of the Company in MSC, an indirect subsidiary of the Company through MCH, increased from 77.8% to 82.8%.
- In June 2016, MSC increased its share capital by issuing additional 3,000,000 shares. Such transaction resulted in MCH’s equity interest in MSC being decreased from 96.7% to 96.1% and the equity interest of the Company in MSC decreased from 82.8% to 82.4%.
- During the period from June to September 2016, MCH increased its equity interests in MSC from 96.1% to 97.0% by purchasing from non-controlling interest shares. As a result of this transaction, equity interest of the Company in MSC increased from 82.4% to 83.1%.
- (iii) In January 2016 and April 2016, MSC’s wholly-owned subsidiary, MSB, acquired an additional 2,657,641 shares and 566,288 shares of VHC. Such transaction resulted in MSB’s equity interest in VHC increasing from 64.0% to 88.6% and the Company’s equity interest in VHC increasing from 49.7% to 72.9%.
- (iv) In January 2016, MNS acquired an additional 10,412,088 shares of Proconco. As a result of this transaction, equity interest of the Company in Proconco increased from 68.6% to 75.2% as of 31 January 2016.
- (v) In February 2016, MSB acquired an additional 1,850,000 shares of VCF. Such transaction resulted in MSB’s equity interest in VCF increasing from 53.2% to 60.2% and the Company’s equity interest in VCF increasing from 41.4% to 49.6%.
- (vi) During the period from March to June 2016, the Company transferred 10.3% equity interest in MNS to non-controlling interest as part of its restructuring to increase its equity interest in ANCO. As a result of this transaction, equity interest of the Company in MNS decreased from 99.9% to 89.7%.
- (vii) In April 2016, MSB acquired additional 54,100 shares of QNW. Such transaction resulted in MSB’s equity interest in QNW increasing from 65.0% to 65.7% and the Company’s equity interest in QNW increasing from 50.6% to 54.1%.
- (viii) In May 2016, VCF acquired 85.0% equity interest of CDN for a consideration of VND35,000 million including transaction cost. As a result of this transaction, CDN became a subsidiary indirectly owned by the Company through VCF, an indirect subsidiary of the Company through MCH, MSC and MSB.

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- (ix) In June 2016, the Planning and Investment Department of Kien Giang Province issued the Business Registration Certificate No. 1702051991 approving the establishment of NPQ, a newly incorporated 100.0% owned subsidiary of MSF. NPQ is indirectly owned by the Company through MCH, MSC and MSF.
- (x) In June 2016, the Planning and Investment Department of Dong Nai Province issued the Business Registration Certificate No. 3603383090 approving the establishment of MNF, a newly incorporated 100.0% owned subsidiary of MNS through ANCO.
- (xi) In June 2016, the Planning and Investment Department of Nghe An Province issued the Business Registration Certificate No. 2901852878 approving the establishment of MNF N.A, a newly incorporated 100.0% owned subsidiary of MNF. MNF N.A is indirectly owned by the Company through MNS, ANCO and MNF.
- (xii) In July 2016, MSC established a new subsidiary – Masan Consumer (Thailand) Limited (“MTH”) to enter the “Inland” ASEAN market under the Certificate of Registration of Partner and Company No. 0105559105553 issued by the Department of Business Development, Thailand.

All the subsidiaries are incorporated in Vietnam, except for MTH, an indirect subsidiary of the Company through MCH and MSC, is incorporated in Thailand.

The percentage of economic interests represents the effective percentage of economic interests of the Group both directly and indirectly in the subsidiaries.



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**(b) Associates**

**(i) Direct associate**

Number	Name	Principal activity	Percentage of economic interests at	
			30/9/2016	1/1/2016
1	Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”)*	Banking	19.5%	19.5%

(\*) The Group’s effective economic interest in Techcombank as of 30 September 2016 is 30.4% (1/1/2016: 30.4%). This effective economic interest includes 15.7% through direct and indirect equity interest (net of dilutive impact of convertible bonds on current equity interest of 19.5%, of which 4.5% is held by an indirect subsidiary of the Group, Mapleleaf Company Limited) and 14.7% through 10 year convertible bonds issued by Techcombank which the Company has agreed to irrevocably and mandatorily convert during the conversion period of the convertible bonds, subject to regulatory and other customary approvals.

**(ii) Indirect associates**

Number	Name	Principal activity	Percentage of economic interests at	
			30/9/2016	1/1/2016
1	Cholimex Food Joint Stock Company (“Cholimex”)	Food sauce manufacturing and trading	32.8%	32.8%
2	Thuan Phat Packing Joint Stock Company (“Thuan Phat”)	Packaging manufacturing	25.0%	25.0%
3	Loc Khang Joint Stock Company (“Loc Khang”)	Consumer-Agri	26.2%	26.2%
4	Abattoir Long Binh Joint Stock Company (“Abattoir”)	Consumer-Agri	25.0%	25.0%
5	Dong Nai Producing, Trading and Service Joint Stock Company (“DN Manu”)	Consumer-Agri	21.3%	21.3%
6	Vissan Joint Stock Company (“Vissan”) (i)	Food manufacturing and trading	24.9%	-

(i) In March and June 2016, ANCO, an indirect subsidiary of the Company through MNS, acquired 24.9% equity interest of Vissan. As a result of this transaction, Vissan became an indirect associate of the Company through ANCO.

