



**Masan Group Corporation  
and its subsidiaries**

Consolidated Interim Financial Statements for  
the six-month period ended 30 June 2016

## Masan Group Corporation Corporate Information

### Business Registration Certificate No

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.

### Board of Directors

Dr Nguyen Dang Quang  
Mr Ho Hung Anh

Chairman  
Vice Chairman  
(from 17 March 2016)

Mr Ho Hung Anh

Member  
(to 16 March 2016)

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

Member  
Member  
Member  
Member

### Board of Management

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

Chief Executive Officer  
Deputy Chief Executive Officer  
Deputy Chief Executive Officer  
Deputy Chief Executive Officer  
Deputy Chief Executive Officer  
(from 15 August 2016)

### Legal representative

Dr. Nguyen Dang Quang

Chairman

### Registered Office

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

### Auditor

KPMG Limited  
Vietnam

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

The Board of Management of Masan Group Corporation ("the Company") presents this statement and the accompanying consolidated interim financial statements of the Company and its subsidiaries (collectively "the Group") for the six-month period ended 30 June 2016.

The Board of Management is responsible for the preparation and fair presentation of the consolidated interim financial statements as at and for the six-month period ended 30 June 2016 in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial statements. In preparing those consolidated interim financial statements, the Board of Management is required to:

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

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

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

## APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

We do hereby approve the accompanying consolidated interim financial statements of the Group as of and for the six-month period ended 30 June 2016, which were prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

 Chi behalf of the Board of Management

Dr Nguyễn Đăng Quang  
Chairman  
Chief Executive Officer  
Ho Chi Minh City, Vietnam

16 August 2016



**KPMG Limited Branch**  
10<sup>th</sup> floor, Sun Vah Tower  
118 Nguyen Hue Street  
District 1, Ho Chi Minh City  
The Socialist Republic of Vietnam

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## **CONSOLIDATED INTERIM FINANCIAL STATEMENTS REVIEW REPORT**

### **To the Shareholders Masan Group Corporation**

We have reviewed the accompanying consolidated interim financial statements of Masan Group Corporation ("the Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated balance sheet as at 30 June 2016, the related consolidated statement of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 16 August 2016, as set out on pages 5 to 78.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410 Review of interim financial information performed by the independent auditor of the entity.

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

### **Auditor's Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view, in all material respects, of the consolidated financial position of the Group as of 30 June 2016 and of their consolidated results of operations and their consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

### **KPMG Limited's Branch in Ho Chi Minh City**

Vietnam  
Review Report No. 16-01-331



Châu Khánh Puay  
Practicing Auditor Registration  
Certificate No. 0864-2013-007-1  
*Deputy General Director*

Ho Chi Minh City, 18 August 2016

**Masan Group Corporation and its subsidiaries**  
**Consolidated balance sheet as at 30 June 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	30/6/2016 VND million	1/1/2016 VND million
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>18,542,478</b>	<b>16,709,473</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>6</b>	<b>8,540,118</b>	<b>8,324,476</b>
Cash	111		929,490	918,656
Cash equivalents	112		7,610,628	7,405,820
<b>Short-term financial investments</b>	<b>120</b>	<b>7</b>	<b>3,417,137</b>	<b>293,990</b>
Held-to-maturity investments	123		3,417,137	293,990
<b>Accounts receivable – short-term</b>	<b>130</b>	<b>8</b>	<b>2,266,512</b>	<b>3,126,527</b>
Accounts receivable from customers	131		1,032,112	878,130
Prepayments to suppliers	132		333,579	872,866
Receivables on short-term lending loans	135		-	762,400
Other receivables	136		933,619	641,598
Allowance for doubtful debts	137		(32,798)	(28,589)
Shortage of assets awaiting for resolution	139		-	122
<b>Inventories</b>	<b>140</b>	<b>9</b>	<b>3,972,630</b>	<b>4,417,969</b>
Inventories	141		3,993,108	4,434,592
Allowance for inventories	149		(20,478)	(16,623)
<b>Other current assets</b>	<b>150</b>		<b>346,081</b>	<b>546,511</b>
Short-term prepaid expenses	151		101,676	79,536
Deductible value added tax	152		230,530	445,579
Taxes receivables from State Treasury	153	17	13,875	21,396

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

**Masan Group Corporation and its subsidiaries**  
**Consolidated balance sheet as at 30 June 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	30/6/2016 VND million	1/1/2016 VND million
<b>Long-term assets</b> <b>(200 = 210 + 220 + 240 + 250 + 260)</b>	<b>200</b>		<b>49,907,024</b>	<b>55,140,227</b>
<b>Accounts receivable – long-term</b>	<b>210</b>	<b>8</b>	<b>2,100,563</b>	<b>10,432,139</b>
Receivables on long-term lending loans	215		675,700	8,563,114
Other long-term receivables	216		1,424,863	1,869,025
<b>Fixed assets</b>	<b>220</b>		<b>26,665,864</b>	<b>26,998,134</b>
<b>Tangible fixed assets</b>	<b>221</b>	<b>10</b>	<b>19,897,104</b>	<b>19,965,062</b>
Cost	222		23,267,222	22,597,132
Accumulated depreciation	223		(3,370,118)	(2,632,070)
<b>Finance lease tangible fixed assets</b>	<b>224</b>	<b>11</b>	<b>24,677</b>	<b>31,407</b>
Cost	225		67,300	67,300
Accumulated depreciation	226		(42,623)	(35,893)
<b>Intangible fixed assets</b>	<b>227</b>	<b>12</b>	<b>6,744,083</b>	<b>7,001,665</b>
Cost	228		7,945,173	7,906,859
Accumulated amortisation	229		(1,201,090)	(905,194)
<b>Long-term work in progress</b>	<b>240</b>		<b>5,798,178</b>	<b>5,480,035</b>
Construction in progress	242	13	5,798,178	5,480,035
<b>Long-term financial investments</b>	<b>250</b>	<b>7</b>	<b>11,660,141</b>	<b>9,144,883</b>
Investments in associates	252		11,639,407	9,124,149
Equity investments in other entity	253		21,646	21,646
Allowance for diminution in the value of long-term financial investments	254		(912)	(912)
<b>Other long-term assets</b>	<b>260</b>		<b>3,682,278</b>	<b>3,085,036</b>
Long-term prepaid expenses	261	14	2,654,395	2,042,622
Deferred tax assets	262	15	227,139	213,737
Goodwill	269	16	800,744	828,677
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>68,449,502</b>	<b>71,849,700</b>

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

**Masan Group Corporation and its subsidiaries**  
**Consolidated balance sheet as at 30 June 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	30/6/2016 VND million	1/1/2016 VND million
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>45,321,777</b>	<b>44,740,654</b>
<b>Current liabilities</b>	<b>310</b>		<b>13,407,243</b>	<b>15,005,196</b>
Accounts payable to suppliers	311		2,352,345	2,419,059
Advances from customers	312		122,071	139,989
Taxes payable to State Treasury	313	17	352,831	504,532
Payables to employees	314		255,829	257,716
Accrued expenses	315	18	2,779,583	2,875,921
Other payables – short-term	319	19	104,667	398,473
Short-term borrowings, bonds and liabilities	320	20	7,407,257	8,366,625
Bonus and welfare funds	322		32,660	42,881
<b>Long-term liabilities</b>	<b>330</b>		<b>31,914,534</b>	<b>29,735,458</b>
Accounts payable to suppliers – long-term	331		67,851	75,845
Accrued expenses – long-term	333	18	15,291	-
Other payables – long-term	337	19	32,991	97,813
Long-term borrowings, bonds and liabilities	338	20	29,525,003	27,253,112
Deferred tax liabilities	341	15	1,634,850	1,692,753
Provisions – long-term	342	21	638,548	615,935

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





Masan Group Corporation and its subsidiaries

Consolidated statement of income for the six-month period ended 30 June 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 1/1/2016 to 30/6/2016 VND million	From 1/1/2015 to 30/6/2015 VND million
Revenue from sales of goods and provision of services	01	26	20,028,253	10,624,517
Revenue deductions	02	26	886,907	210,689
<b>Net revenue (10 = 01 – 02)</b>	<b>10</b>	<b>26</b>	<b>19,141,346</b>	<b>10,413,828</b>
Cost of sales	11	27	13,566,808	6,889,569
<b>Gross profit (20 = 10 – 11)</b>	<b>20</b>		<b>5,574,538</b>	<b>3,524,259</b>
Financial income	21	28	381,787	551,377
Financial expenses	22	29	1,462,184	1,169,040
<i>In which: Interest expense</i>	23		1,397,893	970,889
Share of profit in associates	24	7	390,025	251,781
Selling expenses	25	30	2,171,067	1,541,139
General and administration expenses	26	31	896,899	706,709
<b>Net operating profit (30 = 20 + (21 - 22) + 24 - (25 + 26))</b>	<b>30</b>		<b>1,816,200</b>	<b>910,529</b>
Other income	31		7,658	23,319
Other expenses	32		31,751	24,566
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>(24,093)</b>	<b>(1,247)</b>
<b>Accounting profit before tax (50 = 30 + 40) (carried forward)</b>	<b>50</b>		<b>1,792,107</b>	<b>909,282</b>

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

Masan Group Corporation and its subsidiaries

Consolidated statement of income for the six-month period ended 30 June 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 1/1/2016 to 30/6/2016 VND million	From 1/1/2015 to 30/6/2015 VND million
Accounting profit before tax (50 = 30 + 40) (brought forward)	50		1,792,107	909,282
Income tax expense – current	51	32	383,194	296,996
Income tax benefit – deferred	52	32	(71,276)	(60,552)
Net profit after tax (60 = 50 - 51 - 52)	60		1,480,189	672,838
<b>Attributable to:</b>				
Equity holders of the Company	61		1,034,330	363,826
Non-controlling interest	62		445,859	309,012
<b>Earnings per share</b>			<b>VND</b>	<b>VND</b>
Basic earnings per share	70	34	1,367	487
Diluted earnings per share	71	34	1,367	484

16 August 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 consolidated interim financial statements

**Masan Group Corporation and its subsidiaries**  
**Consolidated statement of cash flows for the six-month period ended 30 June 2016**  
**(Indirect method)**

