



KPMG'S COPY

**Masan Group Corporation
and its subsidiaries**

Consolidated Interim Financial Statements for
the six-month period ended 30 June 2020



Masan Group Corporation Corporate Information

Business Registration Certificate No.

0303576603

18 November 2004

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 8 July 2020. The Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City. The initial Business Registration Certificate No. 4103002877 was dated 18 November 2004.

Board of Directors

Dr Nguyen Dang Quang	Chairman
Ms Nguyen Hoang Yen	Member
Mr Nguyen Thieu Nam	Member
Mr Woncheol Park	Member
Mr Nguyen Doan Hung	Member
Mr David Tan Wei Ming	Member

Board of Management

Dr Nguyen Dang Quang	Chief Executive Officer (until 18 June 2020)
Mr Danny Le	Chief Executive Officer (from 19 June 2020)
Mr Nguyen Thieu Nam	Deputy Chief Executive Officer
Mr Michael Hung Nguyen	Deputy Chief Executive Officer
Mr Nguyen Anh Nguyen	Deputy Chief Executive Officer (until 29 April 2020)

Legal representative

Dr Nguyen Dang Quang	Chairman
Mr Danny Le	Chief Executive Officer (from 19 June 2020)

Registered Office

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

Auditor

KPMG Limited
Vietnam

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

The Board of Management of Masan Group Corporation ("the Company") presents this statement and the accompanying consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as "the Group") for the six-month period ended 30 June 2020.

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 2020 in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting. In preparing those consolidated interim financial statements, the Board of Management is required to:

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

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

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

APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

We do hereby approve the accompanying consolidated interim financial statements of the Group as at and for the six-month period ended 30 June 2020, which were prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

On behalf of the Board of Management



Danny Le
Chief Executive Officer
Ho Chi Minh City, Vietnam
12 August 2020



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
+84 (28) 3821 9266 | kpmg.com.vn

INTERIM FINANCIAL INFORMATION REVIEW REPORT

To the Shareholders Masan Group Corporation

We have reviewed the accompanying consolidated interim financial statements of Masan Group Corporation (“the Company”) and its subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheet as at 30 June 2020, the consolidated statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Management on 12 August 2020, as set out on pages 5 to 88.

Management’s Responsibility

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

Auditor’s Responsibility

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

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



Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view, in all material respects, of the consolidated financial position of Masan Group Corporation and its subsidiaries as at 30 June 2020 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.: 20-01-00213-20-2



Ha Vu Dinh

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

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

Ho Chi Minh City, 12 August 2020

Masan Group Corporation and its subsidiaries
Consolidated balance sheet as at 30 June 2020

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

	Code	Note	30/6/2020 VND million	1/1/2020 VND million
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		24,716,045	24,261,892
Cash and cash equivalents	110	9	4,695,511	6,800,528
Cash	111		2,188,250	1,928,070
Cash equivalents	112		2,507,261	4,872,458
Short-term financial investments	120	10	266,900	784,454
Trading securities	121		-	472,134
Held-to-maturity investments	123		266,900	312,320
Accounts receivable – short-term	130	11	5,995,045	5,417,776
Accounts receivable from customers	131		1,943,483	1,240,531
Prepayments to suppliers	132		608,538	1,528,648
Receivable on short-term lending loans	135		1,140,000	-
Other short-term receivables	136		2,395,398	2,754,341
Allowance for doubtful debts	137		(92,374)	(105,744)
Inventories	140	12	11,733,669	9,621,821
Inventories	141		12,151,041	9,690,631
Allowance for inventories	149		(417,372)	(68,810)
Other current assets	150		2,024,920	1,637,313
Short-term prepaid expenses	151		291,960	261,425
Deductible value added tax	152		1,651,628	1,352,367
Taxes receivable from State Treasury	153	20(a)	81,332	23,521

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 2020 (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	30/6/2020 VND million	1/1/2020 VND million
Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)	200		80,287,817	73,035,359
Accounts receivable – long-term	210	11	1,581,357	1,599,646
Other long-term receivables	216		1,581,357	1,599,646
Fixed assets	220		42,732,500	40,791,699
Tangible fixed assets	221	13	31,046,824	29,170,881
Cost	222		45,816,273	39,248,028
Accumulated depreciation	223		(14,769,449)	(10,077,147)
Finance lease tangible fixed assets	224		-	-
Cost	225		67,300	67,300
Accumulated depreciation	226		(67,300)	(67,300)
Intangible fixed assets	227	14	11,685,676	11,620,818
Cost	228		15,549,497	14,777,843
Accumulated amortisation	229		(3,863,821)	(3,157,025)
Investment property	230	15	16,979	-
Cost	231		18,628	-
Accumulated depreciation	232		(1,649)	-
Long-term work in progress	240		3,344,322	3,278,972
Construction in progress	242	16	3,344,322	3,278,972
Long-term financial investments	250	10	18,656,186	17,505,857
Investments in associates	252		18,637,963	17,492,653
Equity investments in other entities	253		21,646	21,646
Allowance for diminution in the value of long-term financial investments	254		(10,823)	(8,442)
Held-to-maturity investments	255		7,400	-
Other long-term assets	260		13,956,473	9,859,185
Long-term prepaid expenses	261	17	5,997,893	5,633,114
Deferred tax assets	262	18	1,163,947	240,643
Goodwill	269	19	6,794,633	3,985,428
TOTAL ASSETS (270 = 100 + 200)	270		105,003,862	97,297,251

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 2020 (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	30/6/2020 VND million	1/1/2020 VND million
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		73,785,579	45,408,844
Current liabilities	310		37,243,199	30,492,191
Accounts payable to suppliers – short-term	311		5,619,123	5,635,395
Advances from customers	312		1,176,521	1,178,905
Taxes payable to State Treasury	313	20(b)	1,045,287	770,004
Payables to employees	314		332,922	291,683
Accrued expenses	315	21	3,496,419	4,110,502
Unearned revenue – short-term	318		9,395	12,050
Other short-term payables	319	22	3,934,435	122,557
Short-term borrowings and bonds	320	23	21,486,238	18,340,185
Provisions – short-term	321		104,416	-
Bonus and welfare funds	322		38,443	30,910
Long-term liabilities	330		36,542,380	14,916,653
Accounts payable to suppliers – long-term	331		27,668	31,013
Other long-term payables	337	22	180,809	180,939
Long-term borrowings and bonds	338	23	27,228,212	11,675,842
Deferred tax liabilities	341	18	2,494,097	2,455,415
Provisions – long-term	342	24	6,611,594	573,444

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

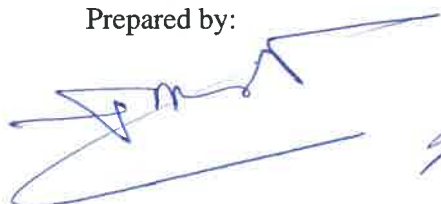
Masan Group Corporation and its subsidiaries
Consolidated balance sheet as at 30 June 2020 (continued)

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

	Code	Note	30/6/2020 VND million	1/1/2020 VND million
EQUITY (400 = 410)	400		31,218,283	51,888,407
Owners' equity	410	25	31,218,283	51,888,407
Share capital	411	26	11,689,464	11,689,464
Capital surplus	412	26	11,084,357	11,084,357
Other capital	414		(8,563,690)	(8,563,690)
Foreign exchange differences	417		(208,603)	11,033
Undistributed profits after tax	421		9,141,264	28,558,952
- Undistributed profits after tax brought forward	421a		28,558,310	15,330,120
- Net (loss)/profit for the current period/prior year	421b		(19,417,046)	13,228,832
Non-controlling interests	429		8,075,491	9,108,291
TOTAL RESOURCES (440 = 300 + 400)	440		105,003,862	97,297,251

12 August 2020

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:



Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer



Danny Le
Chief Executive Officer

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

Masan Group Corporation and its subsidiaries
Consolidated statement of income for the six-month period ended 30 June 2020

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 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Revenue from sale of goods	01	29	36,153,823	18,099,059
Revenue deductions	02	29	749,854	688,534
Net revenue (10 = 01 - 02)	10	29	35,403,969	17,410,525
Cost of sales	11	30	27,547,870	12,280,257
Gross profit (20 = 10 - 11)	20		7,856,099	5,130,268
Financial income	21	31	1,094,900	158,961
Financial expenses	22	32	1,859,168	1,086,126
<i>In which: Interest expense</i>	23		1,541,167	904,772
Share of profit in associates	24		1,132,218	980,023
Selling expenses	25	33	6,313,488	1,768,514
General and administration expenses	26	34	1,670,810	976,193
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		239,751	2,438,419
Other income	31	35	87,061	2,598
Other expenses	32	36	75,672	24,418
Results of other activities (40 = 31 - 32)	40		11,389	(21,820)
Accounting profit before tax (50 = 30 + 40) (carried forward)	50		251,140	2,416,599

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 2020 (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 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Accounting profit before tax (50 = 30 + 40) (brought forward)	50		251,140	2,416,599
Income tax expense – current	51	38	470,587	266,624
Income tax benefit – deferred	52	38	(57,502)	(41,614)
Net (loss)/profit after tax (60 = 50 - 51 - 52)	60		(161,945)	2,191,589
Attributable to:				
Equity holders of the Company	61		117,254	1,881,698
Non-controlling interests	62		(279,199)	309,891
Earnings per share				
Basic earnings per share (VND)	70	39	100	1,617

12 August 2020

Prepared by:


Doan Thi My Duyen
Chief Accountant

Approved by:


Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer


Danny Le
Chief Executive Officer



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

Masan Group Corporation and its subsidiaries
Consolidated statements of cash flows for the six-month period ended 30 June 2020
(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 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	01		251,140	2,416,599
Adjustments for				
Depreciation and amortisation	02		2,110,970	1,379,235
Allowances and provisions	03		278,738	49,967
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04		2,371	(6,432)
Profits from investing activities	05		(1,666,227)	(1,086,277)
Interest expense and other financial expenses	06		1,636,364	977,447
Operating profit before changes in working capital	08		2,613,356	3,730,539
Decrease in receivables and other assets	09		91,910	33,354
Increase in inventories	10		(625,920)	(1,687,968)
Decrease in payables and other liabilities	11		(136,815)	(87,499)
Decrease/(increase) in prepaid expenses	12		10,374	(96,075)
Decrease/(increase) in trading securities	13		472,134	(36,530)
			2,425,039	1,855,821
Interest paid	14		(1,800,081)	(955,347)
Corporate income tax paid	15		(392,350)	(310,920)
Other payments for operating activities	17		(716)	(88)
Net cash flows from operating activities	20		231,892	589,466
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(1,160,487)	(2,289,933)
Proceeds from disposals of fixed assets and other long-term assets	22		7,246	2,789
Payments for granting loans and term deposits	23		(1,927,300)	(732,300)
Receipts from collecting loans and term deposits	24		889,967	1,002,548
Payments for investments	25		(28,695,028)	(171,347)
Business combination, net of cash combined	25		(1,563,677)	-
Proceeds from disposals of investments	26		10,500,000	-
Receipts of interest and dividends	27		573,368	144,959
Net cash flows from investing activities	30		(21,375,911)	(2,043,284)

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

Masan Group Corporation and its subsidiaries
Consolidated statements of cash flows for the six-month period ended 30 June 2020
(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 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of new shares and equity issued to non-controlling interests	31	17,167
Proceeds from borrowings and bonds	33	57,969
Payments to settle borrowings and bonds	34	13,302,876
Payments of dividends to shareholders and to non-controlling interests of subsidiaries	36	(26,311,429)
		(11,537,457)
Net cash flows from financing activities	40	19,039,494
Net cash flows during the period (50 = 20 + 30 + 40)	50	217,188
Cash and cash equivalents at the beginning of the period	60	4,585,889
Effect of exchange rate fluctuations	61	10,619
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70 9	4,813,696

12 August 2020

Prepared by:


Doan Thi My Duyen
Chief Accountant

Approved by:


Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer




Danny Le
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 2020

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

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

1. Reporting entity

(a) Ownership structure

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

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

(b) Principal activities

The principal activity of the Company is investment holding.