The percentage of economic interests in indirect associates represents the percentage of economic interests of indirect subsidiaries in the associates.



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**(c) Normal operating cycle**

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

**2. Basis of preparation**

**(a) Statement of compliance**

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

**(b) Basis of measurement**

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

**(c) Annual accounting period**

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

**(d) Accounting and presentation currency**

The Company's accounting currency is Vietnam Dong ("VND"). These financial statements are prepared and presented in millions of Vietnam Dong ("VND million").

**3. Summary of significant accounting policies**

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

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**(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 11 *Business Combination* and in selecting its accounting policy with respect to such transaction, the Group has considered Vietnamese Accounting Standard 01 *Framework* and Vietnamese Accounting Standard 21 *Presentation of Financial Statements*. Based on these standards, the Group has adopted the merger (“carry-over”) basis of accounting. The assets and liabilities of the combining companies are consolidated using the existing book values from the Controlling Shareholders’ perspective. Any difference between the cost of acquisition and net assets acquired is recorded directly in undistributed profits after tax under equity.

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

**(ii) Non-common control business combination**

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

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

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations included any costs directly attributable to the combination, such as professional fees paid to accountants, legal advisers, valuers and other consultants to effect the combination. Transaction costs are capitalized 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 recognized as an expense when incurred.



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**(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) *Associate (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.

**(v) *Non-controlling interest ("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 balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

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**(b) Foreign currency**

**(i) Foreign currency transactions**

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

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

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

**(ii) Translation of financial statements from the accounting currency to the presentation currency**

For the purpose of presenting the consolidated financial statements in VND, all assets and liabilities are translated to VND at the end of the accounting period quoted by the commercial bank where the Company most frequently conducts transactions. Capital and related items are translated at historical exchange rate(s). Accumulated losses are derived from the translated net losses from which they were appropriated. Expenses and cash flows during the period are translated at the exchange rates which approximate actual exchange rates ruling on the date of transactions.

Foreign exchange differences arising from the translation of financial statements from accounting currency to the presentation currency are included in “Foreign exchange differences” under equity (Code 417).

**(c) Cash and cash equivalents**

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

**(d) Investments**

**(i) Held to maturity investments**

Held-to-maturity investments are those that the Group’s management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank, bonds and receivables on lending loans held to maturity. These investments are stated at costs less allowance for doubtful debts.

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**(ii) Equity investments in other entity**

Equity investments in other entity are initially recognized 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 Group's management 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 recognized.

**(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 manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Group apply the perpetual method of accounting for inventory.

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

Including in the cost of tangible assets of the Group, there are certain costs related to mining properties. They comprise mine rehabilitation assets and fair value of mineral reserves from business combination.



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**(ii) Depreciation**

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

Machinery and equipment and fair value of mineral reserves from business combination which are directly related to the mining exploitation activities is depreciated over its 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.

*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 - 10 years
▪ machinery and equipment	3 - 25 years
▪ motor vehicles	3 - 10 years

**(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 which is 5 years.

**(i) Intangible fixed assets**

**(i) Land use rights**

Land use rights comprise:

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

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Land use rights are stated at cost less accumulated amortization. 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. Amortization is computed on a straight-line basis over their useful lives ranging from 19 to 50 years.

**(ii) Software**

Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalized and treated as an intangible asset. Software is amortized on a straight-line basis over 4 and 10 years.

**(iii) Brand name**

Cost of acquisition of brand name is capitalized and treated as an intangible 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 recognized as an intangible asset and is amortized on a straight-line basis ranging from 10 to 20 years.

**(iv) Customer relationships**

Customer relationships that are acquired by the Group on the acquisition of subsidiary is capitalized and presented as an intangible asset.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of customer relationship is amortized on a straight line basis 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 capitalized and presented as an intangible asset.

The 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 are amortized on a straight line basis over their useful lives ranging from 10 to 37 years.



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**(vi) Mining rights**

The mining rights is calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with Decree 2013/2013/ND/CP dated 28 November 2013 which became effective from 20 January 2014. Cost of mining rights are stated at an amount equal to the present value of mining rights fee and is capitalized and treated as an intangible asset. Amortization 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 are acquired by the Group in the acquisition of subsidiary are capitalized and presented as an intangible 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 amortized on a straight line basis over their useful lives ranging over 5 years.

**(viii) Mineral water resources exploitation rights**

Expenditure on obtaining exploitation rights for mineral water resources is capitalized and treated as an intangible asset. Amortization 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 cost 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 recognized at their fair values as part of business combination accounting and subsequent development expenditures are capitalized net of proceeds from the sale of ore extracted during the development phase. On completion of development, defined as the time when saleable materials begin to be extracted from the mine, all assets are reclassified to either “machinery or equipment” or “mining properties” in tangible fixed assets or in long-term prepaid expenses.

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**(k) Long-term prepayments**

**(i) Mining properties**

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 recognized as long-term prepaid expenses under non-current assets.

Other mining costs comprise:

- 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 capitalized as part of the cost of mine under construction. All capitalized development stripping included in assets under construction is transferred to mining properties.

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 the inventory produced and the production stripping asset with reference to the average life of mine strip ratio.

The average life of mine strip ratio represents the ratio of the estimated total volume of waste, to the estimated total quantity of economically recoverable ore, over the life of the mine. These costs are capitalized to the production stripping assets where the current period actual stripping ratio is higher than the average life of mine strip ratio.