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

	Code	Note	From 1/1/2016 to 30/6/2016 VND million	From 1/1/2015 to 30/6/2015 VND million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Accounting profit before tax	01		1,792,107	909,282
Adjustments for				
Depreciation and amortisation	02		1,108,252	791,890
Allowances and provisions	03		50,035	50,851
Net unrealised foreign exchange	04		230	107,494
Profits from investing activities	05		(737,826)	(770,411)
Interest expense	06		1,397,893	970,889
<b>Operating profit/(loss) before changes in working capital</b>	<b>08</b>		<b>3,610,691</b>	<b>2,059,995</b>
Decrease/(increase) in receivables and other assets	09		131,654	(50,407)
Decrease/(increase) in inventories	10		426,564	(905,572)
(Decrease)/increase in payables and other liabilities	11		(356,137)	975,858
Increase in prepaid expenses	12		(132,794)	(15,978)
			<b>3,679,978</b>	<b>2,063,896</b>
Interest paid	14		(1,427,011)	(870,972)
Corporate income tax paid	15		(451,382)	(862,180)
Other payments for operating activities	17		(12,303)	(4,835)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>1,789,282</b>	<b>325,909</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets and other long-term assets	21		(1,523,083)	(1,625,372)
Proceeds from disposals of fixed assets and other long-term assets	22		6,938	1,960
Payment for granted loans and term deposits at banks	23		(46,979,610)	(30,643,889)
Receipts from collected loans and term deposits receipts	24		52,506,277	26,510,191
Payments for investments	25		(21,917,909)	(2,248,791)
Proceed from disposal of investments	26		206,218	3,129,193
Receipts of interest, dividend and others	27		772,276	527,519
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(16,928,893)</b>	<b>(4,349,189)</b>

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

**Masan Group Corporation and its subsidiaries**  
**Consolidated statement of cash flows for the six-month period ended 30 June 2016**  
**(Indirect method - continued)**

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

	Code	Note	From 1/1/2016 to 30/6/2016 VND million	From 1/1/2015 to 30/6/2015 VND million
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of new shares and equity issued to non-controlling interest	31		14,440,876	-
Payment for repurchase of equity instruments	32		(266,927)	-
Proceeds from borrowings	33		12,370,559	18,032,606
Payments to settle borrowings	34		(11,068,466)	(8,989,349)
Payments to settle finance lease liabilities	35		(6,831)	-
Payments of dividends to non-controlling interest of subsidiaries	36		(115,312)	(634,865)
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>15,353,899</b>	<b>8,408,392</b>
<b>Net cash flows during the period (50 = 20 + 30 + 40)</b>	<b>50</b>		<b>214,288</b>	<b>4,385,112</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 fluctuations on cash and cash equivalents</b>	<b>61</b>		<b>1,354</b>	<b>3,892</b>
<b>Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)</b>	<b>70</b>	<b>6</b>	<b>8,540,118</b>	<b>9,555,419</b>

16 August 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 consolidated interim financial statements*

**Masan Group Corporation and its subsidiaries**  
**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016**

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

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

**1. Reporting entity**

**(a) Ownership structure**

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

The consolidated interim financial statements comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates.

As at 30 June 2016, the Group has 47 subsidiaries and 7 associates (1/1/2016: 43 subsidiaries and 6 associates).

**(b) Principal activities**

The principal activity of the Company is investment holding.

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

**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

(Issued under Circular No. 292/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance) Form B 09a – DN/BN

Number	Name	Principal activity	Address	Percentage of economic interests at 30/6/2016	1/1/2016
<b>Subsidiaries</b>					
<b>Direct subsidiaries</b>					
1	Masan Consumer Holdings Company Limited ("MCH")	Investment holding	Suite 802, 8th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam	85.7%	100.0%
2	Masan Horizon Corporation ("MH")	Investment holding	Suite 802, 8th Floor, Central Tower, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	99.9%	99.9%
3	Masan Nutri-Science Corporation (formerly known as Masan Nutri-Science Company Limited) ("MNS")	Investment holding	10th Floor, Central Tower, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	89.7%	99.9%
<b>Indirect subsidiaries</b>					
1	Masan Brewery Company Limited ("MB")	(i) Investment holding	Suite 802, 8th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam	57.1%	100.0%
2	Masan Master Brewer Company Limited ("MMBr")	(i) Beer and beverage trading	10th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	57.1%	100.0%
3	Masan Brewery FY One Member Company Limited ("MBPY")	(i) Beer and beverage manufacturing	Hoa Hiep Industrial Park, Hoa Hiep Bac Ward, Dong Hoa District, Phu Yen Province, Vietnam	57.1%	100.0%
4	Masan Brewery HG One Member Company Limited ("MBHG")	(i) Beer and beverage manufacturing	Song Hau Industrial Park, Dong Phu Ward, Chau Thamb District, Hau Giang Province, Vietnam	57.1%	100.0%

**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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

Number	Name	Principal activity	Address	Percentage of economic interests at 30/6/2016	1/1/2016
5	Masan Brewery Distribution One Member Company Limited ("MBD")	(1) Beer and beverage trading	10th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	57.1%	100.0%
6	Masan Consumer Corporation ("MSC")	(1) Trading and distribution	12th Floor, Kumho Asiana Plaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam	82.4%	77.8%
7	Masan Food Company Limited ("MSF")	(1) Trading and distribution	12th Floor, Kumho Asiana Plaza Saigon, 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam	82.4%	77.8%
8	Masan Industrial One Member Company Limited ("MSI")	(1) Seasonings, convenience food manufacturing and packaging	Lot 6, Tan Dong Hiep A Industrial Park, Di An District, Binh Duong Province, Vietnam	82.4%	77.8%
9	Viet Tien Food Technology One Member Company Limited ("VTF")	(1) Seasonings manufacturing	Lot III-10-Industrial Group III, Tan Binh Industrial Park, Tan Phu District, Ho Chi Minh City, Vietnam	82.4%	77.8%
10	Masan HD One Member Company Limited ("MHD")	(1) Convenience food manufacturing	Lot 22, Dai An Industrial Park, Tu Minh Ward, Hai Duong City, Hai Duong Province, Vietnam.	82.4%	77.8%
11	Ma San PQ Corporation ("MPQ")	(1) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam.	77.8%	73.5%
12	Nam Ngu Phu Quoc One Member Company Limited ("NPQ")	(1) Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam.	82.4%	-
13	VinaCafe Bien Hoa Joint Stock Company ("VCF")	(1) Beverage manufacturing	Bien Hoa Industrial Zone I, Bien Hoa City, Dong Nai Province, Vietnam	49.6%	41.4%



**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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

**Form B 09a – DN/HIN**

**Percentage of economic interests at 30/6/2016 1/1/2016**

<b>Number</b>	<b>Name</b>	<b>Principal activity</b>	<b>Address</b>	<b>Percentage of economic interests at 30/6/2016</b>	<b>Percentage of economic interests at 1/1/2016</b>
14	CDN Production Trading Corporation ("CDN")	(0) Beverage trading and manufacturing	10 Noi Bo Hung Gia 2, Tam Phong Ward, District 7, Ho Chi Minh City, Vietnam	42.1%	-
15	Vinh Hao Mineral Water Corporation ("VHC")	(0) Beverage manufacturing	Vinh Son Hamlet, Vinh Hao Commune, Toy Phong District, Binh Thuan Province, Vietnam.	72.9%	49.7%
16	Kronfa, JSC ("KRF")	(0) Beverage manufacturing	Km37, National Road 27, Tam Son Town, Ninh Son District, Ninh Thuan Province, Vietnam	72.9%	49.7%
17	Masan Beverage Company Limited ("MSB")	(0) Beverage trading and distribution	12th Floor, Kambo Asiana Plaza Saigon – 39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.	82.4%	77.8%
18	Masan DN One Member Company Limited ("MDN")	(0) Seasonings, convenience food manufacturing and packaging	Street No. 7, Hoa Khanh Industrial Park, Hoa Khanh Bac Ward, Lien Chieu District, Da Nang City, Vietnam.	82.4%	77.8%
19	Masan MB One Member Company Limited ("MMB")	(0) Seasonings, convenience food manufacturing and packaging	Area B, Nam Cam Industrial Park – Deng Nam Nghe An Economic Zone, Nghi Long Commune, Nghi Lo District, Nghe An Province, Vietnam.	82.4%	77.8%
20	Masan HG One Member Company Limited ("MHG")	(0) Convenience food manufacturing and packaging	Song Hau Industrial Park, Dong Phu Ward, Chau Thanh District, Hau Giang Province, Vietnam.	82.4%	77.8%
21	Saigon Nutri Food Joint Stock Company ("SNF")	(0) Convenience food manufacturing	Lot K4, No.2 Street, Song Than 2 Industrial Park, Di An Ward, Di An Town, Binh Duong Province, Vietnam	82.4%	77.8%
22	Quang Ninh Mineral Water Corporation ("QNW")	(0) Beverage manufacturing and trading	Group 3A, Area 4, Suoi Mo, Bai Chay Ward, Ha Long City, Quang Ninh Province, Vietnam.	54.1%	50.6%

**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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**Form B 09a – DN/HN**

**Percentage of**

**economic interests at**  
**30/6/2016 1/1/2016**

<b>Number</b>	<b>Name</b>	<b>Principal activity</b>	<b>Address</b>	<b>Percentage of economic interests at 30/6/2016</b>	<b>Percentage of economic interests at 1/1/2016</b>
23	Mapleleaf Company Limited ("ML")	(ii) Investment holding	Suite 802, 8th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	99.9%	99.9%
24	Masan Resources Corporation (formerly known as Ma San Resources Corporation) ("MR")	(ii) Investment holding	Suite 802, 8th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	72.7%	72.7%
25	Masan Thai Nguyen Resources Company Limited (formerly known as Ma San Thai Nguyen Resources Company Limited) ("MRTN")	(ii) Investment holding	Suite 802, 8th Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam	72.7%	72.7%
26	Thai Nguyen Trading and Investment Company Limited ("TNTI")	(ii) Investment holding	8th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	72.7%	72.7%
27	Nai Phao Mining Company Limited ("NPM")	(ii) Exploring and processing mineral	Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam	72.7%	72.7%
28	Nai Phao – H.C. Sarek Tungsten Chemicals Manufacturing LLC ("NPHCS")	(ii) Deep processing of nonferrous metals and precious metals (tungsten)	Hamlet 11, Ha Thuong Commune, Dai Tu District, Thai Nguyen Province	37.1%	37.1%
29	Kenji Company Limited ("Kenji")	(iii) Investment holding	6th Floor, Me Linh Point Tower, 2 Ngo Duc Ke Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	89.7%	99.9%
30	Shika Company Limited ("Shika")	(iii) Investment holding	6th Floor, Me Linh Point Tower, 2 Ngo Duc Ke Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	89.7%	99.9%