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

Masan Group Corporation and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2020 (continued)

Form B 09a – DN/HN

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

Subsidiaries						
Number	Name	Note	Principal activity	Address	Percentage of economic interests at 30/6/2020	1/1/2020
Direct subsidiaries						
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, Vietnam	-	60.0%
2	Masan Horizon Company Limited ("MH")		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%
3	Masan MEATLife Corporation ("MML")		Investment holding	10th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	88.5%	87.3%
4	VCM Services and Trading Development Joint Stock Company ("VCM")	(*)	Investment holding	7 Bang Lang 1 Street, Vinhomes Riverside Urban Zone, Viet Hung Ward, Long Bien District, Ha Noi City, Vietnam	-	58.6%
5	The SHERPA Company Limited ("SHERPA")	(a)	Investment holding	10th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	99.9%	-

Masan Group Corporation and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2020 (continued)

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

Number	Name	Note	Principal activity	Address	Percentage of economic interests at 30/6/2020	1/1/2020
<i>Indirect subsidiaries</i>						
1	The CrownX Corporation (“CrownX”)	(b)	Investment holding	Suite 802, 8th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	82.6%	-
2	MasanConsumerHoldings Company Limited (“MCH”)	(*)	Investment holding	Suite 802, 8th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	70.8%	-
3	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, Vietnam	47.2%	40.0%
4	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	47.2%	40.0%
5	Masan Brewery PY One Member Company Limited (“MBPY”)	(i)	Beer and beverage manufacturing	Hoa Hiep Industrial Park, Hoa Hiep Bac Ward, Dong Hoa District, Phu Yen Province, Vietnam	47.2%	40.0%
6	Masan Brewery HG One Member Company Limited (“MBHG”)	(i)	Beer and beverage manufacturing	Song Hau Industrial Park, Dong Phu Ward, Chau Thanh District, Hau Giang Province, Vietnam	47.2%	40.0%
7	Masan Brewery Distribution One Member Company Limited (“MBD”)	(i)	Beer and beverage trading	10th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	47.2%	40.0%
8	Masan Brewery MB Company Limited (“MBMB”)	(i)	Beer and beverage manufacturing	Area B, Nam Cam Industrial Park – Dong Nam Nghe An Economic Zone, Nghi Long Commune, Nghi Loc District, Nghe An Province, Vietnam	47.2%	40.0%

Masan Group Corporation and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2020 (continued)

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

Number	Name	Note	Principal activity	Address	Percentage of economic interests at 30/6/2020	1/1/2020
9	Masan Consumer Corporation (“MSC”)	(i)	Trading and distribution	12th Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	67.4%	56.8%
10	Masan Consumer (Thailand) Limited (“MTH”)	(i)	Trading and distribution	No. 83, 4th Floor, Amnuay Songkhram Road, Tanon Nakornchaisri Sub-District, Dusit District, Bangkok, Thailand	67.4%	56.8%
11	Masan Food Company Limited (“MSF”)	(i)	Trading and distribution	12th Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	67.4%	56.8%
12	Masan Industrial One Member Company Limited (“MSI”)	(i)	Seasonings, convenience food manufacturing and packaging	Lot 6, Tan Dong Hiep A Industrial Park, Tan Dong Hiep Ward, Di An City, Binh Duong Province, Vietnam	67.4%	56.8%
13	Viet Tien Food Technology One Member Company Limited (“VTF”)	(i)	Seasonings manufacturing	Lot III-10-Industrial Group III, Tan Binh Industrial Park, Tan Phu District, Ho Chi Minh City, Vietnam	67.4%	56.8%
14	Masan HD One Member Company Limited (“MHD”)	(i)	Convenience food manufacturing	Lot 22, Dai An Industrial Park, Tu Minh Ward, Hai Duong City, Vietnam	67.4%	56.8%
15	Masan PQ Corporation (“MPQ”)	(i)	Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam	67.4%	56.8%
16	Nam Ngu Phu Quoc One Member Company Limited (“NPQ”)	(i)	Seasonings manufacturing	Area 1, Suoi Da Hamlet, Duong To Ward, Phu Quoc District, Kien Giang Province, Vietnam	67.4%	56.8%

Masan Group Corporation and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended 30 June 2020 (continued)

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

Number	Name	Note	Principal activity	Address	Percentage of economic interests at 30/6/2020	1/1/2020
17	Masan Long An Company Limited (“MLA”)	(i)	Seasonings, convenience food manufacturing and packaging	Hamlet 2, Thanh Hoa Commune, Ben Luc District, Long An Province, Vietnam	67.4%	56.8%
18	VinaCafé Bien Hoa Joint Stock Company (“VCF”)	(i)	Beverage manufacturing and trading	Bien Hoa Industrial Zone I, Bien Hoa City, Dong Nai Province, Vietnam	66.5%	55.9%
19	Café De Nam Joint Stock Company (“CDN”)	(i)	Beverage trading and manufacturing	Lot C.I.III-3+5+7, Long Thanh Industrial Park, Tam An Commune, Long Thanh District, Dong Nai Province, Vietnam	56.6%	47.5%
20	Vinh Hao Mineral Water Corporation (“VHC”)	(i)	Beverage manufacturing and trading and packaging	Vinh Son Hamlet, Vinh Hao Commune, Tuy Phong District, Binh Thuan Province, Vietnam	59.7%	50.3%
21	Kronfa., JSC (“KRP”)	(i)	Beverage manufacturing	Km 37, National Road 27, Tan Son Town, Ninh Son District, Ninh Thuan Province, Vietnam	59.7%	50.3%
22	Masan Beverage Company Limited (“MSB”)	(i)	Beverage trading and distribution	12 th Floor, MPLaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	67.4%	56.8%
23	Masan MB One Member Company Limited (“MMB”)	(i)	Seasonings, convenience food manufacturing and packaging	Area B, Nam Cam Industrial Park, Dong Nam Nghe An Economic Zone, Nghi Long Commune, Nghi Loc District, Nghe An Province, Vietnam	67.4%	56.8%

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Number	Name	Note	Principal activity	Address	Percentage of economic interests at 30/6/2020	1/1/2020
24	Masan HG One Member Company Limited (“MHG”)	(i)	Convenience food manufacturing and packaging	Song Hau Industrial Park, Dong Phu Ward, Chau Thanh District, Hau Giang Province, Vietnam	67.4%	56.8%
25	Masan Jinju Joint Stock Company (“MSJ”)	(i)	Convenience food manufacturing and trading	Factory F5, Lot 6, Tan Dong Hiep A Industrial Park, Tan Dong Hiep Ward, Di An City, Binh Duong Province, Vietnam	50.6%	42.6%
26	Quang Ninh Mineral Water Corporation (“QNW”)	(i)	Beverage manufacturing and trading	Group 3A, Area 4, Suoi Mo, Bai Chay Ward, Ha Long City, Quang Ninh Province, Vietnam	44.4%	37.4%
27	Masan HPC Company Limited (“HPC”)	(i)	Trading and distribution	12 th Floor, MPlaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	67.4%	56.8%
28	Net Detergent Joint Stock Company (“NET”)	(i)/ (c)	Homecare products manufacturing and trading	D4 Street, Loc An-Binh Son Industrial Park, Binh Son Ward, Long Thanh District, Dong Nai Province, Vietnam	35.2%	-
29	Mapleleaf Company Limited (“MPL”)	(ii)	Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	99.9%	99.9%
30	Masan Blue Corporation (“MBL”)	(ii)	Trading and distribution	8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	99.8%	99.8%
31	Blue Tek Vietnam Joint Stock Company (“Blue Tek”)	(ii)/ (d)	Software publishing	8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	50.9%	-

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Number	Name	Note	Principal activity	Address	Percentage of economic interests at 30/6/2020	1/1/2020
32	Masan High-Tech Materials Corporation (formerly known as Masan Resources Corporation) ("MHT")	(ii)	Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	96.0%	96.0%
33	Masan Thai Nguyen Resources Company Limited ("MRTN")	(ii)	Investment holding	Suite 802, 8 th Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam	96.0%	96.0%
34	Thai Nguyen Trading and Investment Company Limited ("TNTI")	(ii)	Investment holding	8 th Floor, Central Plaza, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	96.0%	96.0%
35	Nui Phao Mining Company Ltd ("NPM")	(ii)	Exploring and processing mineral	Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam	96.0%	96.0%
36	Masan Tungsten Limited Liability Company ("MTC")	(ii)	Deep processing of nonferrous metals and precious metals (tungsten)	Hamlet 11, Ha Thuong Commune, Dai Tu District, Thai Nguyen Province, Vietnam	96.0%	96.0%
37	H.C. Starck Holding (Germany) GmbH (Germany) ("HCS")	(ii)/ (e)	Investment holding	Im Schleeke 78-91, 38642, Goslar, Germany	96.0%	-
38	ChemiLytics Beteiligungs GmbH (Germany)	(ii)	Investment holding	Im Schleeke 78-91, 38642, Goslar, Germany	96.0%	-
39	H.C. Starck GmbH (Germany)	(ii)	Investment holding	Im Schleeke 78-91, 38642, Goslar, Germany	96.0%	-

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Number	Name	Note	Principal activity	Address	Percentage of economic interests at 30/6/2020	1/1/2020
40	Chemische Fabriken Oker und Braunschweig AG (Germany)	(ii)	Producing chemicals utilized in the manufacturing of paper and additives for the absorptive materials industry	Im Schleeke 78-91, 38642 Goslar, Germany	96.0%	-
41	H.C. Starck Infrastructure GmbH & Co. KG (Germany)	(ii)	Deep processing of nonferrous metals and precious metals (Tungsten)	Landsberger Str. 98, 80339 Munich, Germany	96.0%	-
42	ChemiLytics GmbH & Co. KG (Germany)	(ii)	Chemical analysis and physical measurement data	Im Schleeke 78-91, 38642 Goslar, Germany	96.0%	-
43	H.C. Starck Tungsten GmbH (Germany)	(ii)	Deep processing of nonferrous metals and precious metals (Tungsten)	Landsberger Str. 98, 80339 Munich, Germany	96.0%	-
44	H.C. Starck Nonferrous Metals Trading (Shanghai) Co. Ltd. (China)	(ii)	Trading and distribution	Room 301, 69 Yonghong Road, Minhang District, Shanghai, PRC	96.0%	-
45	H.C. Starck Canada Inc. (Canada)	(ii)	Deep processing of nonferrous metals and precious metals (Tungsten)	933 Vidal Street South, P.O. Box 3098, Samia, Ontario, N7T 8H8, Canada	96.0%	-
46	H.C. Starck Tungsten GK (Japan)	(ii)	Trading and distribution	2-20, Kaigan 1-chome, Minato-ku, Tokyo, Japan	96.0%	-
47	H.C. Starck Tungsten LLC (USA)	(ii)	Trading and distribution	45 Industrial Place, Newton, MA 02461-1951, USA	96.0%	-