The development and production stripping assets are amortized 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 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 recognized as long-term prepayments, initially stated at cost, and are amortized on a straight line basis over 3 years starting from the date of commercial operation.



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**(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 recognized in the consolidated statement of income on a straight-line basis over the term of the lease from 42 to 50 years.

**(iv) *Land compensation cost***

Land compensation costs comprise costs incurred in conjunction with securing the use of leased land. These costs are recognized in the statement of income on a straight-line basis over the term of the lease of 20 years.

**(v) *Printing axles and tools and supplies***

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

Tools and instruments include assets held for use by the Company 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 Circular 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets. Cost of tools and instruments are amortized on a straight-line basis not more than 3 years.

**(vi) *Goodwill from equitization***

Goodwill generated from the state-owned enterprise equitization is recognized as long-term prepayments. Goodwill generated from the state-owned enterprise equitization 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 equitization is amortized 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).

**(I) *Goodwill***

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

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Goodwill is measured at cost less accumulated amortization. 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 recognized immediately in the consolidated statement of income.

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

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

**(m) Trade and other payables**

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

**(n) Provisions**

A provision is recognized 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.

**(i) 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 fees is calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with Decree 2013/2013/ND/CP dated 28 November 2013 which became effective from 20 January 2014. Mining rights grant fees are recognized as intangible fixed assets.

**(ii) 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.

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When provisions for closure and rehabilitation are initially recognized, the corresponding cost is capitalized as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalized cost of closure and rehabilitation activities is recognized 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 recognized 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 capitalized cost, except where a reduction in the provision is greater than the under-depreciated capitalized cost of the related assets, in which the capitalized cost is reduced to nil and the remaining adjustment is recognized in the statement of income.

**(iii) Severance allowance**

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

Provision for severance allowance to be paid to the existing eligible employees as of 30 September 2016 has been made based on the eligible employees’ years of service, being the total employees’ years of service less the number of years for which the employees participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Company, if any, and their average salary for the six-month period prior to the end of the accounting period.

**(o) Bonds issued**

***Straight bonds***

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

**(p) Taxation**

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

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.



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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 balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset 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.

**(q) Equity**

**(i) *Share capital and capital surplus***

Ordinary share capital is classified as equity. The excess of proceeds contributed over the par value of shares issued is recorded as capital surplus. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from capital surplus.

**(ii) *Other capital***

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

**(r) Revenue**

***Goods sold***

Revenue from the sale of goods is recognized in the 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 revenue recognition and 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 recognized 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 sales is based on the most recently determined of product specifications.

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue on sales of goods is recognized 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 dividend income, interest income from deposits and loans, foreign exchange gains and realised gains from derivative financial instruments. Dividend income is recognized when the right to receive dividend is established. Interest income is recognized as it accrues in the statement of income.

**(ii) Financial expenses**

Financial expenses comprise interest expenses on borrowings, interest costs, foreign exchange losses and realised losses from derivative financial instruments. Borrowing costs are recognized 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 tangible fixed assets, in which case the borrowing costs incurred during the period of construction are capitalized as part of the cost of the fixed assets concerned.

**(t) Operating lease payments**

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

**(u) Earnings per share**

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

**(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 format for segment reporting is based on business segments.

**(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.

Related companies refer to the investors and their subsidiaries and associates.

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#### **4. Segment reporting**

The Group has three (3) 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 Group's Board of Management reviews internal management reports on a periodic basis.

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

- Food and beverage
- Consumer-Agri
- Others: mining and processing, financial services

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**(a) Business segments**

	<b>Food and beverage</b>	<b>Consumer-Agri</b>	<b>Others</b>	<b>Total</b>
	<b>From 1/1/2016 to 30/9/2016 VND million</b>	<b>From 1/1/2016 to 30/9/2016 VND million</b>	<b>From 1/1/2016 to 30/9/2016 VND million</b>	<b>From 1/1/2016 to 30/9/2016 VND million</b>
Segment revenue	9,769,637	17,570,934	2,807,507	30,148,078
Segment gross margin	4,190,071	3,899,134	767,157	8,856,362
Segment results	1,571,729	1,578,610	652,242	3,802,581
Net unallocated expenses				(1,268,858)
Net profit				2,533,723
				1,166,084



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	Food and beverage		Consumer-Agri		Others		Total	
	30/9/2016 VND million	1/1/2016 VND million	30/9/2016 VND million	1/1/2016 VND million	30/9/2016 VND million	1/1/2016 VND million	30/9/2016 VND million	1/1/2016 VND million
Segment assets	17,234,420	19,431,822	18,607,399	14,766,478	35,028,403	34,546,124	70,870,222	68,744,424
Unallocated assets							2,308,972	3,105,276
<b>Total assets</b>							<b>73,179,194</b>	<b>71,849,700</b>
Segment liabilities	5,453,623	5,368,413	12,807,483	7,804,983	13,520,974	13,454,736	31,782,080	26,628,132
Unallocated liabilities							18,046,290	18,112,522
<b>Total liabilities</b>							<b>49,828,370</b>	<b>44,740,654</b>
	<b>From 1/1/2016 to 30/9/2016 VND million</b>	<b>From 1/1/2015 to 30/9/2015 VND million</b>	<b>From 1/1/2016 to 30/9/2016 VND million</b>	<b>From 1/1/2015 to 30/9/2015 VND million</b>	<b>From 1/1/2016 to 30/9/2016 VND million</b>	<b>From 1/1/2015 to 30/9/2015 VND million</b>	<b>From 1/1/2016 to 30/9/2016 VND million</b>	<b>From 1/1/2015 to 30/9/2015 VND million</b>
Capital expenditure	760,041	1,375,898	464,894	178,412	980,761	1,502,843	2,205,696	3,057,153
Depreciation	372,158	279,153	161,541	69,194	668,890	549,573	1,202,589	897,920
Amortization	254,776	220,931	300,571	198,937	124,977	164,944	680,324	584,812