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**Percentage of**  
**economic interests at**  
**30/6/2016 1/1/2016**

<b>Number</b>	<b>Name</b>	<b>Principal activity</b>	<b>Address</b>	<b>Percentage of economic interests at 30/6/2016</b>	<b>Percentage of economic interests at 1/1/2016</b>
31	Meiji Corporation ("Meiji")	(iii) Investment holding	12nd Floor, Kumho Asiana Plaza Saigon Tower, 39 Le Duau Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	89.7%	99.9%
32	Agro Nutrition International Joint Stock Company ("ANCO")	(iii) Animal protein	Lot A4, Street No. 2, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	89.7%	70.0%
33	Aqua Nutrition International Joint Venture Co., Ltd ("ANCO Vinh Long")	(iii) Animal protein	Area 4, Co Chien Industrial Park, Long Ho District, Vinh Long Province, Vietnam	89.7%	70.0%
34	Agro Nutrition International Binh Dinh One Member Limited Company ("ANCO Binh Dinh")	(iii) Animal protein	Lot B4.06, Nhon Hoi Industrial Park (Area A), Nhon Hoi District, Quy Nhon Town, Binh Dinh Province, Vietnam	89.7%	70.0%
35	Agro Nutrition International Thai Nguyen Limited Company ("ANCO Thai Nguyen")	(iii) Animal protein	Lot B5- B6, Trung Thanh Industrial Park, Trung Thanh District, Pho Yen Town, Thai Nguyen Province, Vietnam	89.7%	70.0%
36	Agro Nutrition International Tien Giang One Member Limited Company ("ANCO Tien Giang")	(iii) Animal protein	Lot 22-23B, Long Giang Industrial Park, Tan Lap 1 Ward, Tan Phouse District, Tien Giang Province, Vietnam	89.7%	70.0%
37	Agro Nutrition International Nghe An Company Limited ("ANCO Nghe An")	(iii) Animal protein	C Area, Nam Can Industrial Park, South East Nghe An industrial zone, Nghi Xu Ward, Nghi Loac District, Nghe An Province, Vietnam	89.7%	70.0%



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**Form B 09a – DN/HIN**

**Percentage of  
economic interests at  
30/6/2016 1/1/2016**

<b>Number</b>	<b>Name</b>	<b>Principal activity</b>	<b>Address</b>	<b>Percentage of economic interests at 30/6/2016</b>	<b>Percentage of economic interests at 1/1/2016</b>
38	Agro Nutrition International Hau Giang One Member Limited Liability Company ("ANCO Hau Giang")	(iii) Animal protein	Tan Phu Thanh Industrial Park – phase 1, Chau Thanh A District, Hau Giang Province, Vietnam	89.7%	70.0%
39	Masan Nutri-Farm Limited Liability Company ("MNF")	(ii) Breeding swine	Lot A4, Street No. 2, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	89.7%	-
40	Masan Nutri-Farm (N.A) LLC ("MNF N.A")	(iii) Breeding swine	Con Son Village, Ha Son Commune, Quy Hop District, Nghe An Province	89.7%	-
41	Vietnamese – French Cattle Feed Joint Stock Company ("Proconco")	(iii) Animal protein	Bien Hoa I Industrial Zone, Bien Hoa City, Dong Nai Province, Vietnam	67.4%	68.6%
42	Proconco Can Tho Co., Ltd. ("Proconco Can Tho")	(iii) Animal protein	Lot 13, 14 Industrial Park Tra Noc 1, Tra Noc Ward, Binh Thuy District, Can Tho City, Vietnam	67.4%	68.6%
43	Con Co Binh Dinh Co., Ltd. ("Proconco Binh Dinh")	(iii) Animal protein	Lot A-2-5 and Lot A-2-6, Nhon Hoa Industrial Park, Nhon Hoa Ward, An Nhon Town, Binh Dinh Province, Vietnam	67.4%	68.6%
44	Proconco Hung Yen Manufacturing and Trading Company Limited (formerly known as Toan Loi Manufacturing and Trading Company Limited) ("Proconco Hung Yen")	(ii) Animal protein	Yen Phu Hamlet, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam	67.4%	68.6%

**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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**Associates**

<b>Number</b>	<b>Name</b>	<b>Principal activity</b>	<b>Percentage of economic interests at 30/6/2016</b>	<b>1/1/2016</b>
<i>Direct associate</i>				
1	Vietnam Technological and Commercial Joint Stock Bank ("Techcombank")	Banking	19.5%	19.5%
<i>Indirect associates</i>				
1	Cholimex Food Joint Stock Company ("Cholimex")	(iv) Seasonings manufacturing and trading	32.8%	32.8%
2	Thuan Phat Packing Joint Stock Company ("Thuan Phat")	(v) Packing manufacturing	25.0%	25.0%
3	Loc Khang Joint Stock Company ("Loc Khang")	(v) Animal protein	26.2%	26.2%
4	Abattoir Long Binh Joint Stock Company ("Abattoir")	(v) Animal protein	25.0%	25.0%
5	Dong Nai Producing, Trading and Service Joint Stock Company ("Donatraco")	(v) Animal protein	21.3%	21.3%
6	Vissan Joint Stock Company ("Vissan")	(v) Food manufacturing and retailing	24.9%	-

**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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

All the subsidiaries and associates are incorporated in Vietnam.

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

As at 30 June 2016, the Group had 9,627 employees (1/1/2016: 9,754 employees).

**(c) Normal operating cycle**

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

**2. Basis of preparation**

**(a) Statement of compliance**

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

**(b) Basis of measurement**

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

**(c) Annual accounting period**

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

**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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**(d) Accounting and presentation currency**

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

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

**3. Summary of significant accounting policies**

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

**(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 treated as a deemed distribution to or contribution from shareholders and recorded directly in undistributed profits after tax under equity.

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

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

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

**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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

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

**(iii) Subsidiaries**

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated interim financial statements from the date that control commences until the date that control ceases.

**(iv) Associates (equity accounted investees)**

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for in the consolidated interim financial statements using the equity method (equity accounted investees). The consolidated interim financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.



**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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**(v) Non-controlling interests (“NCI”)**

NCI are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group’s share of net assets of the subsidiary and any consideration paid or received is recorded directly in undistributed profits after tax under equity, except where such difference arises from a transaction that is contractually linked to an issuance of shares or capital contribution at a premium or surplus in which case the difference is recorded in other capital.

**(vi) Transactions eliminated on consolidation**

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated interim financial statements. Unrealised gains and losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee.

**(b) 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.

**(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 and loans receivable held to maturity. These investments are stated at costs less allowance for doubtful debts.

**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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

Equity investments in other entity of which the Company has no control or significant influence are initially recognised at cost, which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investment are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the 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 recognised

**(e) Accounts receivable**

Accounts receivable from customers and other receivables are stated at cost less allowance for doubtful debts.

**(f) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and 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, are normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure have resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure are capitalised as an additional cost of tangible fixed assets.

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

**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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**(ii) Depreciation**

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

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

*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.

**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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

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

**(ii) Software**

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

**(iii) Brand name**

Cost of acquisition of brand name is capitalised 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 recognised as an intangible asset and is amortised on a straight-line basis ranging from 10 to 20 years.

**(iv) Customer relationships**

Customer relationships that are acquired by the Group in the acquisition of subsidiary are capitalised and presented as an intangible asset.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of customer relationships is amortised on a straight line basis over their useful lives ranging from 5 to 20 years.

**(v) Mineral water resources**

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

Fair values of mineral water resources acquired in a business combination are determined using either the direct comparison method or the multi-period excess earnings method. The direct comparison approach estimates the value of mineral resources by comparing recent asking/transacted price of similar interests located in a similar area. In the multi-period excess earnings method, subject assets are valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of mineral water resources are amortised on a straight line basis over their useful lives ranging from 10 to 37 years.

**Masan Group Corporation and its subsidiaries**

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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 capitalised and treated as an intangible asset. Amortisation of mining rights fees is computed on a straight-line basis over the period of the economic life of the mine reserves.

**(vii) Technology**

Technology that are acquired by the Group in the acquisition of subsidiary are capitalised 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 amortised 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 capitalised and treated as an intangible asset. Amortisation is computed on a straight-line basis over their useful lives ranging from 9 to 30 years.

**(j) Construction in progress**

Construction in progress represents the 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 recognised at their fair value as part of business combination accounting and subsequent development expenditure are capitalised net of proceeds from the sale of ore extracted during the development phase. On completion of development, defined as the time when saleable materials begin to be extracted from the mine, all assets are reclassified to either "machinery or equipment" or "mining properties" in tangible fixed assets or in long-term prepaid expenses.

**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

**Form B 09a – DN/HN**

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

**(k) Long-term prepaid expenses**

**(i) Other mining costs**

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

Other mining costs comprise:

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

*Deferred stripping costs*

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

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

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

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

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

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

**(ii) Pre-operating expenses**

Pre-operating expenses are recorded in the consolidated statement of income, except for establishment costs and expenditures on training, advertising and promotional activities incurred from the incorporation date to the commercial operation date. These expenses are recognised as long-term prepayments, initially stated at cost, and are amortised 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 recognised 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 recognised in the consolidated 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 amortised 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 amortised on a straight-line basis not more than 3 years.

**(vi) Goodwill from equitisation**

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

**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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**(l) Goodwill**

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

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

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

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

**(m) Trade and other payables**

Account payables to suppliers and other payables are stated at their cost.

**(n) Provisions**

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

***Mining rights***

In accordance with the Law on Minerals 2010, a subsidiary of the Company has an obligation to pay the government fees for mining rights grant. The mining rights 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 recognised as intangible fixed assets.

***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.



## **Masan Group Corporation and its subsidiaries**

### **Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of closure and rehabilitation activities is recognised in mining properties and depreciated accordingly. The value of the provision is progressively increased over time as the effect of the discounting unwinds, creating an expense recognised in financial expenses.

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

#### ***Severance allowance***

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

Provision for severance allowance to be paid to the existing eligible employees as of 30 June 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 amortised on a straight-line basis over the term of the bond.

#### **(p) Derivative financial instruments**

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

**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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**(q) Taxation**

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

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

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

A deferred tax asset is recognised 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.

**(r) Equity**

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

Ordinary shares are stated at par value. The difference between proceeds from issuance of shares over the par value is recorded in capital surplus. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from capital surplus.

