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**Masan MEATLife Corporation (formerly
known as “Masan Nutri-Science
Corporation”) and its subsidiaries**

**Consolidated Financial Statements
for the year ended 31 December 2019**

Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”) Corporate Information

Enterprise Registration Certificate No.

0311224517

7 October 2011

The Company’s Enterprise Registration Certificate has been amended several times, the most recent of which is dated 29 August 2019. The Enterprise Registration Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City.

Board of Directors

Mr Danny Le
Mr Yew Kean Lai

Chairman
Vice Chairman
(until 14 October 2019)

Mr Pham Trung Lam
Mr Tran Phuong Bac
Mr Neal Leroux Kok

Member
Member
Member
(from 20 April 2019)

Mr David Tan Wei Ming

Member
(until 19 April 2019)

Board of Management

Mr Pham Trung Lam

Chief Executive Officer

Registered Office

10th Floor, Central Plaza Tower
17 Le Duan Street
Ben Nghe Ward, District 1
Ho Chi Minh City
Vietnam

Auditor

KPMG Limited
Vietnam

Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”) Statement of the Board of Management

The Board of Management of Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”) (“the Company”) presents this statement and the accompanying consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 December 2019.

The Company’s Board of Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Company’s Board of Management:

- (a) the consolidated financial statements set out on pages 5 to 57 give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

The Company’s Board of Management has, on the date of this statement, authorised the accompanying consolidated financial statements for issue.

On behalf of the Board of Management



Pham Trung Lam
Chief Executive Officer

Ho Chi Minh City, 20 March 2020



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

To the Shareholders

Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”)

We have audited the accompanying consolidated financial statements of Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”) (“the Company”) and its subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheet as at 31 December 2019, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 20 March 2020, as set out on pages 5 to 57.

Board of Management's Responsibility

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

Auditor's Responsibility

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

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

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



Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Masan MEATLife Corporation (formerly known as "Masan Nutri-Science Corporation") and its subsidiaries as at 31 December 2019 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.



KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 19-01-00619-20-2

Trương Vinh Phúc
Practicing Auditor Registration
Certificate No. 1901-2018-007-1
Deputy General Director

Ho Chi Minh City, 20 March 2020

Nguyen Ho Khanh Tan
Practicing Auditor Registration
Certificate No. 3458-2020-007-1

**Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”)
and its subsidiaries
Consolidated balance sheet as at 31 December 2019**

Form B 01 – DN/HN

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

	Code	Note	31/12/2019 VND	1/1/2019 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		4,326,407,159,062	3,511,558,016,046
Cash and cash equivalents	110	5	1,485,599,402,638	1,358,425,295,976
Cash	111		181,699,402,638	126,914,604,976
Cash equivalents	112		1,303,900,000,000	1,231,510,691,000
Short-term financial investments	120		156,400,000,000	-
Held-to-maturity investments	123	6(a)	156,400,000,000	-
Accounts receivable – short-term	130	7	1,063,739,035,323	672,572,056,344
Accounts receivable from customers	131		374,451,806,121	378,053,830,762
Prepayments to suppliers	132		678,682,279,544	377,591,921,874
Other short-term receivables	136		116,349,265,265	23,061,444,057
Allowance for doubtful debts	137		(105,744,315,607)	(106,135,140,349)
Inventories	140	8	1,529,201,648,403	1,390,582,532,504
Inventories	141		1,550,320,775,204	1,396,159,994,324
Allowance for inventories	149		(21,119,126,801)	(5,577,461,820)
Other current assets	150		91,467,072,698	89,978,131,222
Short-term prepaid expenses	151		33,022,312,069	27,486,889,151
Deductible value added tax	152		44,630,050,178	49,131,101,271
Taxes receivable from State Treasury	153		13,814,710,451	13,360,140,800

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

**Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”)
and its subsidiaries
Consolidated balance sheet as at 31 December 2019 (continued)**