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**5. Cash and cash equivalents**

	<b>30/9/2016</b> VND million	<b>1/1/2016</b> VND million
Cash on hand	5,655	8,379
Cash in bank	924,389	909,225
Cash in transit	8,167	1,052
Cash equivalents	10,784,796	7,405,820
	<hr/> 11,723,007	<hr/> 8,324,476

**6. Accounts receivable**

Other receivables comprised:

	<b>30/9/2016</b> VND million	<b>1/1/2016</b> VND million
<b>Receivables on short-term lending loans</b>		
Receivables from other loan investing activities	-	762,400
		<hr/>
<b>Receivables on long-term lending loans</b>		
Receivables from other loan investing activities	789,700	8,563,114
		<hr/>
<b>Other short-term receivables</b>		
Receivables from sales of insurance claims	256,200	256,200
Non-trade receivables from a related company	142,244	142,244
Accrued interest receivable	47,608	11,773
Advances	10,531	7,359
Short-term deposits	19,419	46,820
Services receivable	11,547	11,547
Others	214,002	165,655
	<hr/> 701,551	<hr/> 641,598

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	<b>30/9/2016</b>	<b>1/1/2016</b>
	VND million	VND million
<b>Other long-term receivables</b>		
Long-term deposit	52,842	45,836
Other long-term receivables from other loan investing activities	25,802	440,103
Other (*)	1,356,983	1,383,086
	<hr/>	<hr/>
	1,435,627	1,869,025
	<hr/>	<hr/>

- (\*) Other represents receivables from the 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 can be net off against the annual land rental fee.

Other receivables include the following amounts due from related party:

	<b>30/9/2016</b>	<b>1/1/2016</b>
	VND million	VND million
<b>Amounts due from Masan Corporation - parent company</b>		
Non-trade – short-term	142,244	142,244
	<hr/>	<hr/>

The short-term non-trade amounts of the Group due from Masan Corporation were unsecured, interest-free and receivable in demand.

Movement of allowance for doubtful debts during the period was as follows:

	<b>From 1/1/2016</b>	<b>From 1/1/2015</b>
	<b>to 30/9/2016</b>	<b>to 31/12/2015</b>
	VND million	VND million
Opening balance	28,589	2,064
Acquisition of subsidiary	-	24,864
Increase in allowance during the period	5,893	3,169
Allowance utilised during the period	-	(599)
Allowance written back during the period	(1,076)	(909)
	<hr/>	<hr/>
Closing balance	33,406	28,589
	<hr/>	<hr/>

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**7. Inventories**

	<b>30/9/2016</b>	<b>1/1/2016</b>
	VND million	VND million
Goods in transit	1,265,328	912,443
Raw materials	2,402,590	1,939,680
Tools and supplies	669,090	699,637
Work in progress	149,229	168,151
Finished goods	860,974	705,969
Merchandise inventories	13,335	4,453
Goods on consignment	50,308	4,259
	<hr/>	<hr/>
	5,410,854	4,434,592
Allowance for inventories	(15,022)	(16,623)
	<hr/>	<hr/>
	5,395,832	4,417,969
	<hr/>	<hr/>

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

	<b>From 1/1/2016</b>	<b>From 1/1/2015</b>
	<b>to 30/9/2016</b>	<b>to 31/12/2015</b>
	VND million	VND million
Opening balance	16,623	22,318
Increase in allowance during the period	37,134	94,987
Allowance utilised during the period	(34,087)	(99,505)
Allowance written back during the period	(4,648)	(1,177)
	<hr/>	<hr/>
Closing balance	15,022	16,623
	<hr/>	<hr/>



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**8. Tangible fixed assets**

	<b>Buildings and structures</b>	<b>Mining Properties</b>	<b>Leasehold improvements</b>	<b>Office equipment</b>	<b>Machinery and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
<b>Cost</b>							
Opening balance	3,910,138	5,026,292	25,761	114,168	13,396,141	124,632	22,597,132
Acquisition of subsidiary	-	-	-	67	7,432	524	8,023
Additions	625	-	-	2,586	5,261	7,839	16,311
Transfers from construction in progress	1,801,257	-	58,428	12,848	2,040,483	943	3,913,959
Transfers (to)/from long-term prepayments	(1,624)	-	-	-	3,133	-	1,509
Disposals	(713)	-	-	(1,316)	(9,800)	(10,344)	(22,173)
Reclassifications	(3,545)	-	56	1,187	5,446	2,429	5,573
Closing balance	5,706,138	5,026,292	84,245	129,540	15,448,096	126,023	26,520,334
<b>Accumulated depreciation</b>							
Opening balance	375,659	311,133	23,813	46,448	1,839,939	35,078	2,632,070
Charge for the period	226,519	146,249	9,098	17,330	781,220	18,810	1,199,226
Disposals	(326)	-	-	(1,291)	(8,396)	(8,833)	(18,846)
Reclassifications	(47)	-	5	3,130	(27)	2,512	5,573
Closing balance	601,805	457,382	32,916	65,617	2,612,736	47,567	3,818,023
<b>Net book value</b>							
Opening balance	3,534,479	4,715,159	1,948	67,720	11,556,202	89,554	19,965,062
Closing balance	5,104,333	4,568,910	51,329	63,923	12,835,360	78,456	22,702,311