**(ii) Other capital**

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

**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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**(s) Revenue**

**(i) Goods sold**

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

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

**(ii) Services rendered**

Revenue from services rendered is recognised in the consolidated statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed as certified by the customers following the contract terms. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(t) Financial income and financial expenses**

**(i) Financial income**

Financial income comprises interest income from deposits and loans and foreign exchange gains. Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

**(ii) Financial expenses**

Financial expenses comprise interest expenses on borrowings, interest costs, foreign exchange losses and realised losses from derivative financial instruments. Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of tangible fixed assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the fixed assets concerned.

**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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**(u) Operating lease payments**

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

**(v) Earnings per share**

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

**(w) 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.

**(x) 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 shareholders and their ultimate parent company and their subsidiaries and associates.

**(y) Share-based payments**

Shares issued to employees are recorded at their par value.

#### **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
- Animal protein
- Others: mining and processing; financial services.

**Masan Group Corporation and its subsidiaries**

**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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(a) Business segments	Food and beverage		Animal protein		Others		Total	
	From 1/1/2016 to 30/6/2016 VND million	From 1/1/2015 to 30/6/2015 VND million	From 1/1/2016 to 30/6/2016 VND million	From 1/1/2015 to 30/6/2015 VND million	From 1/1/2016 to 30/6/2016 VND million	From 1/1/2015 to 30/6/2015 VND million	From 1/1/2016 to 30/6/2016 VND million	From 1/1/2015 to 30/6/2015 VND million
Segment revenue	6,345,379	5,881,410	11,050,500	3,331,792	1,745,467	1,200,626	19,141,346	10,413,828
Segment gross margin	2,613,698	2,527,413	2,462,761	622,054	498,079	374,792	3,374,538	3,524,259
Segment results	903,808	652,291	1,030,911	159,590	374,134	(22,004)	2,308,853	789,877
Net unallocated expenses							(828,664)	(117,039)
Net profit							1,480,189	672,838



## Masan Group Corporation and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)

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### 5. Business combination

#### *Acquisition of CDN Production Trading Corporation (“CDN”)*

In May 2016, VCF, a subsidiary of the Company, completed the acquisition of 85.0% equity interest of CDN for a consideration of VND35,000 million, including transaction costs. Such acquisition resulted in the Company gaining 42.1% effective equity interest in CDN as at 30 June 2016.

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

	Pre-acquisition carrying amounts VND million	Fair value adjustments VND million	Recognised value on acquisition VND million
Cash and cash equivalents	23,444	-	23,444
Accounts receivable – short-term	362	-	362
Prepayment to suppliers	20,894	-	20,894
Other receivables	394	-	394
Inventories	4,438	-	4,438
Other current assets	3,186	-	3,186
Tangible fixed assets	8,023	-	8,023
Construction in progress	513	-	513
Long-term prepaid expenses	1,203	-	1,203
Deferred tax assets	29	-	29
Current liabilities	(3,281)	-	(3,281)
Short-term borrowings	(50,000)	-	(50,000)
<b>Total net identifiable assets acquired</b>	<b>9,205</b>	<b>-</b>	<b>9,205</b>
Share of net assets acquired			7,824
Goodwill on acquisition (Note 16)			27,176
<b>Total consideration</b>			<b>35,000</b>
Cash acquired			(23,444)
<b>Net cash outflow</b>			<b>11,556</b>

Goodwill acquired in the acquisition is attributable mainly to synergies which management expect to realise by integrating CDN into the Group’s existing business.

The acquisition was in May 2016. Therefore the contribution of revenue and net loss after tax of acquired business to the Group’s results during the period from the acquisition date to 30 June 2016 is insignificant.



**Masan Group Corporation and its subsidiaries****Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)****Form B 09a – DN/11N***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***6. Cash and cash equivalents**

	<b>30/6/2016</b>	<b>1/1/2016</b>
	<b>VND million</b>	<b>VND million</b>
Cash on hand	9,280	8,379
Cash in banks	906,795	909,225
Cash in transit	13,415	1,052
Cash equivalents	7,610,628	7,405,820
	<hr/>	<hr/>
	8,540,118	8,324,476
	<hr/>	<hr/>

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

**7. Investments**

	<b>30/6/2016</b>	<b>1/1/2016</b>
	<b>VND million</b>	<b>VND million</b>
<b>Short-term financial investments</b>		
Held-to-maturity investments - short-term (a)	3,417,137	293,990
	<hr/>	<hr/>
<b>Long-term financial investments</b>		
Investment in associates (b)	11,639,407	9,124,149
Equity investments in other entity (c)	21,646	21,646
Allowance for diminution in the value of long-term financial investments	(912)	(912)
	<hr/>	<hr/>
	11,660,141	9,144,883
	<hr/>	<hr/>

**(a) Held-to-maturity investments**

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

**Masan Group Corporation and its subsidiaries**  
**Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)**

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**(b) Investment in associates**

	30/6/2016			1/1/2016					
	% of equity owned	% of voting rights	Carrying value at equity accounted VND million	Allowance for diminution in value VND million	% 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%	9,223,095	-	(**)	19.5%	8,838,067	-	(**)
Cholimex Food Joint Stock Company ("Cholimex")	32.8%	32.8%	252,939	-	(**)	32.8%	254,802	-	(**)
Thuan Phat Packing Joint Stock Company ("Thuan Phat")	25.0%	25.0%	7,890	-	(**)	25.0%	8,954	-	(**)
Loe Khang Joint Stock Company ("Loe Khang")	26.2%	26.2%	3,802	-	(**)	26.2%	5,016	-	(**)
Abattoir Long Binh Joint Stock Company ("Abattoir")	25.0%	25.0%	6,922	-	(**)	25.0%	8,508	-	(**)
Doong Nai Producing Trading Services Joint Stock Company ("Donatraco")	21.3%	21.3%	9,269	-	(**)	21.3%	8,802	-	(**)
Vissan Joint Stock Company ("Vissan")	24.9%	24.9%	2,135,490	-	(**)	-	-	-	-
			11,639,407	-	(**)		9,124,149	-	(**)

**Masan Group Corporation and its subsidiaries**

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

	Techcombank VND million	Cholimes VND million	Thuan Phat VND million	Loe Khang VND million	Abattoir VND million	Donatraco VND million	Vissan VND million	Total VND million
Opening balance	8,838,067	254,802	8,954	5,016	8,508	8,802	-	9,124,149
Additions	-	-	-	-	-	-	2,135,490	2,135,490
Share in post-acquisition profits/(loss) of associates during the period	385,028	3,457	162	(258)	914	722	-	390,025
Dividends declared	-	(5,320)	(1,226)	(956)	(2,500)	(255)	-	(10,257)
Closing balance	9,223,095	252,939	7,890	3,802	6,922	9,269	2,135,490	11,639,407

(\*) Investment in Techcombank represents investment in 30.4% (1/1/2016: 30.4%) of the effective economic interest in Techcombank as of 30 June 2016. The Group's effective economic interest includes 12.0% through direct equity interest (net of dilutive impact of convertible bonds on current equity interest of 15.0%), 3.6% indirect equity interest through Mapleleaf Company Limited (net of dilutive impact of convertible bonds on current equity interest of 4.5%), and 14.7% through 10 years 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.

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

Masan Group Corporation and its subsidiaries

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(c) Equity investments in other entity

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

	% of equity owned	% of voting rights	30/6/2016 and 1/1/2016		Fair value VND million
			Cost VND million	Allowance for diminution in value VND million	
PTSC Dinh Vu Port Company	5.9%	5.9%	21,646	(912)	(*)

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

(d) Transactions in subsidiaries for the six-month period ended 30 June 2016 – transactions with non-controlling interests

(i) Transaction with non-controlling interests in MCH

In January 2016, Singha Asia Holdings Pte. Ltd ("Singha") invested VND14,317,297 million to MCH and MB to acquire equity interests of 14.3% and 33.3%, respectively.

In addition, in January 2016, MCH increased its equity interests in MSC from 77.8% to 96.7% by purchasing from non-controlling interest shares for total consideration of VND17,470,697 million, including transaction cost.

As a result of these transactions, economic interest of the Company in MCH, MSC and MB were changed to 85.7% (1/1/2016: 100%), 82.8% (1/1/2016: 77.8%) and 57.1% (1/1/2016: 100%), respectively, resulting in the following effects:

	VND million
Cash received	14,317,297
Net assets diluted	(510,302)
Cost of acquisition, cash paid	(17,470,697)
Net assets acquired	2,171,514
Differences recorded in undistributed profits after tax	(1,492,188)

Pursuant to Agreement between Singha and MCH, Singha has the right to pay a second subscription amount of USD450 million in exchange for an additional 10.7% equity interest in MCH (totally 25%). The second subscription amount has not been made as of the date of issuance of the consolidated interim financial statements.

**Masan Group Corporation and its subsidiaries**

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In January and April 2016, MSB purchased 3,223,929 shares of VHC for total consideration of VND137,197 million, including transaction cost. As a result of this transaction, economic interest of MSB in VHC increased by 24.6% to 88.6%, resulting in the following effects:

	<b>VND million</b>
Cost of acquisition, cash paid	(137,197)
Net assets acquired	136,291
	<hr/>
Differences recorded in undistributed profits after tax	(906)
	<hr/>

In February 2016, MSB purchased 1,850,000 shares of VCF for total consideration of VND290,595 million, including transaction cost. As a result of this transaction, economic interest of MSB in VCF increased by 7.0% to 60.2%, resulting in the following effects:

	<b>VND million</b>
Cost of acquisition, cash paid	(290,595)
Net assets acquired	169,605
	<hr/>
Differences recorded in undistributed profits after tax	(120,991)
	<hr/>

In February 2016, MSB also purchased 54,100 shares of QNW for total consideration of VND623 million, including transaction cost. As a result of this transaction, economic interest of MSB in QNW increased by 0.7% to 65.7%, resulting in the following effects:

	<b>VND million</b>
Cost of acquisition, cash paid	(623)
Net assets acquired	1,243
	<hr/>
Differences recorded in undistributed profits after tax	620
	<hr/>

**Masan Group Corporation and its subsidiaries****Notes to the consolidated interim financial statements for the six-month period ended 30****June 2016 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

In June 2016, MSC issued shares to certain employees under its employee share based payment plan after obtaining shareholder's approval at its Annual General Meeting, resulting in the following effects:

	VND million
Shares issued at par not subscribed by the Group, net of transaction costs	30,000
Net assets diluted	(50,035)
	<hr/>
Differences recorded in undistributed profits after tax	(20,035)

**(ii) Transactions with non-controlling interests in MNS**

In March, April and June 2016, the Company sold 10.2% its equity interest in MNS for a consideration of VND206,218 million, resulting in the following effects:

	VND million
Transaction amount, net of cash received	206,218
Net assets diluted	(259,526)
	<hr/>
Differences recorded in undistributed profits after tax	(53,308)

In January 2016, Kenji purchased 10,412,088 shares of Proconco for total consideration of VND283,209 million, including transaction cost. As a result of this transaction, economic interest of the Company in Proconco increased by 6.6% to 75.2%, resulting in the following effects:

	VND million
Cost of acquisition, cash paid	(283,209)
Net assets acquired	392,580
	<hr/>
Differences recorded in undistributed profits after tax	109,371

In May 2016, MNS purchased 30.0% of the equity interests of ANCO (increased MNS's equity interest in ANCO to 99.9%) for a total consideration of VND1,447,336 million, resulting in the following effects:

	VND million
Cost of acquisition, cash paid	(1,447,336)
Net assets acquired	1,363,196
	<hr/>
Differences recorded in undistributed profits after tax	(84,140)

**Masan Group Corporation and its subsidiaries**  
**Notes to the consolidated interim financial statements for the six-month period ended 30**  
**June 2016 (continued)**

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**(f) Significant transactions in subsidiaries in prior years**

In 2014, MCH granted the right to acquire certain equity interests in MCH for a subscription price of VND525,900 million to PENM III Germany GmbH & Co. Kg at a pre-agreed valuation which can be exercised after 4 years. MCH has the ability to settle the option by issuing new equity capital of MCH or the Company or its affiliates can transfer their equivalent interests in MCH's capital.