Form B 01 – DN/HN

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

	Code	Note	31/12/2019 VND	1/1/2019 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		10,384,987,528,036	9,270,243,742,848
Accounts receivable – long-term	210		16,506,597,000	3,095,726,000
Other long-term receivables	216	7	16,506,597,000	3,095,726,000
Fixed assets	220		7,354,513,390,155	6,118,877,391,239
Tangible fixed assets	221	9	4,091,424,919,307	2,536,850,624,080
Cost	222		5,283,195,968,073	3,415,674,102,802
Accumulated depreciation	223		(1,191,771,048,766)	(878,823,478,722)
Intangible fixed assets	227	10	3,263,088,470,848	3,582,026,767,159
Cost	228		4,863,075,848,521	4,860,265,166,432
Accumulated amortisation	229		(1,599,987,377,673)	(1,278,238,399,273)
Long-term work in progress	240		353,241,217,535	466,397,480,764
Construction in progress	242	11	353,241,217,535	466,397,480,764
Long-term financial investments	250		2,173,141,241,640	2,174,040,670,779
Investments in associates	252	6(b)	2,159,937,181,640	2,160,836,610,779
Equity investments in other entities	253	6(c)	21,646,000,000	21,646,000,000
Allowance for diminution in the value of long-term financial investments	254	6(c)	(8,441,940,000)	(8,441,940,000)
Other long-term assets	260		487,585,081,706	507,832,474,066
Long-term prepaid expenses	261	12	415,519,871,660	419,988,899,218
Deferred tax assets	262	13	72,065,210,046	87,843,574,848
TOTAL ASSETS (270 = 100 + 200)	270		14,711,394,687,098	12,781,801,758,894

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

**Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”)
and its subsidiaries
Consolidated balance sheet as at 31 December 2019 (continued)**

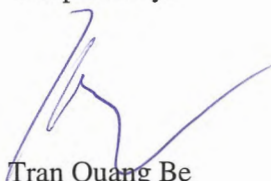
Form B 01 – DN/HN

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

	Code	Note	31/12/2019 VND	1/1/2019 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		7,188,198,744,263	5,600,790,137,510
Current liabilities	310		3,491,877,094,955	2,368,878,460,376
Accounts payable to suppliers	311	14	857,647,315,709	1,160,699,894,696
Advances from customers	312		20,315,335,561	38,615,928,044
Taxes payable to State Treasury	313	15	100,050,815,239	61,808,353,270
Payables to employees	314		5,223,968	14,102,819
Accrued expenses	315	16	684,459,335,316	613,740,820,932
Other short-term payables	319	17	40,909,847,703	33,068,610,309
Short-term borrowings	320	18(a)	1,782,758,178,439	455,199,707,286
Bonus and welfare funds	322	19	5,731,043,020	5,731,043,020
Long-term liabilities	330		3,696,321,649,308	3,231,911,677,134
Other long-term payables	337		4,960,000,000	-
Long-term borrowings and bonds	338	18(b)	3,173,252,547,708	2,658,594,303,085
Deferred tax liabilities	341	13	488,104,212,517	541,403,429,233
Long-term provisions	342	20	30,004,889,083	31,913,944,816
EQUITY (400 = 410)	400		7,523,195,942,835	7,181,011,621,384
Owners' equity	410	21	7,523,195,942,835	7,181,011,621,384
Share capital	411	22	3,243,274,470,000	2,162,182,990,000
Ordinary shares with voting rights	411a		3,243,274,470,000	2,162,182,990,000
Share premium	412		2,119,105,015,149	3,200,196,495,149
Other capital	414	23	(175,543,000,000)	(175,543,000,000)
Undistributed profits after tax	421		140,019,641,401	24,671,734,409
Undistributed profits/(accumulated losses) after tax brought forward	421a		24,671,734,409	(70,898,059,538)
Net profit after tax for the current year	421b		115,347,906,992	95,569,793,947
Non-controlling interests	429		2,196,339,816,285	1,969,503,401,826
TOTAL RESOURCES (440 = 300 + 400)	440		14,711,394,687,098	12,781,801,758,894