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**9. Finance lease tangible fixed assets**

	<b>Machinery and equipment VND million</b>
<b>Cost</b>	
Opening balance/closing balance	67,300
<b>Accumulated depreciation</b>	
Opening balance	35,893
Charge for the period	10,095
Closing balance	45,988
<b>Net book value</b>	
Opening balance	31,407
Closing balance	21,312

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**10. Intangible fixed assets**

	Land use	Software	Brand	Customer	Mineral	Mining rights	Technology	Exploitation	Total
	VND million	VND million	name VND million	relationships VND million	water resources VND million	VND million	VND million	rights VND million	VND million
<b>Cost</b>									
Opening balance	307,357	353,793	2,412,583	3,074,214	412,698	588,373	669,433	88,408	7,906,859
Transfer from construction in progress	-	7,897	876	-	-	-	-	-	8,773
Additions	3,654	759	-	-	-	-	-	-	4,413
Transfer from long-term prepayment	26,250	-	-	-	-	-	-	-	26,250
Closing balance	337,261	362,449	2,413,459	3,074,214	412,698	588,373	669,433	88,408	7,946,295
<b>Accumulated amortization</b>									
Opening balance	26,520	58,273	308,526	373,671	7,594	35,919	92,096	2,595	905,194
Amortization for the period	7,524	32,856	113,513	155,975	4,129	22,913	103,607	3,437	443,954
Closing balance	34,044	91,129	422,039	529,646	11,723	58,832	195,703	6,032	1,349,148
<b>Net book value</b>									
Opening balance	280,837	295,520	2,104,057	2,700,543	405,104	552,454	577,337	85,813	7,001,665
Closing balance	303,217	271,320	1,991,420	2,544,568	400,975	529,541	473,730	82,376	6,597,147

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**11. Construction in progress**

	<b>30/9/2016</b>	<b>1/1/2016</b>
	VND million	VND million
Opening balance	5,480,035	3,811,051
Addition on business combination	513	223,192
Additions during the period	2,002,005	3,825,674
Transfers to tangible fixed assets	(3,913,959)	(2,118,246)
Transfers to intangible fixed assets	(8,773)	(242,864)
Transfers from inventories	-	397
Transfers to long-term prepayments	(637,973)	(17,874)
Transfers to short-term prepayments	(6,526)	(449)
Disposals	(3,890)	(825)
Written off	-	(21)
	<hr/>	<hr/>
Closing balance	2,911,432	5,480,035
	<hr/>	<hr/>

**12. Investments**

	<b>30/9/2016</b>	<b>1/1/2016</b>
	VND million	VND million
<b>Long-term financial investments</b>		
Investment in associates (a)	11,947,432	9,124,149
Investments in other entities (c)	21,646	21,646
Allowance for diminution in the value of long-term financial investments	(912)	(912)
	<hr/>	<hr/>
	11,968,166	9,144,883
	<hr/>	<hr/>
<b>Short-term financial investments (b)</b>	3,351,342	293,990
	<hr/>	<hr/>



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**(a) Investment in associates**

	30/9/2016		1/1/2016		
	% of equity owned	% of voting rights	Carrying value at equity accounted VND million	Allowance for diminution in value VND million	Fair value VND million
Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”) (*)	19.5%	19.5%	9,533,383	-	(****)
Cholimex Food Joint Stock Company (“Cholimex”)	32.8%	32.8%	249,482	-	(****)
Thuan Phat Packing Joint Stock Company (“Thuan Phat”) (**)	25.0%	25.0%	8,903	-	(****)
Loc Khang Joint Stock Company (“Loc Khang”) (**)	26.2%	26.2%	3,660	-	(****)
Abattoir Long Binh Joint Stock Company (“Abattoir”) (**)	25.0%	25.0%	7,145	-	(****)
Dong Nai Manufacture, Service and Trading Joint Stock Company (“DN Manu”) (**)	21.3%	21.3%	9,369	-	(****)
Vissan Joint Stock Company (“Vissan”) (***)	24.9%	24.9%	2,135,490	-	(****)
			<b>11,947,432</b>	<b>-</b>	<b>(****)</b>
			<b>9,124,149</b>	<b>-</b>	<b>(****)</b>

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Movements of investment in associates as at 30 September 2016 were as follows:

	<b>Techcombank</b> VND million	<b>Cholimex</b> VND million	<b>Thuan Phat</b> VND million	<b>Loc Khang</b> VND million	<b>Abattoir</b> VND million	<b>DN Manu</b> VND million	<b>Vissan</b> VND million	<b>Total</b> VND million
Opening balance	8,838,067	254,802	8,954	5,016	8,508	8,802	-	9,124,149
Share in post-acquisition profit/(loss) of associates during the period	695,316	6,648	1,175	(400)	1,137	822	-	704,698
Dividend declared	-	(11,968)	(1,226)	(956)	(2,500)	(255)	-	(16,905)
Additions	-	-	-	-	-	-	2,135,490	2,135,490
Closing balance	9,533,383	249,482	8,903	3,660	7,145	9,369	2,135,490	11,947,432