***Transactions with non-controlling interests in MR***

On 25 January 2013, BI Private Equity New Market III K/S ("PENM II") subscribed for 15,902,430 mandatorily convertible preference shares in MR for a cash consideration of VND520,709 million. The holders of these mandatorily convertible preference shares shall be paid fixed dividends ranging from 3.0% to 10.0% per annum on the principal amount and the preference shares are mandatorily convertible into ordinary shares within 4 years. The preference shares also confer onto PENM II the right to receive dividends declared to ordinary shareholders in proportion to their shareholding and are automatically converted to ordinary shares in the event of the liquidation of MR.

As part of the agreement, MR is able to exercise its right to convert or force convert the preference shares to ordinary shares according to the terms of the agreement.

**8. Accounts receivable – short-term and long-term**

As at 30 June 2016, a part of short-term receivable of an indirect subsidiary is pledged with banks as security for loans granted to that subsidiary (see Note 20).

As at 30 June 2016, prepayments to suppliers of the Group amounting to VND146,045 million (1/1/2016: VND200,850 million) were related to construction in progress.

As at 30 June 2016, no prepayment for land use rights of the Group (1/1/2016: VND51,959 million) was pledged with the bank as security for loans granted to a subsidiary.

Loan receivables comprised:

	<b>30/6/2016</b>	<b>1/1/2016</b>
	<b>VND million</b>	<b>VND million</b>
<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 (*)	675,700	8,563,114
<hr/>		

**Masan Group Corporation and its subsidiaries****Notes to the consolidated interim financial statements for the six-month period ended 30 June 2016 (continued)****Form B 09a – DN/HN***(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

- (\*) The receivables on short-term and long-term lending loans were a result of the Group's cash management operations to maximise its financial interest income on its more liquid assets. In 2016, VND9,669,214 million of short-term and long-term lending loans were collected.

As at 30 June 2016, long-term lending loans earn interest at a rate of 6.5% per annum. The loan shall be matured in 2018 and the interest is receivable at maturity date, unless repaid earlier.

Other receivables comprised:

	30/6/2016 VND million	1/1/2016 VND million
<b>Other short-term receivables</b>		
Receivables from sales of claims	256,200	256,200
Non-trade receivables from a related party (**)	142,244	142,244
Short-term deposits	252,132	46,820
Accrued interest receivable from deposits	48,947	11,773
Services receivable	11,547	11,547
Advances	9,929	7,359
Others	212,620	165,655
	<hr/> 933,619	<hr/> 641,598
<b>Other long-term receivables</b>		
Long-term deposit	54,163	45,836
Accrued interest receivable from other loan investing activities	13,432	440,103
Others (***)	1,357,268	1,383,086
	<hr/> 1,424,863	<hr/> 1,869,025

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

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



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Movements of allowance for doubtful debts were as follows:

	From 1/1/2016 to 30/6/2016 VND million	From 1/1/2015 to 31/12/2015 VND million
Opening balance	28,589	2,064
Acquisition from a subsidiary	-	24,864
Increase in allowance during the period/year	5,199	3,169
Utilised	-	(599)
Written back	(990)	(909)
Closing balance	32,798	28,589

**9. Inventories**

	30/6/2016		1/1/2016	
	Cost VND million	Allowance VND million	Cost VND million	Allowance VND million
Goods in transit	458,863	-	912,443	-
Raw materials	1,897,887	(13,614)	1,939,680	(10,283)
Tools and supplies	709,096	-	699,637	-
Work in progress	178,039	-	168,151	-
Finished goods	640,283	(6,856)	705,969	(5,906)
Merchandise inventories	13,402	(8)	4,453	(434)
Goods on consignment	95,538	-	4,259	-
	3,993,108	(20,478)	4,434,592	(16,623)

As at 30 June 2016, certain inventories of the Group were pledged with banks as security for loans granted to subsidiaries (see Note 20).

Movements in the allowance for inventories were as follows:

	From 1/1/2016 to 30/6/2016 VND million	From 1/1/2015 to 31/12/2015 VND million
Opening balance	16,623	22,318
Increase in allowance during the period/year	27,514	94,987
Allowance utilised during the period/year	(19,358)	(99,505)
Written back	(4,301)	(1,177)
Closing balance	20,478	16,623

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**10. Tangible fixed assets**

Cost	Mining	Buildings	Leasehold	Office	Machinery and	Motor	Total
	properties	and structures	improvements	equipment	equipment	vehicles	
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Opening balance	5,026,292	3,910,138	25,761	114,168	13,396,141	124,632	22,597,132
Acquisition on business combinations (Note 5)	-	-	-	67	7,432	524	8,023
Additions	-	625	-	1,695	2,354	-	4,674
Transfer from construction in progress	-	59,078	52,673	11,124	549,489	4,188	676,552
Transfer (to)/from long-term prepaid expenses	-	(1,624)	-	-	3,133	-	1,509
Disposals	-	(4,373)	(7,137)	(873)	(1,273)	(7,012)	(20,668)
Closing balance	5,026,292	3,963,844	71,297	126,181	13,937,276	122,332	23,267,222

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	Mining properties VND million	Buildings and structures VND million	Leasehold improvements VND million	Office equipment VND million	Machinery and equipment VND million	Motor vehicles VND million	Total VND million
<b>Accumulated depreciation</b>							
Opening balance	311,133	375,659	23,813	46,448	1,839,339	35,078	2,632,070
Charge for the period	95,027	143,068	5,001	13,906	485,612	12,619	755,233
Disposals	-	(354)	(6,683)	1,380	(6,129)	(5,399)	(17,185)
Closing balance	406,160	518,373	22,131	61,734	2,319,422	42,298	3,370,118
<b>Net book value</b>							
Opening balance	4,715,159	3,534,479	1,948	67,720	11,556,202	89,554	19,965,062
Closing balance	4,620,132	3,445,471	49,166	64,447	11,637,854	80,034	19,897,104

Included in the cost of tangible fixed assets were assets costing VND598,016 million which were fully depreciated as of 30 June 2016 (1/1/2016: VND226,792 million), but which are still in active use.

There is no tangible fixed assets retired from active use and held for disposal as of 30 June 2016 (1/1/2016: VND2,555 million).

The carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND1,324 million as of 30 June 2016 (1/1/2016: VND64,989 million).

As at 30 June 2016, tangible fixed assets with carrying value of VND834,002 million (1/1/2016: VND936,938 million) were pledged with banks as security for loans granted to the subsidiaries and VND11,118,871 million (1/1/2016: VND10,976,469 million) were pledged with banks as security for long-term bonds issued by a subsidiary (see Note 20).

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**June 2016 (continued)**

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**11. Finance lease tangible fixed assets**

	<b>Machinery and equipment VND million</b>
<b>Cost</b>	
Opening and closing balance	67,300
<b>Accumulated amortisation</b>	
Opening balance	35,893
Charge for the period	6,730
Closing balance	42,623
<b>Net book value</b>	
Opening balance	31,407
Closing balance	24,677

A subsidiary of the Company leased laboratory equipments for metallurgical assay testing under a finance lease arrangement (Note 20).

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**12. Intangible fixed assets**

	Land use rights VND million	Software VND million	Brand name VND million	Customer relationships VND million	Mineral water resources VND million	Mining rights VND million	Technology VND million	Mineral water resources exploitation rights VND million	Total VND million
<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
Additions	3,654	760	-	-	-	-	-	-	4,414
Transfer from construction in progress	-	6,774	876	-	-	-	-	-	7,650
Transfer from long-term prepaid expenses	26,250	-	-	-	-	-	-	-	26,250
Closing balance	337,261	361,327	2,413,459	3,074,214	412,698	588,373	669,433	88,408	7,945,173
<b>Accumulated amortisation</b>									
Opening balance	26,520	58,273	308,526	373,671	7,594	35,919	92,096	2,595	905,194
Charge for the period	4,991	21,874	75,658	103,984	2,752	15,275	69,071	2,291	295,896
Closing balance	31,511	80,147	384,184	477,655	10,346	51,194	161,167	4,886	1,201,090
<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	305,750	281,180	2,029,275	2,596,559	402,352	537,179	508,266	83,522	6,744,083

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Included in the cost of intangible fixed assets were assets costing VND22,641 million which were fully amortised as of 30 June 2016 (1/1/2016: VND21,637 million), but which are still in use.

As at 30 June 2016, intangible fixed assets with carrying value of VND591,000 million (1/1/2016: VND611,000 million) were pledged with banks as security for long-term bonds issued by a subsidiary (see Note 20).