20 March 2020

Prepared by:


Tran Quang Be

Chief Accountant


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


Nguyen Thi Minh Hang

Chief Financial Officer



Approved by:


Pham Trung Lam

Chief Executive Officer

**Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”)
and its subsidiaries
Consolidated statement of income for the year ended 31 December 2019**

Form B 02 – DN/HN

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

	Code	Note	2019 VND	2018 VND
Revenue from sales of goods	01	25	14,574,901,245,099	14,832,735,010,031
Revenue deductions	02	25	776,149,958,427	855,880,946,384
Net revenue (10 = 01 - 02)	10	25	13,798,751,286,672	13,976,854,063,647
Cost of sales	11	26	11,533,148,211,650	11,879,903,811,268
Gross profit (20 = 10 - 11)	20		2,265,603,075,022	2,096,950,252,379
Financial income	21	27	76,612,962,663	67,944,590,729
Financial expenses	22	28	364,166,857,502	310,194,622,049
<i>In which: Interest expense</i>	23		284,977,600,614	235,444,066,977
Share of profit in associates	24	6	9,690,583,861	13,996,334,254
Selling expenses	25	29	680,705,067,100	774,740,372,223
General and administration expenses	26	30	797,348,195,270	767,719,558,078
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		509,686,501,674	326,236,625,012
Other income	31	31	93,616,762,281	11,911,924,108
Other expenses	32	32	35,373,594,141	2,255,254,894
Results of other activities (40 = 31 - 32)	40		58,243,168,140	9,656,669,214
Accounting profit before tax (50 = 30 + 40)	50		567,929,669,814	335,893,294,226
Income tax expense – current	51	33	235,735,572,677	115,197,819,341
Income tax benefit – deferred	52	33	(37,520,851,914)	(11,462,800,259)
Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)	60		369,714,949,051	232,158,275,144

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


**Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”)
and its subsidiaries**
Consolidated statement of income for the year ended 31 December 2019 (continued)

Form B 02 – DN/HN

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

	Code	Note	2019 VND	2018 VND
Net profit after tax (60 = 50 - 51 - 52) (brought forward from previous page)	60		369,714,949,051	232,158,275,144
Attributable to:				
Equity holders of the Company	61		115,347,906,992	95,569,793,947
Non-controlling interests	62		254,367,042,059	136,588,481,197
Earnings per share				
Basic earnings per share	70	34	356	295

Prepared by:


Tran Quang Be
Chief Accountant

20 March 2020

Approved by:


Nguyen Thi Minh Hang
Chief Financial Officer




Phan Trung Lam
Chief Executive Officer

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

**Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”)
and its subsidiaries**
Consolidated statement of cash flows for the year ended 31 December 2019
(Indirect method)

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

	Code	2019 VND	2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	567,929,669,814	335,893,294,226
Adjustments for			
Depreciation and amortisation	02	689,604,467,950	618,379,983,839
Allowances and provisions	03	23,958,276,321	4,395,506,811
Foreign exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	806,922,251	2,262,660,626
Profits from investing activities	05	(75,524,224,039)	(81,186,482,934)
Interest expense and bond issuance costs	06	305,389,365,319	255,855,831,682
Operating profit before changes in working capital	08	1,512,164,477,616	1,135,600,794,250
Change in receivables and other current assets	09	(42,695,268,160)	221,093,264,351
Change in inventories	10	(154,160,780,880)	457,204,534,230
Change in payables and other liabilities	11	(350,187,479,358)	(57,815,653,185)
Change in prepaid expenses	12	31,321,783,266	(35,100,012,147)
		996,442,732,484	1,720,982,927,499
Payments of interest and bond issuance costs	14	(296,097,952,566)	(252,376,652,761)
Corporate income tax paid	15	(216,671,182,854)	(103,401,857,119)
Other payments for operating activities	17	(4,790,250,984)	(6,904,254,916)
Net cash flows from operating activities	20	478,883,346,080	1,358,300,162,703
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and construction in progress	21	(2,117,083,988,566)	(1,075,988,891,883)
Proceeds from disposals of fixed assets	22	30,158,242,943	6,138,220,611
Placement of term deposits	23	(156,400,000,000)	-
Receipts from collecting loans	24	-	96,400,000,000
Receipts of interest and dividends	27	76,690,742,499	68,950,855,375
Net cash flows from investing activities	30	(2,166,635,003,124)	(904,499,815,897)