(\*) Investment in Techcombank represents investment in 30.4% (1/1/2016: 30.4%) of the effective economic interest in Techcombank as of 30 September 2016. The Group's effective economic interest includes 15.7% through direct and indirect equity interest (net of dilutive impact of convertible bonds on current equity interest of 19.5%) and 14.7% through 10 year convertible bonds issued by Techcombank which the Company has agreed to irrevocably and mandatorily convert during the conversion period of the convertible bonds, subject to regulatory and other customary approvals.

(\*\*) Proconco holds a 25.0% equity interest in Thuan Phat, 25.0% equity interest in Abattoir, 21.3% equity interest in DN Manu and 26.2% equity interest in Loc Khang.

(\*\*\*) ANCO holds 24.9% equity interest in Vissan.

(\*\*\*\*) At the reporting date, fair value of these investments was not available.

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**(b) Short-term financial investments**

Mainly term deposits in banks represent deposits with original terms to maturity of more than three months and less than 12 months from their transaction dates.

**(c) Equity investments in other entity**

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

	30/9/2016		1/1/2016				
	% of equity owned	% of voting rights	Cost VND million	Allowance for diminution in value VND million	Cost VND million	Allowance for diminution in value VND million	Fair value VND million
PTSC Dinh Vu Port Company	5.9%	5.9%	21,646	(912)	21,646	(912)	(*)

(\*) At the reporting date, fair value of these investments was not available.

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**13. Long-term prepayments**

	Mining properties VND million	Pre- operating expenses VND million	Land Lease million VND	Prepaid land costs VND million	Land compensation costs VND million	Printing axles, tools and supplies VND million	Goodwill from equitization VND million	Others VND million	Total VND million
Opening balance	1,113,461	47,543	-	170,505	606,393	49,597	31,344	23,779	2,042,622
Acquisition of subsidiary	-	-	-	-	-	1,203	-	-	1,203
Additions	84,613	-	-	-	-	23,113	-	136,031	243,757
Transfers to intangible fixed assets	-	-	-	(26,250)	-	-	-	-	(26,250)
Transfer from construction in progress	-	-	-	155,260	432,828	49,885	-	-	637,973
Transfers to tangible fixed assets	-	-	-	-	-	(1,509)	-	-	(1,509)
Transfer from short-term prepayments	-	-	-	-	-	3,535	-	-	3,535
Amortization for the period	(50,733)	(16,293)	(2,830)	(12,051)	(24,769)	(43,013)	(2,351)	(37,186)	(189,226)
Transfer from long-term receivable	-	-	26,103	-	-	-	-	-	26,103
Refund of land costs	-	-	(4,178)	-	-	-	-	-	(4,178)
Reclassifications	-	-	6,259	-	(1,317)	9,228	-	(14,170)	-
Disposals	-	-	-	-	-	(2)	-	-	(2)
Closing balance	1,147,341	31,250	25,354	287,464	1,013,135	92,037	28,993	108,454	2,734,028



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**14. Goodwill**

	VND million
<b>Cost</b>	
Opening balance	1,088,675
Addition	27,176
	1,115,851
<b>Closing balance</b>	
	1,115,851
<b>Accumulated amortization</b>	
Opening balance	259,998
Amortization for the period	83,229
	343,227
<b>Closing balance</b>	
	343,227
<b>Net book value</b>	
Opening balance	828,677
Closing balance	772,624
	772,624

**15. Taxes payable to State Treasury**

	30/9/2016 VND million	1/1/2016 VND million
Corporate income tax	247,347	287,683
Value added tax	56,531	116,597
Personal income tax	29,972	31,682
Special consumption tax	26,024	62,956
Other taxes	5,928	5,614
	365,802	504,532
	365,802	504,532

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**16. Accrued expenses**

	<b>30/9/2016</b>	<b>1/1/2016</b>
	<b>VND million</b>	<b>VND million</b>
Accrued interest payable	839,948	481,026
Accrual for construction work	149,995	148,815
Advertising and promotion expenses	1,041,428	758,820
Consultant fee	30,015	120,873
Bonus and 13 <sup>th</sup> month salary	80,774	91,612
Sales discount	357,545	445,632
Transportation expenses	122,319	62,304
Accrued withholding tax	1,002	11,363
Natural resources taxes and fees	57,667	286,166
Accruals for inventories purchased	113,925	67,475
Exhibition and market research expenses	52,072	32,874
Others	357,485	368,961
	<hr/> 3,204,175	<hr/> 2,875,921

**17. Other payables**

	<b>30/9/2016</b>	<b>1/1/2016</b>
	<b>VND million</b>	<b>VND million</b>
<b>Other short-term payables</b>		
Payables for equitization of a subsidiary	-	81,605
Social and health insurance	13,198	10,540
Short-term deposits from customers	4,119	6,716
Dividend payables	34,658	54,480
Obligation to issue shares	-	60,561
Others	30,311	184,571
	<hr/> 82,286	<hr/> 398,473
<b>Other long-term payables</b>		
Long-term payables	2,465	75,009
Long-term deposits	31,951	22,804
	<hr/> 34,416	<hr/> 97,813