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Number	Name	Note	Principal activity	Address	Percentage of economic interests at 30/6/2020	1/1/2020
48	H.C. Starck Jiangwu Tungsten Specialities (Ganzhou) Co. Ltd. (China)	(ii)	Deep processing of nonferrous metals and precious metals (Tungsten)	Shuixi Nonferrous and Metallurgical Industrial Base, Zhanggong District, Ganzhou, Jiangxi Province, PRC	57.6%	-
49	MNS Feed Company Limited (“MNS Feed”)	(iii)	Animal protein	Lot A4, Street No. 2, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	88.5%	87.3%
50	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	88.5%	87.3%
51	MNS Feed Vinh Long Company Limited (“MNS Feed Vinh Long”)	(iii)	Animal protein	Area 4, Co Chien Industrial Park, Long Ho District, Vinh Long Province, Vietnam	88.5%	87.3%
52	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	88.5%	87.3%
53	MNS Feed Thai Nguyen Company Limited (“MNS Feed Thai Nguyen”)	(iii)	Animal protein	Lot B5-B6, Trung Thanh Industrial Park, Trung Thanh District, Pho Yen Town, Thai Nguyen Province, Vietnam	88.5%	87.3%
54	MNS Feed Tien Giang Company Limited (“MNS Feed Tien Giang”)	(iii)	Animal protein	Lot 22-23B, Long Giang Industrial Park, Tan Lap 1 Ward, Tan Phuoc District, Tien Giang Province, Vietnam	88.5%	87.3%
55	MNS Feed Nghe An Company Limited (“MNS Feed Nghe An”)	(iii)	Animal protein	C Area, Nam Cam Industrial Park, Dong Nam Nghe An Industrial Zone, Nghi Xa Ward, Nghi Loc District, Nghe An Province, Vietnam	88.5%	87.3%



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Number	Name	Note	Principal activity	Address	Percentage of economic interests at	
					30/6/2020	1/1/2020
56	MNS Feed Hau Giang Company Limited (“MNS Feed Hau Giang”)	(iii)	Animal protein	Street No. 4, Tan Phu Thanh Industrial Park – Phase 1, Tan Phu Thanh Commune, Chau Thanh A District, Hau Giang Province, Vietnam	88.5%	87.3%
57	MNS Meat Company Limited (“MNS Meat”)	(iii)	Animal protein	Lot A4, Street No. 2, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	88.5%	87.3%
58	MNS Farm Nghe An Company Limited (“MNF (NA)”)	(iii)	Breeding swine	Con Son Village, Ha Son Commune, Quy Hop District, Nghe An Province, Vietnam	88.5%	87.3%
59	MNS Farm Company Limited (“MNS Farm”)	(iii)	Investment holding	10 th Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam	88.5%	87.3%
60	MNS Meat Processing Company Limited (“MNS Meat Processing”)	(iii)	Investment holding	10 th Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam	88.5%	87.3%
61	MNS Meat Ha Nam Company Limited (“MNS Meat Ha Nam”)	(iii)	Meat processing	Lot CN-02, Dong Van IV Industrial Park, Dai Cuong Village, Kim Bang District, Ha Nam Province, Vietnam	88.5%	87.3%
62	MNS Meat Sai Gon Company Limited (“MNS Meat Sai Gon”)	(iii)	Meat processing	Lot 2 Street No. 15, Lot 3-5-7 Street No. 17, Lot 2 Street No. 17, Lot 9 Street No. 19, Tan Duc Industrial Park, Huu Thanh Ward, Duc Hoa District, Long An Province, Vietnam	88.5%	87.3%
63	Vietnamese – French Cattle Feed Joint Stock Company (“Proconco”)	(iii)	Animal protein	Bien Hoa I Industrial Zone, Bien Hoa City, Dong Nai Province, Vietnam	66.5%	65.6%



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Number	Name	Note	Principal activity	Address	Percentage of economic interests at 30/6/2020	1/1/2020
64	Proconco Can Tho One Member Company Limited (“Proconco Can Tho”)	(iii)	Animal protein	Lot 13 and Lot 14, Industrial Park Tra Noc 1, Tra Noc Ward, Binh Thuy District, Can Tho City, Vietnam	66.5%	65.6%
65	ConCo 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	66.5%	65.6%
66	Proconco Hung Yen Trading and Production Co., Ltd. (“Proconco Hung Yen”)	(iii)	Animal protein	Yen Phu Hamlet, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam	66.5%	65.6%
67	VCM Services and Trading Development Joint Stock Company (“VCM”)	(*)	Investment holding	7 Bang Lang 1 Street, Vinhomes Riverside Urban Zone, Viet Hung Ward, Long Bien District, Ha Noi City, Vietnam	69.1%	-
68	Vincommerce General Commercial Services Joint Stock Company (“VinCommerce”)	(iv)	Trading and distribution	72 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	69.1%	58.6%
69	Vineco Agricultural Investment Development and Production Limited Liability Company (“VinEco”)	(iv)	Agriculture	7 Bang Lang 1 Street, Vinhomes Riverside Urban Zone, Viet Hung Ward, Long Bien District, Ha Noi City, Vietnam	69.1%	58.6%
70	VinEco – Tam Dao Agricultural Investment Development and Production Limited Liability Company (“VinEco Tam Dao”)	(iv)	Agriculture	Co Quan Hamlet, Gia Khanh Commune, Binh Xuyen District, Vinh Phuc Province, Vietnam	61.5%	52.2%

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Number	Name	Note	Principal activity	Address	Percentage of economic interests at 30/6/2020	1/1/2020
71	Dong Nai – VinEco Agricultural Company Limited (“VinEco Dong Nai”)	(iv)	Agriculture	Km 13, National Road 51, Long Khanh Hamlet, Tam Phuoc Commune, Bien Hoa City, Dong Nai Province, Vietnam	53.6%	45.4%

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Associates						
Number	Name	Note	Principal activity	30/6/2020	1/1/2020	Percentage of economic interests at
Direct associate						
1	Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”)		Banking	(f)	(f)	
Indirect associates						
1	Cholimex Food Joint Stock Company (“Cholimex”)	(v)	Seasonings manufacturing and trading	32.8%	32.8%	
2	Thuan Phat Packing Joint Stock Company (“Thuan Phat”)	(vi)	Packing manufacturing	25.0%	25.0%	
3	Abattoir Long Binh Joint Stock Company (“Abattoir”)	(vi)	Animal protein	25.0%	25.0%	
4	Dong Nai Producing Trading Service Joint Stock Company (“Donatraco”)	(vi)	Animal protein	21.3%	21.3%	
5	Vissan Joint Stock Company (“Vissan”)	(vi)	Food manufacturing and retailing	24.9%	24.9%	
6	Jiangwu H.C. Starck Tungsten Products Co., Ltd.	(vii)	Deep processing of nonferrous metals and precious metals (Tungsten)	30.0%	-	

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- (*) On 25 June 2020, the Company transferred all of its equity interests in MCH to CrownX and its equity interests in VCM to SHERPA. Thereafter, SHERPA transferred all of its equity interest in VCM to CrownX.
- (i) These entities are direct and indirect subsidiaries of MCH.
- (ii) These entities are direct and indirect subsidiaries of MH.
- (iii) These entities are direct and indirect subsidiaries of MML.
- (iv) These entities are direct and indirect subsidiaries of VCM.
- (v) This entity is an indirect associate of MCH.
- (vi) These entities are indirect associates of MML.
- (vii) This entity is an indirect associate of MH.

The percentage of economic interests for subsidiaries represents the effective percentage of economic interests of the Company both directly and indirectly in the subsidiaries, which is determined based on percentage of equity owned (directly and indirectly) in the subsidiaries, except for other arrangements if any. The percentage of economic interests for associates represents the direct percentage of economic interests of the Company and its subsidiaries in the associates.

- (a) The SHERPA Company Limited (“SHERPA”) was established under the Enterprise Registration Certificate No. 0316328421 dated 12 June 2020 issued by the Department of Planning and Investment of Ho Chi Minh City.
- (b) The CrownX Corporation (“CrownX”) was established under the Enterprise Registration Certificate No. 0316333118 dated 16 June 2020 issued by the Department of Planning and Investment of Ho Chi Minh City.
- (c) For Net Detergent Joint Stock Company (“NET”), see Note 8(a).
- (d) Blue Tek Vietnam Joint Stock Company (“Blue Tek”) was established under the Enterprise Registration Certificate No. 0316225810 dated 30 March 2020 issued by the Department of Planning and Investment of Ho Chi Minh City.
- (e) For H.C. Starck Holding (Germany) GmbH (“HCS”), see Note 8(b).
- (f) For Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”), see Note 10(c).

As at 30 June 2020, the Group had 37,285 employees (1/1/2020: 40,610 employees).

(c) Normal operating cycle

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

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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. The consolidated interim financial statements are prepared for the six-month period ended 30 June 2020.

(d) Accounting and presentation currency

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

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

(e) Corresponding figures

The corresponding figures as at 1 January 2020 were derived from the balances and amounts reported in the Group's consolidated financial statements as at 31 December 2019 and the corresponding figures for the six-month period ended 30 June 2019 were derived from the Group's reviewed consolidated interim financial statements for the six-month period ended 30 June 2019.

3. Summary of significant accounting policies

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

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

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(a) Basis of consolidation

(i) Common-control business combination

Business combination where the same group of shareholders (“the Controlling Shareholders”) control the combining companies before and after the business combination meets the definition of business combination under common control because there is a continuation of the risks and benefits to the Controlling Shareholders. Such common control business combination is specifically excluded from the scope of Vietnamese Accounting Standard No. 11 *Business Combination* and in selecting its accounting policy with respect to such transaction, the Group has considered Vietnamese Accounting Standard No. 01 *Framework* and Vietnamese Accounting Standard No. 21 *Presentation of Financial Statements*. Based on these standards, the Group has adopted the merger (“carry-over”) basis of accounting. The assets and liabilities of the combining companies are consolidated using the existing book values from the Controlling Shareholders’ perspective. Any difference between the cost of acquisition and net assets acquired is treated as a deemed distribution to or contribution from shareholders and recorded directly in undistributed profits after tax under equity.

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

(ii) Non-common control business combination

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

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

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations include any costs directly attributable to the combination, such as professional fees paid to accountants, legal advisers, valuers and other consultants to affect 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.

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(iii) Subsidiaries

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

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

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

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

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

(vi) Transactions eliminated on consolidation

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

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(b) Foreign currency

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

Foreign currency differences arising from the translation of foreign operations' financial statements to VND are recognised in the consolidated balance sheet under the caption "Foreign exchange differences" in equity.

(c) Cash and cash equivalents

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

(d) Investments

(i) Trading securities

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

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(ii) Held-to-maturity investments

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

(iii) Equity investment in other entities

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

(e) Accounts receivable

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

Factoring

Depending on market conditions and liquidity requirements, the Group enters into factoring agreements to transfer trade receivables. For factoring transactions, the Group assess whether trade receivables can be derecognised in their entirety or not, basing on the extent to which it retains the risks and rewards of ownership of the trade receivables.

If the Group:

- transfers substantially all the risks and rewards of ownership of the receivables, the Group derecognises the receivables and recognise separately as asset or liability any rights and obligations created or retained in the transfer;
- retains substantially all the risks and rewards of ownership of the receivables, the Group continues to recognise the receivables;
- neither transfers nor retains substantially all the risks and rewards of ownership of the receivables, the Group determines whether it has retained control. If the Group does not retain control, it derecognises the receivables and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. If the Group retains control, it continues to recognise the receivables to the extent of its continuing involvement in the receivables.

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The extent of continuing involvement in the transferred assets is the extent to which it is exposed to changes in the value of the transferred assets, which is the lower of the carrying amount of assets and the maximum amount of the consideration that the Group could be required to pay (“the guarantee amount”).

When the Group continues to recognise an asset to the extent of its continuing involvement, the Group also recognizes an associated liability. The associated liability is initially measured at the guarantee amount plus the fair value of the guarantee. Subsequently the initial fair value of the guarantee is recognised in the consolidated income statement on a time proportion basis.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and direct selling expenses.