**13. Construction in progress**

	<b>From 1/1/2016 to 30/6/2016 VND million</b>	<b>From 1/1/2015 to 31/12/2015 VND million</b>
Opening balance	5,480,035	3,811,051
Acquisition on business combinations (Note 5)	513	223,192
Additions during the period/year	1,541,147	3,825,674
Transfer to tangible fixed assets	(676,552)	(2,118,246)
Transfer to intangible fixed assets	(7,650)	(242,864)
Transferred from tools and supplies	-	397
Transfer to short-term prepaid expenses	(3,011)	(449)
Transfer to long-term prepaid expenses	(532,414)	(17,874)
Disposals	(3,890)	(825)
Written off	-	(21)
Closing balance	<u>5,798,178</u>	<u>5,480,035</u>

As at 30 June 2016, construction in progress with carry amount of VND984,803 million were pledged with banks as security for loans granted to the Group's subsidiaries (1/1/2016: VND1,039,805 million). In addition, certain construction in progress relating to the mine developments have also been pledged with banks as security for long-term bonds issued by a subsidiary (see Note 20).

During the period, borrowing costs capitalised into construction in progress amounted to VND149,565 million (for the year ended 31 December 2015: VND319,610 million).

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**14. Long-term prepaid expenses**

	Other mining costs VND million	Pre-operating expenses VND million	Prepaid land costs VND million	Land compensation costs VND million	Printing supplies VND million	Goodwill from equitisation 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
Additions	64,120	-	-	-	6,755	-	135,080	205,955
Acquisition on business combinations (Note 5)	-	-	-	-	1,203	-	-	1,203
Reclassification from long-term receivables	-	-	-	26,103	-	-	-	26,103
Transfer from construction in progress	-	-	54,806	432,828	44,780	-	-	532,414
Transfers to tangible fixed assets	-	-	-	-	(1,509)	-	-	(1,509)
Transfers to intangible fixed assets	-	-	(26,250)	-	-	-	-	(26,250)
Transfer from short-term prepaid expenses	-	-	-	-	154	-	-	154
Amortisation for the period	(35,293)	(10,862)	(3,254)	(18,913)	(27,899)	(1,567)	(24,419)	(122,117)
Reclassifications	-	-	-	4,942	9,228	-	(14,170)	-
Refund land costs	-	-	-	(4,178)	-	-	-	(4,178)
Disposals	-	-	-	-	(2)	-	-	(2)
<b>Closing balance</b>	<b>1,142,288</b>	<b>36,681</b>	<b>195,807</b>	<b>1,047,175</b>	<b>82,397</b>	<b>29,777</b>	<b>120,270</b>	<b>2,654,395</b>

As at 30 June 2016, prepaid land costs with a carrying value of VND65,147 million (31/12/2015: VND15,709 million) were pledged with banks as security for loans granted to the Group (Note 20).

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15. Deferred tax assets and liabilities

(i) Recognised deferred tax assets and liabilities

	30/6/2016 VND million	1/1/2016 VND million
Deferred tax assets:		
Accrued advertising and promotion expenses	162,827	109,127
Other accruals	31,194	16,799
Unrealised profits on intra-group transactions	8,221	5,196
Accrued sales discount	6,675	74,263
Accrued transportation costs	18,222	8,352
Total deferred tax assets	227,139	213,737
Deferred tax liabilities:		
Tangible fixed assets	(740,331)	(759,684)
Intangible fixed assets	(894,519)	(933,069)
Total deferred tax liabilities	(1,634,850)	(1,692,753)
Net deferred tax liabilities	(1,407,711)	(1,479,016)



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**(ii) Movement in temporary differences during the period**

	1/1/2016 VND million	Acquisition on business combination (Note 5) VND million	Recognised in consolidated statement of income VND million	30/6/2016 VND million
Accrued advertising and promotion expenses	109,127	-	53,700	162,827
Other accruals	16,799	29	14,366	31,194
Unrealised profit on intra-group transactions	5,196	-	3,025	8,221
Accrued sales discount	74,263	-	(67,588)	6,675
Accrued transportation costs	8,352	-	9,870	18,222
Tangible fixed assets	(759,684)	-	19,353	(740,331)
Intangible fixed assets	(933,069)	-	38,550	(894,519)
	<b>(1,479,016)</b>	<b>29</b>	<b>71,276</b>	<b>(1,407,711)</b>

**16. Goodwill**

	30/6/2016 VND million
<b>Cost</b>	
Opening balance	1,088,675
Acquisition on business combination (Note 5)	27,176
<b>Closing balance</b>	<b>1,115,851</b>
<b>Accumulated amortisation</b>	
Opening balance	259,998
Amortisation during the period	55,109
<b>Closing balance</b>	<b>315,107</b>
<b>Net book value</b>	
Opening balance	828,677
Closing balance	800,744

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**17. Taxes receivable and payable to State Treasury**

**(a) Taxes payable to State Treasury**

	30/06/2016	1/1/2016
	VND million	VND million
Value added tax	58,129	116,597
Special consumption tax	47,934	62,956
Corporate income tax	219,495	287,683
Personal income tax	22,743	31,682
Other taxes	4,530	5,614
	<b>352,831</b>	<b>504,532</b>

*Movement of taxes payable to State Treasury during the period:*

	1/1/2016	Acquisition on business combinations	Incurred	Paid/ Refund	Net-off	30/06/2016
	VND million	VND million	VND million	VND million	VND million	VND million
Value added tax	116,597	-	1,351,695	(439,365)	(970,798)	58,129
Special consumption tax	62,956	-	250,859	(265,881)	-	47,934
Import-export tax payables	-	-	130,208	(130,205)	(3)	-
Corporate income tax	287,683	-	383,194	(451,382)	-	219,495
Personal income tax	31,682	111	90,735	(99,630)	(155)	22,743
Foreign contractor and other tax payables	5,614	-	261,982	(263,066)	-	4,530
	<b>504,532</b>	<b>111</b>	<b>2,468,673</b>	<b>(1,649,529)</b>	<b>(970,956)</b>	<b>352,831</b>

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**(b) Taxes receivable from State Treasury**

	<b>30/06/2016</b>	<b>1/1/2016</b>
	<b>VND million</b>	<b>VND million</b>
Corporate income tax	398	398
Other taxes	13,477	20,998
	<b>13,875</b>	<b>21,396</b>

*Movement of taxes receivables from State Treasury during the period*

	<b>1/1/2016</b>	<b>Incurred</b>	<b>Received</b>	<b>Net-off</b>	<b>30/06/2016</b>
	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>	<b>VND million</b>
Corporate income tax	398	-	-	-	398
Other taxes	20,998	8,810	(10,978)	(5,353)	13,477
	<b>21,396</b>	<b>8,810</b>	<b>(10,978)</b>	<b>(5,353)</b>	<b>13,875</b>

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**18. Accrued expenses**

	<b>30/6/2016</b>	<b>1/1/2016</b>
	<b>VND million</b>	<b>VND million</b>
<b>Accrued expenses – short-term</b>		
Advertising and promotion expenses	994,544	758,820
Accrued interest payable	459,934	481,026
Sales discount and traditional customer support fee	302,059	445,632
Natural resource taxes and fees	81,884	286,166
Accruals for construction work	218,352	148,815
Consultant fee	31,689	120,873
Bonus and 13 <sup>th</sup> month salary	52,714	91,612
Purchase not yet received invoices	96,551	67,475
Transportation expenses	109,826	62,304
Exhibition and market fee	50,666	32,874
Withholding tax	7,485	11,363
Others	373,879	368,961
	<hr/>	<hr/>
	2,779,583	2,875,921
	<hr/>	<hr/>
<b>Accrued expenses – long-term</b>		
Accruals for sales discounts	14,321	-
Others	970	-
	<hr/>	<hr/>
	15,291	-
	<hr/>	<hr/>

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**19. Other payables**

	<b>30/6/2016</b>	<b>1/1/2016</b>
	<b>VND million</b>	<b>VND million</b>
<b>Other payables – short-term</b>		
Dividends payable (*)	62,612	54,480
Trade union fees, social and health insurance	13,317	10,540
Obligation to issue shares (**)	-	60,561
Short-term deposits from customers	5,182	6,716
Payables for equitisation of a subsidiary	-	81,605
Others	23,556	184,571
	<hr/>	<hr/>
	104,667	398,473
	<hr/>	<hr/>
<b>Other payables – long-term</b>		
Long-term deposits	30,406	22,804
Long-term payables	2,585	75,009
	<hr/>	<hr/>
	32,991	97,813
	<hr/>	<hr/>

(\*) Dividends payables represented the payable to NCI of an indirect subsidiary of the Company.

(\*\*) Obligation to issue shares represents the liability to issue an additional variable number of shares as noted in Note 24.

**20. Borrowings, bonds and finance lease liabilities**

	<b>30/6/2016</b>	<b>1/1/2016</b>
	<b>VND million</b>	<b>VND million</b>
<b>Short-term borrowings</b>		
Short-term borrowings (*)	6,416,115	5,302,490
Current portion of long-term borrowings	991,142	3,064,135
	<hr/>	<hr/>
	7,407,257	8,366,625
	<hr/>	<hr/>
<b>Long-term borrowings, bonds and financial lease liabilities (**)</b>		
Long-term borrowings, bonds and financial lease liabilities	30,516,145	30,317,247
Repayable within twelve months	(991,142)	(3,064,135)
	<hr/>	<hr/>
	29,525,003	27,253,112
	<hr/>	<hr/>

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(*)	Short-term borrowings	Movement during the period						30/6/2016 Carrying amount and amount within repayment capacity VND million
		1/1/2016 Carrying amount within repayment capacity VND million	Acquisition of subsidiaries (Note 5) VND million	Additions VND million	Payments VND million	Reclassifications from long-term borrowings VND million	Unrealised foreign exchange gain VND million	
	Short-term borrowings	5,302,490	50,000	9,711,453	(8,643,385)	-	(4,443)	6,416,115
	Current portion of long-term borrowings (b)(i)	3,064,135	-	-	(2,283,713)	210,720	-	991,142
		8,366,625	50,000	9,711,453	(10,927,098)	210,720	(4,443)	7,407,257

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

	Currency	Annual interest rate	30/6/2016 VND million	1/1/2016 VND million
<b>Short-term borrowings</b>				
Secured bank loans	VND	4.4% - 8.0%	1,490,521	681,916
Secured bank loans	USD	3.5% - 4.5%	901,613	1,732,671
Unsecured bank loan	VND	4.0% - 4.9%	3,405,929	2,322,068
Unsecured bank loan	USD	1.7% - 1.9%	58,174	-
Unsecured loan	USD	6.0%	559,878	565,835
			<u>6,416,115</u>	<u>5,302,490</u>

As at 30 June 2016 and 31 December 2015, the bank loans were secured by the following assets of the Group:

- (i) 158 million shares of MR. These shares were also used as security for long-term borrowings and accordingly, included in security disclose in Note 20(\*\*)(a).
- (ii) a part of inventories and short-term receivable of an indirect subsidiary.