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**18. Short-term borrowings and finance lease liabilities**

	<b>30/9/2016</b> VND million	<b>1/1/2016</b> VND million
Short-term borrowings	8,586,772	5,302,490
Current portion of long-term borrowings (Note 19)	1,046,219	3,064,135
	9,632,991	8,366,625

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

	<b>30/9/2016</b> VND million	<b>1/1/2016</b> VND million
Bank borrowings:		
VND denominated	6,295,195	3,003,984
USD denominated	2,291,577	2,298,506
	8,586,772	5,302,490

**19. Long-term borrowings and finance lease liabilities**

	<b>30/9/2016</b> VND million	<b>1/1/2016</b> VND million
Long-term borrowings (a)	1,554,360	961,867
Convertible loan	567,960	567,960
Secured bonds	30,432,506	28,747,968
Finance lease liabilities	29,023	39,452
	32,583,849	30,317,247
Repayable within twelve months (Note 18)	(1,046,219)	(3,064,135)
Repayable after twelve months	31,537,630	27,253,112

**(a) Long-term borrowings**

	<b>30/9/2016</b> VND million	<b>1/1/2016</b> VND million
Bank borrowings:		
VND denominated	1,554,360	961,867

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**20. Changes in owners' equity**

	Share capital VND million	Capital surplus VND million	Other capital VND million	Undistributed profits VND million	Equity attributable to equity holders of the Group VND million	Non-controlling interest VND million	Total VND million
<b>Balance at 1 January 2015</b>	7,358,081	9,631,164	(9,045,049)	7,071,887	15,016,083	6,909,056	21,925,139
Transaction with non-controlling interest in subsidiaries	-	-	-	14,022	14,022	(1,082,987)	(1,068,965)
Issuance of new shares	109,098	(58)	-	-	109,040	-	109,040
Business combination	-	-	-	-	-	4,288,035	4,288,035
Payment to Board of Directors fees of subsidiary	-	-	-	(1,679)	(1,679)	(1,477)	(3,156)
Net profit for the year	-	-	-	1,478,292	1,478,292	1,048,958	2,527,250
Dividend declared	-	-	-	-	-	(666,846)	(666,846)
Transfer to funds	-	-	-	(1,142)	(1,142)	(309)	(1,451)
<b>Balance at 31 December 2015</b>	7,467,179	9,631,106	(9,045,049)	8,561,380	16,614,616	10,494,430	27,109,046



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	Share capital VND million	Capital surplus VND million	Other capital VND million	Treasury shares VND million	Foreign exchange differences VND million	Undistributed profits VND million	Equity attributable to equity holders of the Group VND million	Non-controlling interest VND million	Total VND million
<b>Balance at 1 January 2016</b>	7,467,179	9,631,106	(9,045,049)	-	-	8,561,380	16,614,616	10,494,430	27,109,046
Issuance of new shares	93,578	(59)	-	-	-	-	93,519	-	93,519
Business combination	-	-	-	-	-	-	-	1,381	1,381
Transaction with non-controlling interest in subsidiaries	-	-	-	-	-	(1,948,323)	(1,948,323)	(3,553,695)	(5,502,018)
Equity instruments repurchased	-	-	(381,909)	-	-	-	(381,909)	-	(381,909)
Purchase of treasury shares	-	-	-	(403,080)	-	-	(403,080)	-	(403,080)
Unrealised exchange differences	-	-	-	-	(1,421)	-	(1,421)	-	(1,421)
Net profit for the period	-	-	-	-	-	1,847,558	1,847,558	686,165	2,533,723
Dividend declared	-	-	-	-	-	-	-	(96,835)	(96,835)
Transfer to funds	-	-	-	-	-	(427)	(427)	(1,155)	(1,582)
<b>Balance at 30 September 2016</b>	7,560,757	9,631,047	(9,426,958)	(403,080)	(1,421)	8,460,188	15,820,533	7,530,291	23,350,824

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## 21. Share capital and capital surplus

The Company's authorised and issued share capital comprises:

	30/9/2016		1/1/2016	
	Number of shares	VND million	Number of shares	VND million
<b>Authorised share capital</b>	756,075,674	7,560,757	746,717,861	7,467,179
<b>Issued share capital</b>				
Ordinary shares	756,075,674	7,560,757	746,717,861	7,467,179
<b>Treasury shares</b>				
Ordinary shares	5,835,370	403,080	-	-
<b>Shares in circulation</b>				
Ordinary shares	750,240,304	7,157,677	746,717,861	7,467,179
<b>Capital surplus</b>	-	9,631,047	-	9,631,106

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.

Capital surplus represents the excess of the proceeds on issuance of shares over the par value.