The Group applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use and the costs of dismantling and removing the asset and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the period in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets. In situations where the self-constructed tangible assets have been completed and are put into used but their cost is not finalised, their historical cost will be recorded to provisional cost using temporarily estimated value and they shall be adjusted with the difference after the finalised cost are approved.

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

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(ii) Depreciation

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

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

	<u>As at 30/6/2020</u>	<u>As at 1/1/2020</u>
ST plant	171,865 tonnes of tungsten	171,865 tonnes of tungsten
APT plant	166,990 tonnes of tungsten	166,990 tonnes of tungsten

Others

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

▪ mining properties	15 – 20 years
▪ buildings and structures	4 – 50 years
▪ leasehold improvements	3 – 5 years
▪ office equipment	3 – 15 years
▪ machinery and equipment	2 – 25 years
▪ motor vehicles	3 – 15 years

Construction assets which are completed and put into use before finalising construction costs are stated at provisional cost. On the date the construction costs are finalised and approved, provisional cost shall be adjusted to finalised cost and accumulated depreciation shall not be adjusted. The subsequent depreciation charge is determined as the approved value minus the accumulated depreciation made for the period up to the approval of finalisation of fixed assets divided by the remaining depreciation period of the fixed assets according to relevant regulations.

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

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

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Land use rights with indefinite term are stated at cost and are not amortised. Land use rights with definite term are stated at cost less accumulated amortisation. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over their useful lives ranging from 10 to 50 years.

(ii) Software

Cost of software include:

- cost of acquiring a new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible fixed asset. Software cost is amortised on a straight-line basis over a period ranging from 3 to 10 years; and
- cost incurred during actual software development phase when following conditions are met:
 - respective costs are attributable directly to the software development stage;
 - there is well-founded expectation – verifiable by program designs, models, or the like that the development activities to be capitalized will be finalised successfully and thus the intention to complete the development project should be given;
 - the Group will be able to implement and use the software after its development;
 - adequate technical, financial and personnel resources should be available to complete the software development successfully; and
 - the Group is able to measure expenditure attributable to the software development project reliably.

Self-developed software are amortised on a straight-line basis over period of up to 4 years starting from the date on which the respective modules are completed.

(iii) Brand name

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

Brand names that are acquired by the Group in the acquisition of subsidiary are capitalised and presented as an intangible fixed asset. The fair value of brand names is amortised on a straight-line basis over their useful lives ranging from 10 to 20 years.

The fair value of brand name acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the brand name being owned.

(iv) Customer relationships

Customer relationships that are acquired by the Group in the acquisition of subsidiary are capitalised and presented as an intangible fixed asset. The fair value of customer relationships is amortised on a straight-line basis over their useful lives ranging from 5 to 20 years.

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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.

(v) Mineral water resources

Mineral water resources that are acquired by the Group in the acquisition of subsidiary are capitalised and presented as an intangible fixed asset. The fair value of mineral water resources is amortised on a straight-line basis over their useful lives ranging from 10 to 37 years.

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.

(vi) Mining rights

The mining rights is calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with the Decree No. 203/2013/ND/CP dated 28 November 2013 which became effective from 20 January 2014. Cost of mining rights was stated at an amount equal to the present value of mining rights fee and was capitalised and treated as an intangible fixed asset. Amortisation of mining rights fees is computed on a straight-line basis over the period of 15 years which is the economic life of the mine reserves.

(vii) Technology

Technology that is acquired by the Group in the acquisition of subsidiary is capitalised and presented as an intangible fixed asset. The fair value of technology is amortised on a straight-line basis over their useful lives over 5 years.

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.

(viii) Mineral water resources exploitation rights

Expenditure on obtaining exploitation rights for mineral water resources is capitalised and treated as an intangible fixed asset. Amortisation is computed on a straight-line basis over their useful lives ranging from 9 to 30 years.



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(ix) Development costs

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and process, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised include the costs of materials, direct labour and an appropriate portion of overheads. Other development expenditure, including expenditure on internally generated goodwill and brands, is recognised in the consolidated statement of income as an expense as incurred. Capitalised development costs are stated at cost less accumulated amortisation, which is provided on a straight-line basis over 3 to 16 years.

(i) Investment property

(i) Cost

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its buildings, structures and any directly attributable expenditures of bringing the property to the condition necessary for it to be capable of operating in the manner intended by the Board of Management of the Company or its subsidiaries. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repair and maintenance cost, is charged to the consolidated statement of income in the period in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property.

(ii) Depreciation

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

- buildings 20 – 25 years
- infrastructure 5 – 20 years

(j) Construction in progress

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

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

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(k) Long-term prepaid expenses

(i) Other mining costs

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

Other mining costs comprise of:

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

Deferred stripping costs

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

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

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

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

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

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

(ii) Prepaid land costs

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

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(iii) Land compensation costs

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

(iv) Printing axles, tools and supplies

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

Tools and supplies include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and supplies is amortised on a straight-line basis not more than 3 years.

(v) Goodwill from equitisation

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

(vi) Swine breeders

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

(vii) Other long-term prepaid expenses

Other long-term prepaid expenses include pre-operating expenses and other prepaid expenses which are stated at their costs and are amortised on a straight-line basis over a period ranging from over 1 to 23 years.

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

(m) Trade and other payables

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

(n) Provisions

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

(i) Mining rights fee

In accordance with the Law on Minerals 2010, a subsidiary of the Company has an obligation to pay the government fees for mining rights grant. The mining rights fee is calculated based on the remaining exploitable reserves and the price to calculate the charge for granting mining rights in accordance with:

- Decree No. 203/2013/ND-CP dated 28 November 2013 (“Decree 203”), Decree No. 158/2016/ND-CP dated 29 November 2016 (“Decree 158”) and Circular No. 38/2017/TT-BTNMT dated 16 October 2017 (“Circular 38”) until 15 September 2019; and
- Decree No. 67/2019/ND-CP dated 31 July 2019 (“Decree 67”) from 15 September 2019.

Mining rights fee is calculated based on the remaining exploitable reserves and the price to calculate the charge for granting mining rights which is defined under the prices to calculate the resource royalty in accordance with the law on resource royalty at the time of determining the charge for granting mining rights. The prices to calculate the resource royalty is announced by the provincial People's Committee. The conversion method is based on various parameters of the conversion coefficient under guidelines of Circular 38 and/or Decree 67.

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(ii) Mine rehabilitation

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

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

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

(iii) Severance allowance

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

(iv) Pensions

Pensions are retirement benefits and are classified as either defined contribution plans or defined benefit plans.

Under a defined contribution plan, the Group pay fixed contributions into a separate fund. The amount of an employee’s future retirement benefit is only based on the contributions paid and the income earned from the investment. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group’s contributions are to be recognised as expenses in the periods in which they were paid.

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Under a defined benefit plan, employees will receive a defined amount of pension benefit on retirement, usually dependent on one or more factors such as age, years of service and compensation. The provision to be recognised for a defined benefit plan is calculated as the present value of the defined benefit obligations at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting estimated future cashflow using interest rates of high-quality AA-corporation bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximation to the terms of the related pension liability. The measurement of defined benefit obligation involves estimation of future cashflow, employee turnover, mortality and future increase in salaries.

For purpose of half-year reporting, the defined benefit obligation is estimated using the projection report by independent actuaries for the current year, using the same assumption used in the previous year.

(o) Bonds issued

(i) *Straight bonds*

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

(p) Taxation

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

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

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

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

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(q) Equity

(i) Share capital and capital surplus

Ordinary shares are stated at par. Excess of issuance price over par value on shares issued is recognised as capital surplus. Incremental costs directly attributable to the issuance 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.

(r) Revenue

(i) Goods sold

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

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

(s) Financial income and financial expenses

(i) Financial income

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

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(ii) Financial expenses

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

(t) Operating lease payments

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

(u) Earnings per share

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

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group’s primary and secondary formats for segment reporting are based on business segments and geographical segments, respectively.

(w) Related parties

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

(x) Share-based payments

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

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4. Seasonality of operations

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

5. Changes in accounting estimates

In preparing these consolidated interim financial statements, the Board of Management has made several accounting estimates. Actual results may differ from these estimates. There were no other significant changes in basis of accounting estimates compared to those made in the most recent consolidated annual financial statements or those made in the same interim period of the prior year.

6. Changes in the composition of the Group

On 20 February 2020, Masan HPC Company Limited ("HPC") acquired a subsidiary named Net Detergent Joint Stock Company. Please see Note 8(a) for further information.

On 9 June 2020, Masan Tungsten Limited Liability Company ("MTC") acquired a subsidiary named H.C Starck Holding (Germany) GmbH. Please see Note 8(b) for further information.

On 12 June 2020, the Company established a subsidiary named The SHERPA Company Limited ("SHERPA").

On 25 June 2020, the Company transferred all of its equity interest in MCH to The CrownX Corporation ("CrownX") and its equity interest in VCM to SHERPA. Thereafter, SHERPA transferred all of its equity interest in VCM to CrownX. As of the result, SHERPA holds 70% of contributed capital in CrownX, a newly incorporated company in Vietnam on 16 June 2020.

On 26 June 2020, the Company acquired 12.6% share capital in CrownX from a third party. After the acquisition, the Company's effective equity interest in CrownX increased to 82.6%.

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7. Segment reporting

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

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

- Food and beverage
- MEATLife: breeding swine, animal protein and food manufacturing
- Mining and processing
- Consumer retail
- Others: financial services and others

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(a) Business segments

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

	Food and beverage		MEATLife		Mining and Processing		Consumer retail		Others		Total	
	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2020 to 30/6/2020 VND million	
Segment revenue	10,249,469	7,979,472	7,196,135	6,741,040	2,572,249	2,690,013	15,386,116	-	-	-	35,403,969	17,410,525
Segment gross margin	4,114,321	3,249,877	1,195,073	1,143,888	114,200	736,503	2,432,505	-	-	-	7,856,099	5,130,268
Segment results	1,381,627	1,205,396	88,500	213,958	(392,773)	105,322	(2,314,713)	-	1,132,103	972,515	(105,256)	2,497,191
Net unallocated expenses											(56,689)	(305,602)
Net (loss)/profit											(161,945)	2,191,589

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	Food and beverage		MEATLife		Mining and Processing		Consumer retail		Others		Total	
	30/6/2020 VND million	1/1/2020 VND million	30/6/2020 VND million	1/1/2020 VND million	30/6/2020 VND million	1/1/2020 VND million	30/6/2020 VND million	1/1/2020 VND million	30/6/2020 VND million	1/1/2020 VND million	30/6/2020 VND million	1/1/2020 VND million
Segment assets	14,284,825	11,219,229	15,995,578	15,004,817	35,009,823	28,080,203	23,018,802	24,652,861	16,215,428	15,083,325	104,524,456	94,040,435
Unallocated assets											479,406	3,256,816
Total assets											105,003,862	97,297,251
Segment liabilities	10,036,167	8,243,672	8,186,399	7,207,140	23,954,658	14,910,485	14,825,169	11,177,887	-	-	57,002,393	41,539,184
Unallocated liabilities											16,783,186	3,869,660
Total liabilities											73,785,579	45,408,844
Capital expenditure	466,262	616,952	219,634	1,113,546	246,003	559,115	226,876	-	-	-	1,158,775	2,289,613
Unallocated capital expenditure												
Depreciation	325,066	300,914	221,863	177,865	560,218	565,320	371,772	-	1,712	320	1,712	320
Unallocated depreciation												
Amortisation	164,691	148,581	199,865	218,764	122,570	107,909	717,146	-	1,765	1,469	1,765	1,469
Unallocated amortisation											1,204,272	475,254
Total amortisation											202	156

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(b) Geographical segments

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

	Domestic		Overseas		Total	
	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Segment revenue	32,332,191	14,585,913	3,071,778	2,824,612	35,403,969	17,410,525

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8. Business combination

(a) Net Detergent Joint Stock Company (“NET”)

On 20 February 2020, HPC, a subsidiary indirectly owned by the Company, successfully acquired 52.3% equity interest in Net Detergent Joint Stock Company (“NET”) which is one of the local homecare manufacturers, for a total consideration of VND565,077 million including transactions costs. Such transaction resulted in NET became a subsidiary indirectly owned by the Company.