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

**Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”)
and its subsidiaries**
Consolidated statement of cash flows for the year ended 31 December 2019
(Indirect method – continued)

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

	Code	2019 VND	2018 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	33	5,256,456,574,119	4,412,120,196,960
Payments to settle loan principals	34	(3,417,751,623,048)	(4,945,465,422,995)
Payments of dividends	36	(23,597,966,228)	(553,970,914,317)
Net cash flows from financing activities	40	1,815,106,984,843	(1,087,316,140,352)
Net cash flows during the year (50 = 20 + 30 + 40)	50	127,355,327,799	(633,515,793,546)
Cash and cash equivalents at the beginning of the year	60	1,358,425,295,976	1,991,970,213,930
Effect of exchange rate fluctuations on cash and cash equivalents	61	(181,221,137)	(29,124,408)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 5)	70	1,485,599,402,638	1,358,425,295,976

20 March 2020

Prepared by:


Tran Quang Be
Chief Accountant

Approved by:


Nguyen Thi Minh Hang
Chief Financial Officer




Pham Trung Lam
Chief Executive Officer

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

**Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”)
and its subsidiaries**
Notes to the consolidated financial statements for the year ended 31 December 2019

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

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

1. Reporting entity

(a) Ownership structure

Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”) (“the Company”) is a joint stock company incorporated in Vietnam.

As at 31 December 2019, the Company has 14 dependent branches which are Phu Tho Branch, Ha Nam Branch, Nghe An Branch, Binh Dinh Branch, Dak Lak Branch, Vinh Long Branch, Hau Giang Branch, Dong Nai Branch, Quang Nam Branch, Thai Nguyen Branch, Tien Giang Branch, Hung Yen Branch, Hai Phong Branch and Can Tho Branch (1/1/2019: 14 dependent branches).

The Company’s shares were listed on the Unlisted Public Company Market (“Upcom”) in accordance with the Decision No. 804/QĐ-SGDHN issued by the Ha Noi Stock Exchange on 2 December 2019.

(b) Principal activities

The principal activities of the Company are investment holding and to trade in livestock, poultry and aquaculture feeds and other products in accordance with its Enterprise Registration Certificate.

(c) Normal operating cycle

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

Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”) and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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

(d) Group’s structures

As at 31 December 2019, the Group had 2 directly owned subsidiaries, 16 indirectly owned subsidiaries and 4 indirectly owned associates (1/1/2019: 2 directly owned subsidiaries, 15 indirectly owned subsidiaries and 4 indirectly owned associates). Information of the subsidiaries and associates are described as follows:

No.	Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
				31/12/2019	1/1/2019	31/12/2019	1/1/2019
Directly owned subsidiaries							
1	Agro Nutrition International Joint Stock Company (“Anco”)	To manufacture, process livestock, poultry and aquaculture feeds; breed cattle and poultry	Lot A4, Street No. 2, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	100.00%	100.00%	100.00%	100.00%
2	MNS Feed Company Limited (“MNS Feed”)	To manufacture, process livestock, poultry and aquaculture feeds	Lot A4, Street No. 2, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	99.99%	99.99%	99.99%	99.99%
Indirectly owned subsidiaries							
1	MNS Feed Vinh Long Company Limited (“MNS Feed Vinh Long”)	(i) To manufacture, process livestock, poultry and aquaculture feeds; process shrimp, fish and cattle-fish; manufacture, process manioc, wheat flour, corn, rice, cereals and cereals flour	Area 4, Co Chien Industrial Park, Son Dong Hamlet, Thanh Duc Commune, Long Ho District, Vinh Long Province, Vietnam	99.99%	99.99%	100.00%	100.00%

Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”) and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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

No.	Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
				31/12/2019	1/1/2019	31/12/2019	1/1/2019
2	MNS Feed Thai Nguyen Company Limited (“MNS Feed Thai Nguyen”)	(i) To manufacture, process livestock, poultry and aquaculture feeds; breed cattle and poultry	Lot B5-B6, Trung Thanh Industrial Park, Trung Thanh Commune, Pho Yen Town, Thai Nguyen Province, Vietnam	99.99%	99.99%	100.00%	100.00%
3	MNS Feed Tien Giang Company Limited (“MNS Feed Tien Giang”)	(i) To manufacture, process livestock, poultry and aquaculture feeds; breed cattle and poultry	Lot 22-23B, Long Giang Industrial Park, Tan Lap 1 Ward, Tan Phuoc District, Tien Giang Province, Vietnam	99.99%	99.99%	100.00%	100.00%
4	MNS Feed Nghe An Company Limited (“MNS Feed Nghe An”)	(i) To manufacture, process livestock, poultry and aquaculture feeds; breed cattle and poultry	Area C, Nam Can Industrial Park, South East Nghe An Industrial Zone, Nghi Xa Ward, Nghi Loc District, Nghe An Province, Vietnam	99.99%	99.99%	100.00%	100.00%
5	MNS Feed Hau Giang Company Limited (“MNS Feed Hau Giang”)	(i) To manufacture, process livestock, poultry and aquaculture feeds; breed cattle and poultry	Street No. 4, Tan Phu Thanh Industrial Park – Phase 1, Tan Phu Thanh Commune, Chau Thanh A District, Hau Giang Province, Vietnam	99.99%	99.99%	100.00%	100.00%
6	Agro Nutrition International Binh Dinh One Member Limited Company (“Anco Binh Dinh”)	(ii) To manufacture, process livestock, poultry and aquaculture feeds; breed cattle and poultry	Lot B4.06, Nhon Hoi Industrial Park (Area A), Nhon Hoi District, Quy Nhon Town, Binh Dinh Province, Vietnam	100.00%	100.00%	100.00%	100.00%

Masan MEATLife Corporation (formerly known as “Masan Nutri-Science Corporation”) and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

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

No.	Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
				31/12/2019	1/1/2019	31/12/2019	1/1/2019
7	MNS Meat Company Limited (“MNS Meat”)	(ii) To manufacture livestock, poultry and aquaculture feeds	Lot A4, Street No. 2, Song May Industrial Zone, Bac Son Commune, Trang Bom District, Dong Nai Province, Vietnam	100.00%	100.00%	100.00%	100.00%
8	MNS Farm Nghe An Company Limited (“MNS Farm Nghe An”)	(ii) To breed swine	Con Son Hamlet, Ha Son Commune, Quy Hop District, Nghe An Province, Vietnam	100.00%	100.00%	100.00%	100.00%
9	MNS Meat Processing Company Limited (“MNS Meat Processing”)	(ii) Investment holding	10 th Floor, Central Plaza Tower, 17 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	100.00%	100.00%	100.00%	100.00%
10	MNS Meat Ha Nam Company Limited (“MNS Meat Ha Nam”)	(ii) To process and preserve meat and meat related products	Lot CN-02, Dong Van IV Industrial Zone, Dai Cuong Commune, Kim Bang District, Ha Nam Province, Vietnam	100.00%	100.00%	100.00%	100.00%
11	MNS Meat Sai Gon Company Limited (“MNS Meat Saigon”)	(ii), (iii) To process and preserve meat and meat related products	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	100.00%	-	100.00%	-
12	MNS Farm Company Limited (“MNS Farm”)	(ii) Investment holding	10 th Floor, Central Plaza, 17 Le Duan Street, District 1, Ben Nghe Ward, Ho Chi Minh City, Vietnam	100.00%	100.00%	100.00%	100.00%