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

	30/6/2016 VND million	1/1/2016 VND million
Long-term borrowings (a)	1,472,774	961,867
Convertible loans (b)	567,960	567,960
Straight bonds (c)	28,442,790	28,747,968
Finance lease liabilities (d)	32,621	39,452
	<u>30,516,145</u>	<u>30,317,247</u>

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Term and conditions of outstanding long-term borrowings and liabilities are as follows:

	Currency	Interest rate per annum	Year of maturity	30/6/2016 VND million	1/1/2016 VND million
<b>a. Long-term borrowings</b>					
Secured bank loans	VND	6.9% - 9.9%	2016-2020	1,472,774	961,867
<b>b. Convertible loans</b>					
Credit Suisse Ag	USD	9.6%	2016	567,960	567,960
<b>c. Straight bonds (including issuance costs)</b>	VND	8.0% - 10.2%	2020-2024	28,442,790	28,747,968
<b>d. Finance lease liability</b>	VND	14.0%	2018	32,621	39,452

**(a) Long-term borrowings**

As at 30 June 2016, long-term borrowings of the Group comprised of:

- (i) VND denominated loans amounting to VND380,000 million (1/1/2016: VND380,000 million), which were secured over 158 million shares of MR (1/1/2016: 158 million shares of MR).
- (ii) VND denominated loans amounting to VND250,000 million (1/1/2016: Nil), which were secured over 33.5 million shares of MR (1/1/2016: Nil).
- (iii) VND denominated loans amounting to VND335,340 million (1/1/2016: VND427,472 million), which were secured over certain fixed assets with carrying amount of VND598,469 million (1/1/2016: VND784,683 million) (Note 10), construction in progress of VND271,249 million (1/1/2016: VND427,871 million and prepaid land cost of VND15,709 million) (Note 13).
- (iv) VND denominated loans amounting to VND507,434 million (1/1/2016: VND154,395 million), which were secured over certain fixed assets with carrying amount of VND235,533 million (Note 10), construction in progress of VND713,554 million and prepaid land costs under land lease certificate with carrying amount of VND65,147 million (1/1/2016: prepayment for land use rights with carrying amount of VND51,959 million, fixed assets with carrying amount of VND152,255 million and construction in progress with carrying amount of VND611,934 million) (Note 13).



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**(b) Convertible loan**

The original loan from Goldman Sachs Group, Inc. through its company named Jade Dragon (Mauritius) Limited (“JD”) represents a USD-denominated convertible loan, with a principal amount of USD30 million.

Among others, the agreement provides the following:

- (i) The interest rate of this loan has two portions: nominal interest rate and deferred interest rate. Deferred interest is not payable if the loan is converted. During the period from 15 December 2010 to 14 December 2012 the nominal interest rate and deferred interest rate are 2.0% per annum and 6.0% per annum respectively. During the period from 15 December 2012 to 14 December 2013 the nominal interest rate and deferred interest rate are 4.0% per annum and 4.0% per annum respectively. During the period from 15 December 2013 to 14 December 2015 the nominal interest rate and deferred interest rate are 6.0% per annum and 2.0% per annum respectively. The loan matured on 14 December 2015. The nominal interest rate is compounded daily and the deferred interest rate is compounded annually. The Group has accrued interest based on the nominal interest rates.
- (ii) The loan may be converted into shares by the lender at any time after two years from 15 December 2010 to the loan’s maturity date.
- (iii) The conversion price was determined at VND65,000 per share.
- (iv) The Company also separately entered into an arrangement with Masan Corporation which undertakes the risks and obligations to subscribe to and pay a cash consideration of USD30 million plus the deferred interest for 9,000,000 shares under the convertible loan in the event that the lender does not exercise the conversion option.

On 1 December 2015, this loan was amended with the maturity date on 14 December 2016. Credit Suisse Ag, Singapore Branch (“CSA”) became the lender under the Credit Agreement between the Company and JD and CSA. All terms and conditions as described above that were agreed previously between the Company and JD are kept the same between the Company and CSA.

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**(c) Straight bonds**

The carrying amount of the bonds comprised the following:

	<b>30/06/2016</b>	<b>1/1/2016</b>
	<b>VND million</b>	<b>VND million</b>
Straight bonds	28,900,000	29,176,882
Unamortised bond issuance cost (*)	(457,210)	(428,914)
	<hr/>	<hr/>
	28,442,790	28,747,968

- (i) VND6,000 billion (1/1/2016: VND4,000 billion) bonds excluded issuance cost with a maturity of 5 years at an interest rate of 8.0% per annum in the first year and 3.0% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The Company has pledged 81.3 million (1/1/2016: 81.3 million) shares in MSC as security for these bonds;
- (ii) VND2,100 billion (1/1/2016: VND2,100 billion) with a maturity of 10 years at an interest rate of 8.0% per annum in 10 years. The bonds were guaranteed by Credit Guarantee and Investment Facility and secured over 80.3 million (1/1/2016: 80.3 million) shares of MSC;
- (iii) VND9,000 billion (1/1/2016: VND9,000 billion) with a maturity of 5 years at an interest rate of 8.0% per annum in the first year and 3.0% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were guaranteed by the Company and secured over 129.6 million (1/1/2016: 129.6 million) shares of MSC;
- (iv) VND3,700 billion (1/1/2016: VND3,700 billion) with a maturity of 5 years at an interest rate of 8.0% per annum in the first year and 3.5% plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over MNS's equity interest in 70.0% of ANCO and 65.8% of Proconco (1/1/2016: MNS's equity interest in 70.0% of ANCO and 65.8% of Proconco); and
- (v) VND8,100 billion (1/1/2016: VND8,100 billion) bonds with a maturity of 5 years at an interest at 8% per annum for first year and 3.0% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods.

The secured bonds were also secured over long-term fixed assets with carrying amount of VND15,538,181 million (1/1/2016: 15,369,867 million) of indirect subsidiaries of the Company.

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

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**(d) Finance lease liability**

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

	30 June 2016			1 January 2016		
	Payments VND million	Interest VND million	Principal VND million	Payments VND million	Interest VND million	Principal VND million
Within one year	21,930	4,013	17,917	21,931	5,219	16,712
Within two to five years	15,665	961	14,704	25,064	2,323	22,741
	37,595	4,974	32,621	46,995	7,542	39,453

**21. Provisions – long-term**

	30/6/2016 VND million	1/1/2016 VND million
Provision for mining rights fee	583,188	561,241
Provision for mine rehabilitation	21,795	20,987
Provision for severance allowance	33,565	33,707
	638,548	615,935

Movements of provisions during the period were as follows:

	Mining rights VND million	Mine rehabilitation VND million	Severance allowance VND million	Total VND million
Opening balance	561,241	20,987	33,707	615,935
Provision made during the period	21,947	808	-	22,755
Provision used during the period	-	-	(142)	(142)
Closing balance	583,188	21,795	33,565	638,548

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22. Change in owners' equity

	Share capital VND million	Capital surplus VND million	Other capital VND million	Undistributed profits after tax VND million	Equity attributable to equity holders of Company VND million	Non-controlling interests 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
Transactions with NCI in MR	-	-	-	(22,569)	(22,569)	63,423	40,854
Business combination in MNS	-	-	-	-	-	3,982,267	3,982,267
Net profit for the period	-	-	-	363,826	363,826	309,012	672,838
Dividend declared	-	-	-	-	-	(666,846)	(666,846)
Appropriation to bonus and welfare funds	-	-	-	(1,789)	(1,789)	(1,225)	(3,014)
<b>Balance at 30 June 2015</b>	7,358,081	9,631,164	(9,045,049)	7,411,355	15,355,551	10,595,687	25,951,238

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	Share capital VND million	Capital surplus VND million	Other capital VND million	Undistributed profits after tax VND million	Equity attributable to equity holders of Company VND million	Non-controlling interests VND million	Total VND million
<b>Balance at 1 January 2016</b>	7,467,179	9,631,106	(9,043,049)	8,561,380	16,614,616	10,494,430	27,109,046
Issuance of new shares (Note 23)	93,578	-	-	-	93,578	-	93,578
Equity transactions	-	-	(381,909)	-	(381,909)	-	(381,909)
Transactions with NCI (Note 7(d))	-	-	-	(1,661,577)	(1,661,577)	(3,414,566)	(5,076,143)
Business combination in CDN (Note 5)	-	-	-	-	-	1,381	1,381
Net profit for the period	-	-	-	1,034,330	1,034,330	445,859	1,480,189
Dividend declared	-	-	-	-	-	(96,835)	(96,835)
Transfer to funds	-	-	-	(441)	(441)	(1,141)	(1,582)
<b>Balance at 30 June 2016</b>	7,560,757	9,631,106	(9,426,958)	7,933,692	15,698,597	7,429,128	23,127,725

**Masan Group Corporation and its subsidiaries**

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**23. Share capital and capital surplus**

The Company's authorised and issued share capital comprises:

	30/6/2016		1/1/2016	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	756,075,674	7,560,757	746,717,861	7,467,179
Issued share capital				
Ordinary shares	756,075,674	7,560,757	746,717,861	7,467,179
Capital surplus	-	9,631,106	-	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.

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

	From 1/1/2016 to 30/6/2016		From 1/1/2015 to 31/12/2015	
	Number of shares	VND million	Number of shares	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 at par for cash	9,357,813	93,578	10,909,721	109,098
Balance at the end of the period/year	756,075,674	7,560,757	746,717,861	7,467,179

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**24. Other capital**

Movements of other capital during the period/year were as below:

	<b>From 1/1/2016 to 30/6/2016 VND million</b>	<b>From 1/1/2015 to 31/12/2015 VND million</b>
Opening balance	9,045,049	9,045,049
Equity transaction (*)	206,366	-
Equity transaction in a subsidiary (**)	175,543	-
Closing balance	<u>9,426,958</u>	<u>9,045,049</u>

- (\*) In 2012, the Company entered into convertible loan agreements for USD30 million (equivalent to VND624,840 million) with Mount Kellett Capital Management LP through its company named MRG Limited for a term of 4 years.

To enhance the creditworthiness of the Company and facilitate the financing transaction, the parent company also entered into arrangement with the Company and the lender in which the parent company undertakes the risks and obligations to subscribe to the Conversion Shares and directly pay the principals and deferred interests to the lender in the event that the lender does not exercise the conversion option. The parent company did not receive any consideration or other benefits in return for such undertakings on behalf of the Company.