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

	Pre-business combination carrying amounts VND million	Fair value adjustments VND million	Recognised value on business combination VND million
Cash and cash equivalents	53,494	-	53,494
Held-to-maturity investments	63,500	-	63,500
Accounts receivable – short-term	48,238	-	48,238
Inventories	126,318	-	126,318
Other current assets	2,928	-	2,928
Tangible fixed assets – net	259,270	39,554	298,824
Intangible fixed assets – net	183	360,954	361,137
Investment property – net	11,774	6,854	18,628
Construction in progress	158	-	158
Long-term prepaid expenses	46,809	78,495	125,304
Accounts payable to suppliers	(195,753)	-	(195,753)
Short-term borrowings	(23,649)	-	(23,649)
Other current liabilities	(61,108)	-	(61,108)
Other long-term liabilities	(100)	-	(100)
Deferred tax liabilities	-	(97,171)	(97,171)
Total net identifiable assets from business combination	332,062	388,686	720,748
Share of net assets from business combination			376,606
Goodwill on business combination			188,471
Total consideration			565,077
Cash acquired from business combination			53,494
Net cash outflow			511,583

Goodwill recognised on business combination is attributable mainly to synergies which management expects to realise by integrating NET into the Group’s existing business.

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For the period from acquisition date to 30 June 2020, the acquired business contributed revenue of VND520,708 million and profit of VND51,284 million to the Group's results.

(b) H.C Starck Holding (Germany) GmbH (“HCS”)

On 9 June 2020, MTC, a subsidiary indirectly owned by the Company, successfully acquired 100.0% equity interest in H.C Starck Holding (Germany) GmbH (“HCS”), which is a manufacturer of tungsten metal powders and carbides (midstream tungsten products) with global operation for a total consideration of VND1,992,284 million including transaction costs. Such transaction resulted in HCS became a subsidiary indirectly owned by the Company.

On the business combination date, the carrying amount of net identifiable assets and liabilities were as follows:

	Carrying amount VND million
Cash and cash equivalents	940,190
Inventories – net	1,687,581
Other current assets	930,123
Fixed assets	1,830,767
Other long-term assets	972,226
Current liabilities	(1,291,779)
Long-term liabilities	(6,011,838)
Non-controlling interests	50,738
Total net identifiable liabilities from business combination	(891,992)
Goodwill on business combination	2,884,276
Total consideration	1,992,284
Cash acquired from business combination	940,190
Net cash outflow	1,052,094

The acquisition of HCS was being consolidated into the Group's consolidated financial statements as at 30 June 2020 based on the carrying amounts of the assets and liabilities acquired at acquisition date as the fair value of these assets and liabilities have yet to be determined. Adjustments will be made subsequently when the fair values are finalised.

For the period from acquisition date to 30 June 2020, the acquired business contributed revenue of VND487,564 million and profit of VND39,880 million to the Group's results.

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	30/6/2020	1/1/2020
	VND million	VND million
Cash on hand	135,289	89,018
Cash at banks	2,005,819	1,780,712
Cash in transit	47,142	58,340
Cash equivalents	2,507,261	4,872,458
	<hr/>	<hr/>
	4,695,511	6,800,528

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

10. Investments

	30/6/2020	1/1/2020
	VND million	VND million
Short-term financial investments		
Trading securities (a)	-	472,134
Held-to-maturity investments (b)	266,900	312,320
	<hr/>	<hr/>
	266,900	784,454
Long-term financial investments		
Held-to-maturity investments (b)	7,400	-
Investments in associates (c)	18,637,963	17,492,653
Equity investments in other entities (d)	21,646	21,646
Allowance for diminution in the value of long-term financial investments	(10,823)	(8,442)
	<hr/>	<hr/>
	18,656,186	17,505,857

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(a) Trading securities

	30/6/2020			1/1/2020		
	Quantity	Cost VND million	Fair value VND million	Quantity	Cost VND million	Fair value VND million
Bonds	-	-	-	47,153	472,134	(*)
						Allowance for diminution in value VND million

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

Movements of investments in trading securities during the period were as follows:

	From 1/1/2020 to 30/6/2020 VND million
Opening balance	472,134
Additions	1,902,033
Disposals	(2,374,167)
Closing balance	-

(b) Held-to-maturity investments

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

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



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(c) Investments in associates

	30/6/2020			1/1/2020			
	% of equity owned over charter capital	% of voting rights over charter capital	Carrying value at equity accounted VND million	% of equity owned over charter capital	% of voting rights over charter capital	Carrying value at equity accounted VND million	Fair value VND million
▪ Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”) (**)	20.0%	20.0%	16,215,428	20.0%	20.0%	15,083,325	17,697,967
▪ Cholimex Food Joint Stock Company (“Cholimex”)	32.8%	32.8%	249,392	(*)	32.8%	249,392	(*)
▪ Thuan Phat Packing Joint Stock Company (“Thuan Phat”)	25.0%	25.0%	4,067	(*)	25.0%	4,925	(*)
▪ Abattoir Long Binh Joint Stock Company (“Abattoir”)	25.0%	25.0%	6,405	(*)	25.0%	6,709	(*)
▪ Dong Nai Producing Trading Services Joint Stock Company (“Donatraco”)	21.3%	21.3%	13,821	(*)	21.3%	12,812	(*)
▪ Vissan Joint Stock Company (“Vissan”)	24.9%	24.9%	2,135,490	(*)	24.9%	2,135,490	(*)
▪ Jiangwu H.C. Starck Tungsten Products Co.,Ltd. (“Jiangwu”)	30.0%	30.0%	13,360	(*)	-	-	-
			<u>18,637,963</u>			<u>17,492,653</u>	<u>(*)</u>

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

	Techcombank VND million	Cholimex VND million	Thuan Phat VND million	Abattoir VND million	Donatraco VND million	Vissan VND million	Jiangwu VND million	Total VND million
Opening balance	15,083,325	249,392	4,925	6,709	12,812	2,135,490	-	17,492,653
Increase from business acquisition (Note 8)	-	-	-	-	-	-	13,365	13,365
Share in post-acquisition profit/(loss) of associates during the period	1,132,103	-	(858)	196	1,009	-	(232)	1,132,218
Dividends declared	-	-	-	(500)	-	-	-	(500)
Currency translation differences	-	-	-	-	-	-	227	227
Closing balance	16,215,428	249,392	4,067	6,405	13,821	2,135,490	13,360	18,637,963

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

The fair values of investment in Techcombank as at 30 June 2020 and 1 January 2020 were determined by reference to the quoted prices at these respective dates on Ho Chi Minh City Stock Exchange.

(**) The Group has 20% direct equity holding and 1.5% economic interest in Techcombank that is subject to a forward sale agreement (1/1/2020: 21.5%). The forward transaction has not been completed and is subject to the terms of the agreement.

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(d) Equity investments in other entities

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

	30/6/2020		1/1/2020	
	% of equity owned	% of voting rights	Allowance for diminution in value VND million	Cost in value VND million
Dinh Vu Petroleum Service	5.4%	5.4%	(10,823)	21,646
Port Joint Stock Company	5.4%	5.4%	(*)	(8,442)
				(*)

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

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

	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Opening balance	8,442	8,442
Increase in allowance during the period	2,381	-
Written back	-	(649)
Closing balance	10,823	7,793

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(e) Transactions in subsidiaries for the six-month period ended 30 June 2020 – transactions with non-controlling interests

(i) Transactions with non-controlling interests in MSC

The Company's economic interests in MSC increased from 56.8% to 67.4% as a result of the following transactions:

- From March to May 2020, MCH acquired a total of 0.32% equity interests in MSC for a total consideration of VND279,372 million; and
- Transaction with non-controlling interests in CrownX as mentioned in Note 6.

The transactions with non-controlling interests have the following effects:

	VND million
Consideration paid in cash	279,372
Proportionate carrying amount of net assets acquired	(140,651)
	138,721
Differences recorded in undistributed profits after tax	138,721

(ii) Transactions with non-controlling interests in VCF

The Company's economic interests in VCF increased from 55.9% to 66.5% as a result of the following transactions:

- In June 2020, MSB successfully acquired additional 59,700 shares of VCF for a total consideration of VND12,782 million; and
- Transaction with non-controlling interests in MSC as mentioned in Note 10(e)(i).

The transactions with non-controlling interests have the following effects:

	VND million
Consideration paid in cash	12,782
Proportionate carrying amount of net assets acquired	(6,998)
	5,784
Difference recorded in undistributed profits after tax	5,784

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(iii) Transactions with non-controlling interests in MML

In January 2020, MH acquired a total of 1.2% equity interests in MML for a total consideration of VND300,302 million. As a result of this transaction, the Company's equity interest in MML has increased from 87.3% to 88.5%, resulting in the following effects:

	VND million
Consideration paid	300,302
Proportionate carrying amount of net assets acquired	(70,914)
	229,388
Differences recorded in undistributed profits after tax	229,388

(iv) Transactions with non-controlling interests in CrownX

On 26 June 2020, the Company acquired 12.6% share capital in CrownX from a third party. As a result of this transaction, the Company's equity interest in CrownX has increased to 82.6%, resulting in the following effects:

	VND million
Consideration	20,002,572
Proportionate carrying amount of net assets acquired	(822,742)
	19,179,830
Differences recorded in undistributed profits after tax	19,179,830

(iv) Transactions with non-controlling interests in MBL

From January to April 2020, MH contributed additional capital of VND47,900 million in MBL, resulting in the following effects:

	VND million
Contributed capital	47,900
Proportionate carrying amount of net assets acquired	(47,804)
	96
Differences recorded in undistributed profits after tax	96

(f) Significant transactions in subsidiaries in prior periods

Transaction with non-controlling interests in MCH

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

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

As at 30 June 2020 and 1 January 2020, a part of short-term receivables of an indirect subsidiary was pledged with banks as security for loans granted to that subsidiary (Note 23).

As at 30 June 2020, prepayments to suppliers of the Group amounting to VND279,375 million (1/1/2020: VND809,608 million) were related to construction in progress.

(a) Receivable on short-term lending loans

Receivable on short-term lending loans from third parties were unsecured, earned interest rate at 6.5% per annum at 30 June 2020 (1/1/2020: nil) and mature in 2021.

(b) Other receivables

Other receivables comprised of:

	30/6/2020	1/1/2020
	VND million	VND million
Other short-term receivables		
Short-term deposits (*)	1,988,281	2,315,774
Accrued interest receivable from deposits and other loan investing activities	29,243	26,950
Advances	29,899	25,358
Others	347,975	386,259
	2,395,398	2,754,341
Other long-term receivables		
Long-term deposits	343,137	349,646
Others (**)	1,238,220	1,250,000
	1,581,357	1,599,646

(*) Included in short-term deposits was VND1,900,000 million of deposits paid to third parties for the investments in business cooperation contracts (1/1/2020: VND2,000,000 million).