Movements in share capital during the period/year were as follows:

	From 1/1/2016 to 30/9/2016		From 1/1/2015 to 31/12/2015	
	Number of shares	Par value VND million	Number of shares	Par value VND million
Balance at beginning of the period/year	746,717,861	7,467,179	735,808,140	7,358,081
Issuance of new shares	9,357,813	93,578	10,909,721	109,098
Treasury shares purchased during the period	(5,835,370)	(58,354)	-	-
Balance at the end of the period/year	750,240,304	7,502,403	746,717,861	7,467,179

## 22. Other capital

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

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**23. Total revenue**

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

Net sales comprised:

	<b>From 1/1/2016 to 30/9/2016</b>	<b>From 1/1/2015 to 30/9/2015</b>
	VND million	VND million
Total revenue		
▪ Sales of finished goods	31,471,688	19,552,684
Less sales deductions		
▪ Sales discounts	(1,281,183)	(350,696)
▪ Sales returns	(42,427)	(73,349)
Net sales	30,148,078	19,128,639

**24. Cost of sales**

	<b>From 1/1/2016 to 30/9/2016</b>	<b>From 1/1/2015 to 30/9/2015</b>
	VND million	VND million
Total cost of sales		
▪ Finished goods sold	21,259,556	12,934,959
▪ Allowance for inventories	32,160	73,434
	21,291,716	13,008,393

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**25. Financial income**

	<b>From 1/1/2016 to 30/9/2016</b>	<b>From 1/1/2015 to 30/9/2015</b>
	VND million	VND million
Interest income from:		
▪ Deposits	409,355	264,839
▪ Other loan investing activities	115,318	247,953
Foreign exchange gains	23,204	66,005
Others	2,618	321,058
	550,495	899,855

**26. Financial expenses**

	<b>From 1/1/2016 to 30/9/2016</b>	<b>From 1/1/2015 to 30/9/2015</b>
	VND million	VND million
Interest expenses payable to:		
• Banks	234,327	433,125
• Bondholders and others	1,925,789	1,248,062
• Others	80,021	401
Foreign exchange losses	20,754	209,297
Other financial expenses	61,511	97,043
	2,322,402	1,987,928

**27. Share of profit in associates**

	<b>From 1/1/2016 to 30/9/2016</b>	<b>From 1/1/2015 to 30/9/2015</b>
	VND million	VND million
Share of profit in associates	704,698	378,760



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**28. Other income**

	<b>From 1/1/2016 to 30/9/2016</b>	<b>From 1/1/2015 to 30/9/2015</b>
	<b>VND million</b>	<b>VND million</b>
Gain on disposal of fixed assets and long-term assets	3,038	2,908
Others	4,978	29,198
	<hr/>	<hr/>
	8,016	32,106

**29. Other expenses**

	<b>From 1/1/2016 to 30/9/2016</b>	<b>From 1/1/2015 to 30/9/2015</b>
	<b>VND million</b>	<b>VND million</b>
Loss from disposal of fixed assets and long-term assets	2,870	11,774
Others	35,497	48,866
	<hr/>	<hr/>
	38,367	60,640

**30. Earnings per share**

The calculation of basic earnings per share at 30 September 2016 was based on the profit attributable to ordinary shareholders of VND1,847,558 million (30 September 2015: VND584,368 million) of the Group and a weighted average number of ordinary shares outstanding of 759,839,026 shares during the period (30 September 2015: 750,455,481 shares), calculated as follows:

*(i) Net profit attributable to ordinary shareholders*

	<b>From 1/1/2016 to 30/9/2016</b>	<b>From 1/1/2015 to 30/9/2015</b>
	<b>VND million</b>	<b>VND million</b>
Net profit attributable to ordinary shareholders	1,847,558	584,368

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**(ii) Weighted average number of ordinary shares**

	<b>From 1/1/2016 to 30/9/2016</b>	<b>From 1/1/2015 to 30/9/2015</b>
Issued ordinary shares at the beginning of the period	746,717,861	735,808,140
Effect of shares to be issued solely after the passage of time	9,724,374	11,450,353
Effect of purchase of treasury shares during the period	(291,690)	-
Effect of shares issued for cash	3,688,481	3,196,988
	<hr/>	<hr/>
Weighted average number of ordinary shares at the end of the period	759,839,026	750,455,481
	<hr/>	<hr/>

**31. Significant transactions with related parties**

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

<b>Related Party</b>	<b>Nature of transaction</b>	<b>From 1/1/2016 to 30/9/2016 VND million</b>	<b>From 1/1/2015 to 30/9/2015 VND million</b>
<b>Associate</b>			
Techcombank	Loan received	1,928,828	2,442,424
	Loan paid	1,780,171	1,192,525
	Interest expense on loans received	126,528	76,166
<b>Key management personnel</b>	Remuneration to Board of Management (*)	80,086	56,735
		<hr/>	<hr/>

(\*) *No board fees were paid to Board of Directors members in the period ended 30 September 2016 and 30 September 2015.*

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**32. Subsequent events**

**In October 2016**

The Company completed the buyback of 9.2 million shares at total amount of VND641 billion.

MSC's wholly-owned subsidiary, MSF, acquired an additional 385,000 shares of MPQ. Such transaction resulted in MSF's equity interest in MPQ being increased from 94.5% to 100%.

MSB, a subsidiary of MSC, announced to tender offer for 2,614,484 shares of VCF to increase equity interest from 60.2% to 70.0%. The transaction is subject to customary regulatory and corporate approvals as required.

**33. Explanation of the net profit movement**

The Group net profit after tax during 3Q2016 was VND1,054 billion (after amortization related to past M&A transactions) compared to VND493 billion during similar period last year. This was mainly due to 26% growth in net revenues, margin expansion in key consumer and related categories, and higher contribution from financial services associate.

Prepared by:



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28 October 2016

Approved by:



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Dr. Nguyen Dang Quang  
*Chairman*  
*Chief Executive Officer*