Among others, the agreements provide the following:

- (i) The convertible loan bear semi-annual coupons of 5.0% per annum in year one, 6.0% per annum in years two and three, and 7.0% per annum for the remaining term of the convertible loan. A deferred interest which would achieve an effective rate of return of 10.0% is payable if the conversion option is not exercised; and
- (ii) The shares to be issued on conversion ("Conversion Shares") shall be determined based on an initial conversion price of VND85,000 per share and subject to ratchet adjustments and other terms of the definitive agreement. However, the maximum number of Conversion Shares will be 9.6 million. The mandatorily issuable minimum number of Conversion Shares is 7.5 million, which is treated as an equity instrument.

In July 2013, the Company repurchased two third of the convertible loan of USD30 million subscribed by MRG Limited, resulting in the maximum number of Conversion Shares being reduced to 3.2 million and the mandatorily issuable minimum number of Conversion Shares was reduced to 2.5 million as at 1 January 2015.

In March 2016, the Company repurchased the remaining one third of the convertible loan of USD30 million subscribed by MRG Limited for a cash consideration of VND266,927 million.

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- (\*\*) ANCO granted a call option to a member of Board of Directors of a subsidiary to buy 5% of ANCO's equity interest on a fully diluted basis at par value, which can be exercised within 10 years from January 2016. In February 2016, this option was acquired by MNS as part of MNS's overall restructuring and efforts to increase its equity interest in its subsidiaries, particularly ANCO and Proconco.

**25. Off balance sheet items**

**(a) Lease**

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

	30/6/2016 VND million	1/1/2016 VND million
Within one year	133,913	86,801
Within two to five years	181,997	126,464
More than five years	143,699	164,498
	<u>459,609</u>	<u>377,763</u>

**(b) Capital expenditure**

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

	30/6/2016 VND million	1/1/2016 VND million
Approved and contracted	836,527	794,265
Approved but not contracted	1,009,343	1,048,718
	<u>1,845,870</u>	<u>1,842,983</u>

**(c) Foreign currencies**

	30/06/2016		1/1/2016	
	Original currency	VND million equivalent	Original currency	VND million equivalent
USD	15,634,118	348,021	13,425,910	300,734
EUR	16,002	387	1,378	34
SGD	347	6	358	6
		<u>348,414</u>		<u>300,774</u>



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**(d) Final sales pricing adjustment**

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

Total revenue for the six months period ended 30 June 2016 that have been recognised on a provisional basis is VND142 billion (six months period ended 30 June 2015: Nil).

**26. Revenue from sales of goods and provision of service**

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

Net revenue comprised:

	<b>From 1/1/2016 to 30/6/2016 VND million</b>	<b>From 1/1/2015 to 30/6/2015 VND million</b>
Total revenue	20,028,253	10,624,517
Less sales deductions		
▪ Sales discounts	(854,484)	(179,462)
▪ Sales returns	(32,423)	(31,227)
	<b>(886,907)</b>	<b>(210,689)</b>
	<b>19,141,346</b>	<b>10,413,828</b>

**27. Cost of sales**

	<b>From 1/1/2016 to 30/6/2016 VND million</b>	<b>From 1/1/2015 to 30/6/2015 VND million</b>
Total cost of sales		
▪ Finished goods sold and other sales	13,543,594	6,821,554
▪ Allowance for inventories	23,214	68,015
	<b>13,566,808</b>	<b>6,889,569</b>

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	<b>From 1/1/2016 to 30/6/2016 VND million</b>	<b>From 1/1/2015 to 30/6/2015 VND million</b>
Interest income from:		
• Deposits	264,441	165,562
• Other loan investing activities	98,680	41,494
Foreign exchange gains	16,157	26,610
Others	2,509	317,711
	<hr/>	<hr/>
	381,787	551,377

**29. Financial expenses**

	<b>From 1/1/2016 to 30/6/2016 VND million</b>	<b>From 1/1/2015 to 30/6/2015 VND million</b>
Interest expense on loans/bonds from:		
• Banks	133,570	162,007
• Bondholders and others	1,264,323	808,882
Foreign exchange losses	17,224	165,846
Others	47,067	32,305
	<hr/>	<hr/>
	1,462,184	1,169,040

**30. Selling expenses**

	<b>From 1/1/2016 to 30/6/2016 VND million</b>	<b>From 1/1/2015 to 30/6/2015 VND million</b>
Promotion and advertising expense	1,276,766	826,338
Transportation expense	420,785	426,663
Staff cost	379,575	165,410
Outside services	62,679	67,277
Other expenses	31,262	55,451
	<hr/>	<hr/>
	2,171,067	1,541,139

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**31. General and administration expenses**

	<b>From 1/1/2016 to 30/6/2016 VND million</b>	<b>From 1/1/2015 to 30/6/2015 VND million</b>
Staff cost	227,482	269,643
Amortisation of fair value uplift of fixed assets arisen in business combination	290,616	147,420
Amortisation of goodwill	55,109	59,243
Depreciation and amortisation of fixed assets	53,860	39,427
Research and development	13,111	14,022
System lease line and IT services	64,598	52,969
Office rental	26,885	14,376
Outside services	74,400	105,247
Other expenses	90,838	4,362
	<hr/>	<hr/>
	896,899	706,709
	<hr/>	<hr/>

**32. Income tax****(a) Recognised in the consolidated statement of income**

	<b>From 1/1/2016 to 30/6/2016 VND million</b>	<b>From 1/1/2015 to 30/6/2015 VND million</b>
<b>Current tax expense</b>		
Current period	367,829	296,999
Under/(over) provision in prior periods	15,365	(3)
	<hr/>	<hr/>
	383,194	296,996
<b>Deferred tax benefit</b>		
Origination and reversal of temporary differences	(68,870)	(72,252)
Effect of change in tax rate	(2,406)	11,700
	<hr/>	<hr/>
	(71,276)	(60,552)
	<hr/>	<hr/>
Income tax expense	311,918	236,444
	<hr/>	<hr/>

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**(b) Reconciliation of effective tax rate**

	From 1/1/2016 to 30/6/2016		From 1/1/2015 to 30/6/2015	
	%	VND million	%	VND million
Accounting profit before tax	100.0%	1,792,107	100.0%	909,282
Tax at the Company's income tax rate	20.0%	358,420	22.0%	200,042
Effect of different tax rates in subsidiaries	(10.7%)	(191,026)	(0.5%)	(4,804)
Effect of consolidation transactions	0.7%	12,553	(0.2%)	(2,114)
Non-deductible expenses	1.6%	27,801	8.8%	80,093
Effect of share of profit in associates net of tax	(4.4%)	(78,005)	(6.3%)	(57,603)
Deferred tax assets not recognised	15.1%	270,380	21.9%	198,714
Tax incentive	(3.7%)	(66,886)	(15.4%)	(138,654)
Under/(over) provision in prior periods	0.9%	15,365	0.0%	(3)
Effect of change in tax rate	(0.1%)	(2,406)	1.1%	9,839
Tax loss utilised	(1.9%)	(34,278)	(5.4%)	(49,066)
	17.4%	311,918	26.0%	236,444

**(c) Applicable tax rates**

The Company has an obligation to pay the government corporate income tax at the rate of 20% of taxable profits (2015: 22%).

The usual income tax rate applicable to enterprises before any incentives is 20% for 2016 (2015: 22%).

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

**(d) Tax contingencies**

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

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**33. Significant transactions with related parties**

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

Related Party	Nature of transaction	From 1/1/2016 to 30/6/2016 VND million	From 1/1/2015 to 30/6/2015 VND million
<b>Other related parties</b>			
Vietnam Technological and Commercial Joint Stock Bank	Loan received	1,407,241	1,614,606
	Loan paid	(1,635,336)	(918,894)
	Interest expenses on loans received	(88,043)	(40,500)
<b>Key management personnel</b>	Remuneration to key management personnel (*)	59,170	27,995

(\*) *No board fees were paid to Board of Directors members for the six-month periods ended 30 June 2016 and 30 June 2015.*

**34. Earnings per share**

**(a) Basic earnings per share**

The calculation of basic earnings per share for the period ended 30 June 2016 was based on the net profit attributable to ordinary shareholders of VND1,034,330 million (30 June 2015: VND363,826 million) of the Group and a weighted average number of ordinary shares outstanding of 756,489,109 shares during the period (the six-month period ended 30 June 2015: 747,258,493 shares).

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

**(i) Net profit attributable to ordinary shareholders**

	From 1/1/2016 to 30/6/2016 VND million	From 1/1/2015 to 30/6/2015 VND million
Net profit attributable to ordinary shareholders	1,034,330	363,826

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

	From 1/1/2016 to 30/6/2016	From 1/1/2015 to 30/6/2015
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	9,000,000	11,450,353
Effect of shares issued for cash	771,248	-
	<hr/>	<hr/>
Weighted average number of ordinary shares at the end of the period	756,489,109	747,258,493

**(b) Diluted earnings per share**

The calculation of diluted earnings per share for the periods ended 30 June 2016 and 30 June 2015 was based on net profit attributable to shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

**(i) Net profit attributable to ordinary shareholders (diluted)**

	From 1/1/2016 to 30/6/2016 VND million	From 1/1/2015 to 30/6/2015 VND million
Net profit attributable to shareholders	1,034,330	363,826

Potential dilutive ordinary shares have no income effect on the net profit attributable to shareholders for the six month period ended 30 June 2016 (from 1/1/2015 to 30/6/2015: Nil).

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

	From 1/1/2016 to 30/6/2016	From 1/1/2015 to 30/6/2015
Weighted average number of ordinary shares (basic)	756,489,109	747,258,493
Effect of potential dilutive share ordinary shares	-	4,815,038
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted)	756,489,109	752,073,531

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*dated 22 December 2014 of the Ministry of Finance)*

**35. Share-based payment**

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

On 15 June 2016, the Company's share capital increased from VND7,467,179 million to VND7,560,757 million with the issuance of 9,357,813 shares to employees at par for cash.

**36. Non-cash investing activities**

	From 1/1/2016 to 30/6/2016	From 1/1/2015 to 30/6/2015
Cost of construction not yet paid	385,270	164,297
Interest expenses capitalised into construction in progress	149,565	118,340
Depreciation and amortisation capitalised into construction in progress	4,716	1,620

**37. Post balance sheet events**

In July 2016, MSC established a new subsidiary – Masan Consumer (Thailand) Limited (“MTH”) to enter into the “Inland ASEAN” market under the Certificate of Registration of Partner and Company No. 0105559105553 issued by the Department of Business Development, Thailand.

16 August 2016

Prepared by:



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Approved by:





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

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