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

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

	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Opening balance	105,744	106,135
Increase in allowance during the period	1,887	13,400
Allowance utilised during the period	-	(5,926)
Written back	(15,257)	(1,427)
Closing balance	<u>92,374</u>	<u>112,182</u>

12. Inventories

	30/6/2020		1/1/2020	
	Cost VND million	Allowance VND million	Cost VND million	Allowance VND million
Goods in transit	620,101	-	260,850	-
Raw materials	2,962,462	(43,087)	1,685,210	(14,260)
Tools and supplies	1,062,742	(24,428)	874,450	(24,319)
Work in progress	972,886	(13,489)	451,471	-
Finished goods	3,811,900	(268,031)	2,036,450	(30,231)
Merchandise inventories	2,654,567	(68,337)	4,245,347	-
Goods on consignment	6,511	-	136,853	-
Goods in bounded warehouse	59,872	-	-	-
	<u>12,151,041</u>	<u>(417,372)</u>	<u>9,690,631</u>	<u>(68,810)</u>

As at 30 June 2020 and 1 January 2020, certain inventories of the Group were pledged with banks as security for loans granted to subsidiaries (Note 23).

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

	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Opening balance	68,810	56,398
Increases from business combination	62,903	-
Increases in allowance during the period	338,925	23,947
Allowance utilised during the period	(36,915)	(21,874)
Written back	(16,351)	(3,651)
Closing balance	<u>417,372</u>	<u>54,820</u>

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13. Tangible fixed assets

Cost	Mining	Buildings	Leasehold	Office	Machinery	Motor	Total
	properties	and structures	improvements	equipment	and equipment	vehicles	VND million
	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Opening balance	5,095,927	13,306,627	87,490	263,878	20,337,461	156,645	39,248,028
Additions	-	21,938	-	5,864	52,928	9,878	90,608
Increases from business combination	-	1,563,360	-	303	3,788,151	4,256	5,356,070
Transfers from construction in progress	-	204,829	-	9,466	1,190,637	5,028	1,409,960
Transfers to long-term prepaid expenses	-	-	-	-	(76)	-	(76)
Disposals	-	(19,681)	-	(3,439)	(54,391)	(8,832)	(86,343)
Written off	-	(2,256)	-	(395)	(8,932)	-	(11,583)
Other movements	-	(574)	-	-	(17,427)	-	(18,001)
Currency translation differences	-	(45,946)	-	-	(126,444)	-	(172,390)
Closing balance	5,095,927	15,028,297	87,490	275,677	25,161,907	166,975	45,816,273

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	Mining properties VND million	Buildings and structures VND million	Leasehold improvements VND million	Office equipment VND million	Machinery and equipment VND million	Motor vehicles VND million	Total VND million
Accumulated depreciation							
Opening balance	1,127,331	2,007,751	68,758	108,510	6,712,536	52,261	10,077,147
Increases from business combination	-	586,645	-	-	2,819,694	-	3,406,339
Charge for the period	105,665	421,792	9,079	28,561	903,118	12,468	1,480,683
Transfers to long-term prepaid expenses	-	-	-	-	(48)	-	(48)
Disposals	-	(9,608)	-	(3,121)	(45,786)	(8,712)	(67,227)
Written off	-	(2,256)	-	(385)	(5,147)	-	(7,788)
Other movements	-	-	-	-	(3,207)	-	(3,207)
Currency translation differences	-	(20,155)	-	-	(96,295)	-	(116,450)
Closing balance	1,232,996	2,984,169	77,837	133,565	10,284,865	56,017	14,769,449
Net book value							
Opening balance	3,968,596	11,298,876	18,732	155,368	13,624,925	104,384	29,170,881
Closing balance	3,862,931	12,044,128	9,653	142,112	14,877,042	110,958	31,046,824

Included in tangible fixed assets were assets costing VND1,934,326 million which were fully depreciated as of 30 June 2020 (1/1/2020: VND1,742,379 million), but are still in active use.

The carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND27,235 million as of 30 June 2020 (1/1/2020: VND24,968 million). As at 30 June 2020, tangible fixed assets with carrying value of VND2,964,380 million (1/1/2020: VND3,602,299 million) were pledged with banks as security for loans granted to the subsidiaries and VND11,101,026 million (1/1/2020: VND10,976,925 million) were pledged with banks as security for long-term bonds issued by a subsidiary (Note 23).

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14. 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	Development costs VND million	Other VND million	Total VND million
Opening balance	3,946,139	633,966	2,414,898	6,040,214	412,698	588,373	669,433	72,122	-	-	14,777,843
Additions	-	23,776	-	-	-	-	-	-	1,350	-	25,126
Increases from business combination	34,934	285,330	341,272	19,683	-	-	-	-	69,507	15,301	766,027
Transfers from construction in progress	-	10,038	-	-	-	-	-	-	-	-	10,038
Written off	(12,646)	(1,677)	-	-	-	-	-	-	-	-	(14,323)
Other movements	-	-	-	-	-	-	-	-	-	(1,381)	(1,381)
Reclassification	-	439	(439)	-	-	-	-	-	-	-	-
Currency translation differences	(1,194)	(9,743)	-	-	-	-	-	-	(2,405)	(491)	(13,833)
Closing balance	3,967,233	942,129	2,755,731	6,059,897	412,698	588,373	669,433	72,122	68,452	13,429	15,549,497
Accumulated amortisation											
Opening balance	66,128	263,420	914,107	1,002,464	95,333	158,119	636,769	20,685	-	-	3,157,025
Increases from business combination	-	280,835	-	-	-	-	-	-	53,616	1,505	335,956
Charge for the period	59,828	60,379	79,492	125,319	10,967	15,275	32,664	1,653	1,588	34	387,199
Written off	(4,018)	(812)	-	-	-	-	-	-	-	-	(4,830)
Currency translation differences	-	(9,602)	-	-	-	-	-	-	(1,868)	(59)	(11,529)
Closing balance	121,938	594,220	993,599	1,127,783	106,300	173,394	669,433	22,338	53,336	1,480	3,863,821
Net book value											
Opening balance	3,880,011	370,546	1,500,791	5,037,750	317,365	430,254	32,664	51,437	-	-	11,620,818
Closing balance	3,845,295	347,909	1,762,132	4,932,114	306,398	414,979	-	49,784	15,116	11,949	11,685,676

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Included in intangible fixed assets were assets costing VND619,887 million which were fully amortised as of 30 June 2020 (1/1/2020: VND54,182 million), but are still in active use.

As at 30 June 2020, intangible fixed assets with carrying value of VND443,620 million (1/1/2020: VND465,011 million) were pledged with banks as security for long-term bonds issued by a subsidiary (Note 23).

15. Investment property

	Buildings VND million	Infrastructure VND million	Total VND million
Cost			
Opening balance	-	-	-
Increase from business combination (Note 8)	18,016	612	18,628
Closing balance	18,016	612	18,628
Accumulated depreciation			
Opening balance	-	-	-
Charge for the period	1,619	30	1,649
Closing balance	1,620	29	1,649
Net book value			
Opening balance	-	-	-
Closing balance	16,397	582	16,979

The fair value of investment property held to earn rental has not been determined as there is no active market for such property.

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16. Construction in progress

	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Opening balance	3,278,972	2,171,342
Additions	1,487,533	1,925,454
Increases from business combination	111,084	-
Transfers to tangible fixed assets	(1,409,960)	(463,327)
Transfers to intangible fixed assets	(10,038)	(8,698)
Transfers to long-term prepaid expenses	(109,442)	(19,867)
Written off	-	(346)
Currency translation differences	(3,827)	-
Closing balance	3,344,322	3,604,558

As at 30 June 2020, construction in progress with carrying value of VND1,732,985 million (1/1/2020: VND1,829,165 million) were pledged with banks as security for long-term loans and bonds of the Company's subsidiaries (Note 23).

During the period, borrowing costs and amortisation of land use rights capitalised into construction in progress amounting to VND36,343 million and VND9,672 million, respectively (for the six-month period ended 30 June 2019: VND51,740 million, VND52,574 million and VND780 million, respectively).

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17. Long-term prepaid expenses

	Other mining costs VND million	Prepaid land costs VND million	Land compensation costs VND million	Printing axes, tools and supplies VND million	Goodwill from equitisation VND million	Swine breeders VND million	Others VND million	Total VND million
Opening balance	1,505,279	824,391	1,006,777	1,396,632	18,807	76,004	805,224	5,633,114
Additions	42,600	331,661	45,761	161,666	-	31,252	113,806	726,746
Increases from business combination	-	123,703	-	1,601	-	-	-	125,304
Transfers from long-term receivables	-	-	11,780	-	-	-	-	11,780
Transfers from tangible fixed assets	-	-	-	28	-	-	-	28
Transfers from construction in progress	-	56,684	-	27,963	-	-	24,795	109,442
Amortisation for the period	(52,477)	(14,856)	(39,397)	(301,529)	(1,567)	(20,016)	(147,527)	(577,369)
Written off	-	-	-	(10,566)	-	-	(4,746)	(15,312)
Disposals	-	-	-	(4,526)	-	(11,057)	(253)	(15,836)
Currency translation differences	-	-	-	(4)	-	-	-	(4)
Closing balance	1,495,402	1,321,583	1,024,921	1,271,265	17,240	76,183	791,299	5,997,893

As at 30 June 2020, prepaid land costs, swine breeders and tools and supplies with carrying value of VND226,395 million (1/1/2020: VND225,779 million) were pledged with banks as security for loans granted to the Company's subsidiaries (Note 23).

During the period, amortisation of prepaid land costs capitalised into construction in progress amounting to VND9,672 million (Note 16).

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18. Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

	30/6/2020 VND million	1/1/2020 VND million
Deferred tax assets:		
Accrued expenses and provisions (*)	1,370,961	185,051
Unrealised profits on intra-group transactions	25,512	23,707
Tax losses carried forward	81,133	30,527
Tangible fixed assets (*)	(313,659)	1,358
Total deferred tax assets	1,163,947	240,643
Deferred tax liabilities:		
Tangible fixed assets	(665,225)	(678,218)
Intangible fixed assets	(1,809,332)	(1,773,297)
Investment properties	(1,142)	-
Unrealised losses on intra-group transactions	(18,398)	(3,900)
Total deferred tax liabilities	(2,494,097)	(2,455,415)
Net deferred tax liabilities	(1,330,150)	(2,214,772)

(*) Deferred tax assets including in these items mainly arose from H.C. Starck GmbH, Germany – a subsidiary. The subsidiary presented these items on a net basis because it had a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

(b) Movement of temporary differences during the period

	1/1/2020 VND million	Increases from business combination VND million	Recognised in consolidated statement of income VND million	Currency transaltion differences VND million	30/6/2020 VND million
Accrued expenses and provisions	185,051	1,231,930	(3,730)	(42,290)	1,370,961
Unrealised profits on intra-group transactions	19,807	-	(12,693)	-	7,114
Tax losses carried forward	30,527	50,996	1,383	(1,773)	81,133
Tangible fixed assets	(676,860)	(325,768)	12,547	11,197	(978,884)
Intangible fixed assets	(1,773,297)	(95,801)	59,766	-	(1,809,332)
Investment properties	-	(1,371)	229	-	(1,142)
	(2,214,772)	859,986	57,502	(32,866)	(1,330,150)



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19. Goodwill

	VND million
Cost	
Opening balance	4,694,223
Additions	3,072,747
Currency translation differences	(22,103)
	7,744,867
Closing balance	
	7,744,867
Accumulated amortisation	
Opening balance	708,795
Amortisation during the period	241,439
	950,234
Closing balance	
	950,234
Net book value	
Opening balance	3,985,428
Closing balance	6,794,633
	6,794,633

20. Taxes

(a) Taxes receivable from State Treasury

	30/6/2020 VND million	1/1/2020 VND million
Corporate income tax	57,553	13,545
Personal income tax	1,066	-
Other taxes	22,713	9,976
	81,332	23,521
	81,332	23,521

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(b) Taxes payable to State Treasury

	1/1/2020 VND million	Increases from business combination VND million	Incurred VND million	Paid VND million	Net-off/ Reclassified VND million	30/6/2020 VND million
Value added tax	149,782	259	3,685,490	(2,011,059)	(1,603,267)	221,205
Special consumption tax	21,366	-	148,377	(140,948)	-	28,795
Corporate income tax	463,143	95,638	470,587	(392,350)	(1,074)	635,944
Personal income tax	131,358	132	240,539	(326,022)	21	46,028
Other taxes	4,355	89,618	603,337	(583,217)	(778)	113,315
	770,004	185,647	5,148,330	(3,453,596)	(1,605,098)	1,045,287

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21. Accrued expenses

	30/6/2020	1/1/2020
	VND million	VND million
Interest expense	613,812	466,583
Operation costs	530,963	314,119
Accrual for construction work	361,844	989,525
Advertising and promotion expenses	460,568	493,501
Logistic expense	325,967	273,755
Bonus and 13 th month salary	318,304	585,768
Sales discounts and customer support fee	304,925	385,443
Purchases not yet received invoices	197,838	108,698
Exhibition and market expenses	46,793	35,839
Information and technology expenses	27,658	19,671
Natural resource taxes and fees	21,211	71,039
Consultant fee	13,922	126,172
Others	272,614	240,389
	3,496,419	4,110,502

22. Other payables

	30/6/2020	1/1/2020
	VND million	VND million
Short-term		
Payable for equity investment in CrownX	2,300,000	-
Payable to domestic banks under letter of credit arrangement (*)	1,389,726	-
Trade union fees, social, health and unemployment insurance	16,911	44,769
Short-term deposits received	14,739	14,558
Dividends payable	14,882	32,495
Others	198,177	30,735
	3,934,435	122,557
Long-term		
Long-term deposits received	23,768	23,977
Others	157,041	156,962
	180,809	180,939

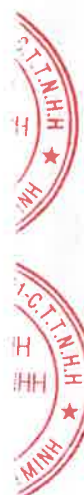
(*) This is the payable to domestic banks under letter of credit arrangement with a maturity of 4 months at an interest rate of 7.5% - 7.6% per annum. In case the Group misses payment when the term is due, these payables will be transferred to borrowings.

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23. Borrowings and bonds

	30/6/2020	1/1/2020
	VND million	VND million
Short-term borrowings and bonds (*)		
Short-term borrowings	17,950,385	13,286,330
Current portion of long-term borrowings and bonds	3,535,853	5,053,855
	<hr/>	<hr/>
	21,486,238	18,340,185
<hr/>		
Long-term borrowings and bonds (**)		
Long-term borrowings and bonds	30,764,065	16,729,697
Repayable within twelve months	(3,535,853)	(5,053,855)
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Repayable after twelve months	27,228,212	11,675,842
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(*) Short-term borrowings and bonds

	1/1/2020		Movements during the period		30/6/2020	
	Carrying amounts and amounts within repayment capacity VND million	Increases from business combination (Note 8) VND million	Additions VND million	Repayments VND million	Unrealised foreign exchange gains VND million	Carrying amounts and amounts within repayment capacity VND million
Short-term borrowings	13,286,330	23,649	29,730,614	(25,089,009)	(1,199)	17,950,385
Current portion of long-term borrowings and bonds	5,053,855	-	695,980	(2,213,982)	-	3,535,853
	18,340,185	23,649	30,426,594	(27,302,991)	(1,199)	21,486,238

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

	Currency	Annual interest rate	30/6/2020 VND million	1/1/2020 VND million
Secured bank loans	VND	4.7% – 9.6%	7,409,260	5,123,566
Secured bank loans	USD	3.3% – 6.3%	1,481,132	1,260,626
Unsecured bank loans	VND	4.0% – 6.3%	7,727,021	6,172,138
Unsecured bank loans	USD	2.1% – 4.98%	592,972	-
Unsecured loans from third parties	VND	6.5%	740,000	730,000
			17,950,385	13,286,330

As at 30 June 2020 and 1 January 2020, the bank loans were secured by the following assets of the Group:

- (i) 220 million shares of Masan High-Tech Materials Corporation (formerly known as Masan Resources Corporation) (1/1/2020: 220 million shares);
- (ii) a part of shares of Masan MEATLife Corporation;
- (iii) fixed assets with carrying value: nil (1/1/2020: VND770,931 million);
- (iv) a part of inventories and short-term receivables of an indirect subsidiary;
- (v) current bank accounts of Masan Tungsten Limited Liability Company opened at Standard Chartered Bank (Vietnam) Limited of VND67,735 million (1/1/2020: VND64,938 million); and
- (vi) guarantee by the Company, MasanConsumerHoldings Company Limited and Masan Consumer Corporation, subsidiaries of the Company.

() Long-term borrowings and bonds**

	30/6/2020 VND million	1/1/2020 VND million
Long-term borrowings (a)	2,484,298	2,908,420
Straight bonds (b)	28,279,767	13,821,277
	30,764,065	16,729,697

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

	Currency	Annual interest rate	Year of maturity	30/6/2020 VND million	1/1/2020 VND million
a. Long-term borrowings					
Secured bank loans	VND	5.8% – 10.8%	2021 – 2026	2,484,298	2,608,420
Unsecured loans from third parties	VND	9.0%	2021	-	300,000
				2,484,298	2,908,420
b. Straight bonds					
(including issuance costs)	VND	7.0% – 10.0%	2020 – 2024	28,279,767	13,821,277

(a) Long-term borrowings

As at 30 June 2020, long-term borrowings of the Group were secured over certain fixed assets, certain construction in progress and long-term prepaid expenses with carrying value of VND2,964,380 million (1/1/2020: VND2,831,368 million) (Note 13), VND475,100 million (1/1/2020: VND217,136 million) (Note 16) and VND226,395 million (1/1/2020: VND225,779 million) (Note 17), respectively.

(b) Straight bonds

The carrying amount of the bonds comprised the followings:

	30/6/2020 VND million	1/1/2020 VND million
Straight bonds	28,805,066	13,950,000
Unamortised bond issuance costs	(525,299)	(128,723)
	28,279,767	13,821,277

- (i) VND2,100 billion (1/1/2020: VND2,100 billion) bonds with a maturity of 10 years (2024) 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 75.7 million shares (1/1/2020: 71.9 million shares) of MSC;
- (ii) VND1,300 billion (1/1/2020: VND1,300 billion) bonds with a maturity of 5 years (2021) at an interest rate of 7.0% per annum in the first year and 1.5% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 17.1 million shares (1/1/2020: 17.1 million shares) of ANCO and 24.64% share capital of MNS Feed (1/1/2020: 24.64%);

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- (iii) VND700 billion (1/1/2020: VND700 billion) bonds with a maturity of 5 years (2021) at an interest rate of 8.0% per annum in the first year and 3.0% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 14.4 million shares (1/1/2020: 14.4 million shares) of Proconco;
- (iv) VND2,988 billion (1/1/2020: VND3,600 billion) bonds with a maturity of 5 years (2020) at an interest rate of 8.0% per annum in the first year and 3.0% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over certain fixed assets and construction in progress with total carrying value of VND12,801,885 million (1/1/2020: VND13,053,965 million) of indirect subsidiaries of the Company;
- (v) VND500 billion (1/1/2020: VND500 billion) bonds with a maturity of 5 years (2023) at an interest rate of 10.0% per annum in the first year and 3.25% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 51.6 million shares (1/1/2020: 51.6 million shares) of MHT;
- (vi) VND1,000 billion (1/1/2020: VND1,000 billion) bonds with a maturity of 3 years (2021) at an interest rate of 9.8% per annum in the first year and 3.2% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 104.7 million shares (1/1/2020: 104.7 million shares) of MHT. As at 30 June 2020, no bonds (1/1/2020: VND250 million shares) were owned by the Company and eliminated in the consolidated interim financial statements;
- (vii) VND1,500 billion (1/1/2020: VND1,500 billion) bonds with a maturity of 5 years (2023) at an interest rate of 10.0% per annum in the first year and 3.25% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 154.8 million shares (1/1/2020: 154.8 million shares) of MHT;
- (viii) VND500 billion (1/1/2020: VND500 billion) bonds with a maturity of 5 years (2024) at an interest rate of 10.2% per annum in the first year and 3.3% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 55.6 million shares (1/1/2020: 55.6 million shares) of MHT.
- (ix) VND300 billion (1/1/2020: VND300 billion) bonds with a maturity of 3 years (2022) at an interest rate of 10% per annum in the first year and 3.1% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 33.3 million shares (1/1/2020: 33.3 million shares) of MHT;
- (x) VND200 billion (1/1/2020: VND200 billion) bonds with a maturity of 3 years (2022) at an interest rate of 10% per annum in the first year and 3.1% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 22.3 million shares (1/1/2020: 22.2 million shares) of MHT;



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- (xi) VND500 billion (1/1/2020: VND500 billion) bonds with a maturity of 5 years (2024) at an interest rate of 10.2% per annum in the first year and 3.3% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 55.6 million shares (1/1/2020: 55.6 million shares) of MHT.
- (xii) VND100 billion (1/1/2020: VND100 billion) bonds with a maturity of 3 years (2022) at an interest rate of 10% per annum in the first year and 3.1% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured by a number of MHT's shares which will be finalised before 31 August 2020 (1/1/2020: nil);
- (xiii) VND190 billion (1/1/2020: VND190 billion) bonds with a maturity of 3 years (2022) at an interest rate of 10% per annum in the first year and 3.1% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured by a number of MHT's shares which will be finalised before 31 August 2020 (1/1/2020: nil);
- (xiv) VND210 billion (1/1/2020: VND210 billion) bonds with a maturity of 3 years (2022) at an interest rate of 10% per annum in the first year and 3.1% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 114.9 million shares (1/1/2020: 114.9 million shares) of MHT;
- (xv) VND1,603 billion (1/1/2020: nil) bonds with a maturity of 3 years (2023) at an interest rate of 10% per annum in the first year and 3.2% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were guaranteed by the Company;
- (xvi) VND614 billion (1/1/2020: nil) bonds with a maturity of 3 years (2023) at an interest rate of 10% per annum in the first year and 3.2% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were guaranteed by the Company;
- (xvii) VND1,500 billion (1/1/2020: VND1,500 billion) bonds with a maturity of 3 years (2022) at an interest rate of 10% per annum in the first year and 3.2% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. These bonds were unsecured;
- (xviii) VND7,000 billion (1/1/2020: nil) bonds with a maturity of 3 years (2023) at an interest rate of 10% per annum in the first year and 2.5% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. These bonds were unsecured;
- (xix) VND3,000 billion (1/1/2020: nil) bonds with a maturity of 3 years (2023) at an interest rate of 9.3% per annum in the first year and 2.5% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. These bonds were unsecured; and
- (xx) VND3,000 billion (1/1/2020: nil) bonds with a maturity of 5 years (2025) at an interest rate of 9.9% per annum in the first year, 10.9% per annum in the second year and 3.9% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining periods. The bonds were secured over 181 million shares (1/1/2020: nil) of VinCommerce. The bonds were guaranteed by the Company.

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As at 30 June 2020, the associates of the Group held VND1,439,036 million (1/1/2020: VND216,617 million) of the issued bonds.

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

24. Provisions – long-term

	30/6/2020	1/1/2020
	VND million	VND million
Provision for mining rights fee	446,588	430,392
Provision for mine rehabilitation	101,461	99,122
Provision for severance allowance	45,112	43,930
Provision for pension	6,018,433	-
	<hr/>	<hr/>
	6,611,594	573,444
	<hr/>	<hr/>

Movements of provisions during the period were as follows:

	Mining rights fee	Mine rehabilitation	Severance allowance	Pensions	Total
	VND million	VND million	VND million	VND million	VND million
Opening balance	430,392	99,122	43,930	-	573,444
Increase from business combination (Note 8)	-	-	-	6,010,996	6,010,996
Provision made during the period	16,196	2,339	1,433	6,033	26,001
Provision paid during the period	-	-	(251)	(19,155)	(19,406)
Currency translation differences	-	-	-	20,559	20,559
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	446,588	101,461	45,112	6,018,433	6,611,594
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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25. Changes in owners' equity

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

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	Share capital VND million	Capital surplus VND million	Other capital VND million	Foreign exchange differences VND million	Undistributed profits after tax VND million	Equity attributable to equity holders of the Company VND million	Non-controlling interests VND million	Total VND million
Balance as at 1 January 2020	11,689,464	11,084,357	(8,563,690)	11,033	28,558,952	42,780,116	9,108,291	51,888,407
Capital contribution in subsidiaries by NCI	-	-	-	-	-	-	17,167	17,167
Transactions with NCI (Note 10)	-	-	-	-	(19,553,819)	(19,553,819)	(1,041,209)	(20,595,028)
Business combination	-	-	-	-	-	-	293,404	293,404
Net profit for the period	-	-	-	-	117,254	117,254	(279,199)	(161,945)
Dividends declared by subsidiaries	-	-	-	-	-	-	(2,139)	(2,139)
Appropriation to bonus and welfare funds	-	-	-	-	(642)	(642)	(1,180)	(1,822)
Currency translation differences	-	-	-	(219,636)	-	(219,636)	(12,575)	(232,211)
Others	-	-	-	-	19,519	19,519	(7,069)	12,450
Balance as at 30 June 2020	11,689,464	11,084,357	(8,563,690)	(208,603)	9,141,264	23,142,792	8,075,491	31,218,283

The Annual General Meeting (“AGM”) of Shareholders of the Company on 30 June 2020 resolved to distribute dividends by cash amounting to 10% per share (VND1,000 per share) within 6 months from the date of the resolution. The dividend payable will be accrued upon the approval of Board of Directors and the list of shareholders entitlement is determined.

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26. Share capital and capital surplus

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

	30/6/2020		1/1/2020	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital				
Ordinary shares	1,168,946,447	11,689,464	1,168,946,447	11,689,464
Issued share capital				
Ordinary shares	1,168,946,447	11,689,464	1,168,946,447	11,689,464
Capital surplus	-	11,084,357	-	11,084,357

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

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

Movements of share capital during the period were as follows:

	From 1/1/2020 to 30/6/2020		From 1/1/2019 to 30/6/2019	
	Number of shares	VND million	Number of shares	VND million
Balance at beginning of the period	1,168,946,447	11,689,464	1,163,149,548	11,631,495
Issuance of new shares at par for cash	-	-	5,796,899	57,969
Balance at end of the period	1,168,946,447	11,689,464	1,168,946,447	11,689,464

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27. Share-based payment

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

On 30 June 2020, the AGM of Shareholders of the Company resolved to approve issuance of shares to employees in 2020 or no later than May 2021, with maximum number of shares not to exceed 0.5% of issued shares capital.

28. Off balance sheet items

(a) Lease commitments

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

	30/6/2020	1/1/2020
	VND million	VND million
Within 1 year	1,639,452	1,770,763
Within 2 to 5 years	3,707,274	4,944,618
More than 5 years	1,438,671	3,382,643
	6,785,397	10,098,024
	6,785,397	10,098,024

(b) Capital expenditure

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

	30/6/2020	1/1/2020
	VND million	VND million
Approved and contracted	937,868	975,182
Approved but not contracted	2,687,834	1,062,454
	3,625,702	2,037,636
	3,625,702	2,037,636

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(c) Foreign currencies

	30/6/2020		1/1/2020	
	Original currency	VND million equivalent	Original currency	VND million equivalent
USD	11,590,043	267,401	33,100,265	764,947
EUR	4,714,712	61,068	-	-
JPY	286,426,978	121,285	-	-
THB	150,767,097	109,457	64,860,758	48,775
Others	4,915,738	126,457	-	-
		685,668		813,722

(d) Final sales pricing adjustment

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

Total revenue for the six-month period ended 30 June 2020 that have been recognised on a provisional basis is nil (for the six-month period ended 30 June 2019: VND315 billion).

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29. Revenue from sale of goods

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

Net revenue comprised of:

	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Total revenue		
▪ Sales of finished goods and others	36,153,823	18,099,059
Less revenue deductions		
▪ Sale discounts	715,386	657,013
▪ Sale returns	34,468	31,521
	749,854	688,534
	35,403,969	17,410,525

30. Cost of sales

	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Total cost of sales		
▪ Finished goods sold and other sales	27,287,162	12,259,961
▪ Allowance for inventories	260,708	20,296
	27,547,870	12,280,257

31. Financial income

	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Interest income from:		
▪ Deposits	512,359	105,478
▪ Other loan investing activities	62,802	11,389
Foreign exchange gains	84,613	42,037
Others	435,126	57
	1,094,900	158,961

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32. Financial expenses

	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Interest expense on loans/bonds from:		
▪ Banks	552,590	218,456
▪ Bondholders and others	988,577	686,316
Bond issuance costs	95,197	72,675
Foreign exchange losses	100,564	45,625
Others	122,240	63,054
	1,859,168	1,086,126

33. Selling expenses

	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Promotion and advertising expenses	1,252,077	796,615
Logistic expense	498,111	386,068
Staff costs	1,879,480	349,435
Exhibition expense	88,861	85,782
Outside services	1,895,670	27,854
Others	699,289	122,760
	6,313,488	1,768,514

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34. General and administration expenses

	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Staff costs	508,816	360,576
Amortisation of fair value uplift of fixed assets arising in business combination	358,011	254,009
Amortisation of goodwill	241,439	56,241
Depreciation and amortisation	87,009	54,245
Research and development expenses	13,776	13,193
System lease line and IT services	27,319	34,663
Office rental	64,256	44,075
Outside services	187,358	14,205
Others	182,826	144,986
	1,670,810	976,193

35. Other income

	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Rental income	35,856	1,088
Gains from disposal of fixed assets	3,863	-
Others	47,342	1,510
	87,061	2,598

36. Other expenses

	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Losses from disposals and write off of fixed assets	45,015	11,701
Losses from disposals of inventories	14,133	-
Others	16,524	12,717
	75,672	24,418

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37. Income tax

(a) Recognised in the consolidated statement of income

	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Current tax expense		
Current period	476,388	316,606
Over provision in prior periods	(5,801)	(49,982)
	<hr/> 470,587	<hr/> 266,624
Deferred tax benefit		
Origination and reversal of temporary differences	(57,502)	(42,004)
Write down of deferred tax recognised	-	390
	<hr/> (57,502)	<hr/> (41,614)
Income tax expense	<hr/> 413,085	<hr/> 225,010

(b) Reconciliation of effective tax rate

	From 1/1/2020 to 30/6/2020	From 1/1/2019 to 30/6/2019		From 1/1/2020 to 30/6/2020	From 1/1/2019 to 30/6/2019
	%	VND million		%	VND million
Accounting profit before tax	100.0%	251,140		100.0%	2,416,599
Tax at the Company's income tax rate	20.0%	50,228		20.0%	483,320
Effect of different tax rates in subsidiaries	(46.5%)	(116,864)		(7.7%)	(186,069)
Effect of consolidation transactions	12.0%	30,089		0.4%	8,830
Non-deductible expenses	21.9%	54,965		0.6%	14,695
Effect of share of profits in associates net of tax	(90.2%)	(226,490)		(8.1%)	(196,005)
Unrecognised deferred tax assets	251.1%	630,724		6.2%	150,629
Over provision in prior periods	(2.3%)	(5,801)		(2.1%)	(49,982)
Tax losses utilised	(1.5%)	(3,766)		(0.0%)	(798)
Write down of deferred tax recognised	-	-		0.0%	390
	<hr/> 164.5%	<hr/> 413,085		<hr/> 9.3%	<hr/> 225,010

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(c) Applicable tax rates

Under the prevailing corporate income tax law, the Company has an obligation to pay corporate income tax to the government at corporate income tax rate of 20%.

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

(d) Tax contingencies

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

38. Significant transactions with related parties

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

Related party	Nature of transaction	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Associates			
Vietnam Technological and Commercial Joint	Loans received	1,999,472	1,100,596
	Loans repaid	876,331	1,067,228
Stock Bank and its subsidiaries	Bond proceeds received (*)	12,217,065	1,500,000
	Sales of trading securities	1,250,000	-
	Purchases of trading securities	-	1,500,000
	Interest expense	89,289	52,986
Other related parties			
Key management personnel	Remuneration to key management personnel (**)	105,855	99,783
A member of a subsidiary's Members' Council	Purchase goods from a related party of this member (***)	-	725,042

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As at and for the six-month period ended 30 June 2020, the Company and its subsidiaries have current and term deposit accounts at and agency transactions with Vietnam Technological and Commercial Joint Stock Bank and its subsidiaries at normal trading terms.

- (*) The bonds are listed and sold to a broader set of investors pursuant to an arrangement agreement.
- (**) No board fees were paid to the Board of Directors' members of the Company for the six-month period ended 30 June 2020 and 2019.
- (***) In 2018, NPM, a subsidiary, has sold goods to a related party of a member of its Members' Council and subsequently in 2019, NPM has purchased such goods from such related party. The transaction was approved by the Members' Council of NPM on 25 March 2019.

39. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2020 was based on the net profit attributable to ordinary shareholders of VND117,254 million (for the six-month period ended 30 June 2019: VND1,881,698 million) of the Company and a weighted average number of ordinary shares outstanding of 1,168,946,447 shares during the period (for the six-month period ended 30 June 2019: 1,163,341,710 shares), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Net profit attributable to ordinary shareholders	117,254	1,881,698

(ii) Weighted average number of ordinary shares

	From 1/1/2020 to 30/6/2020	From 1/1/2019 to 30/6/2019
Issued ordinary shares at the beginning of the period	1,168,946,447	1,163,149,548
Effect of shares issued for cash	-	192,162
Weighted average number of ordinary shares during the period	1,168,946,447	1,163,341,710

(b) Diluted earnings per share

The Company has no dilutive potential ordinary shares.

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40. Non-cash investing activities

	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Cost of construction not yet paid	445,994	420,472
Interest expenses capitalised into construction in progress	35,142	-

41. Post balance sheet events

On 27 July 2020, MSC announced the closing date of list of shareholders entitle for dividends on 11 August 2020.

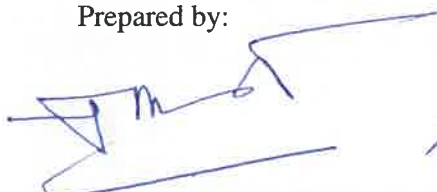
In July 2020, MSB, a subsidiary of the Company acquired 0.1% equity interests in VCF for a total consideration of VND4,299 million. As a result of this transaction, the MSB's equity interest in VCF has increased from 98.7% to 98.8%.

In August 2020, Masan Food Company Limited, a subsidiary indirectly owned by the Company, established a new subsidiary named Masan HN Company Limited (“HNF”) under the Enterprise Registration Certificate No. 0700841110 issued by the Department of Planning and Investment of Ha Nam Province. As a result of this event, HNF became a subsidiary indirectly owned by the Company.

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

12 August 2020

Prepared by:



Doan Thi My Duyen
Chief Accountant

Approved by:




Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer



Danny Le
Chief Executive Officer