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No.	Name	Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
				31/12/2019	1/1/2019	31/12/2019	1/1/2019
13	Vietnamese – French Cattle Feed Joint Stock Company (“Proconco”)	(i) To produce protein enriched and refined animal feeds; provide raising and veterinary services of young bred animal	Bien Hoa I Industrial Zone, Bien Hoa City, Dong Nai Province, Vietnam	75.15%	75.15%	75.15%	75.15%
14	Proconco Can Tho One Member Company Limited (“Proconco Can Tho”)	(i) To manufacture and trade animal feeds and raw material for manufacturing animal feeds	Lot 13 and Lot 14, Industrial Park Tra Noc 1, Tra Noc Ward, Binh Thuy District, Can Tho City, Vietnam	75.15%	75.15%	75.15%	75.15%
15	Conco Binh Dinh Co., Ltd. (“Proconco Binh Dinh”)	(i) To manufacture and trade animal feeds and raw material for manufacturing animal feeds	Lot A-2-5 and Lot A-2-6, Nhon Hoa Industrial Park, Nhon Tho Ward, An Nhon Town, Binh Dinh Province, Vietnam	75.15%	75.15%	75.15%	75.15%
16	Proconco Hung Yen Trading and Production Co., Ltd (formerly known as “Proconco Hung Yen Manufacturing and Trading Company Limited”) (“Proconco Hung Yen”)	(i) To produce animal feeds, poultry feed and aquaculture feeds; and to breed water buffalo and cows	Yen Phu Hamlet, Giai Pham Commune, Yen My District, Hung Yen Province, Vietnam	75.15%	75.15%	75.15%	75.15%
Indirectly owned associates							
1	Thuan Phat Packing Joint Stock Company (“Thuan Phat”)	(i) To manufacture PP and PE package and trade plastic materials	Tan Bien Ward, Bien Hoa City, Dong Nai Province, Vietnam	25.00%	25.00%	25.00%	25.00%

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No.	Name		Principal activity	Address	Percentage of economic interests		Percentage of voting rights	
					31/12/2019	1/1/2019	31/12/2019	1/1/2019
2	Abattoir Long Binh Joint Stock Company (“Abattoir”)	(i)	To perform abattoir and processing activities for cattle and poultry	Long Binh Ward, Bien Hoa City, Dong Nai Province, Vietnam	25.00%	25.00%	25.00%	25.00%
3	Dong Nai Producing Trading Services Joint Stock Company (“Donatraco”)	(i)	To plant industrial and agricultural trees	75A Ha Huy Giap Street, Quyet Thang Ward, Bien Hoa City, Dong Nai Province, Vietnam	21.30%	21.30%	21.30%	21.30%
4	Vissan Joint Stock Company (“Vissan”)	(ii)	To process and trade fresh meat, processed foods and meat related products	420 No Trang Long Street, Ward 13, Binh Thanh District, Ho Chi Minh City, Vietnam	24.90%	24.90%	24.90%	24.90%

- (i) These subsidiaries and the associates are indirectly owned by the Company through MNS Feed as at 31 December 2019.
- (ii) These subsidiaries and associate are indirectly owned by the Company through Anco as at 31 December 2019.
- (iii) MNS Meat Sai Gon Company Limited is incorporated as a limited company in Vietnam in accordance with Enterprise Registration Certificate No. 0315583531 dated 26 March 2019 issued by Department of Planning and Investment of Long An Province.

All subsidiaries and associates are incorporated in Vietnam.

The percentage of economic interests represent the effective percentage of economic interests of the Company both directly and indirectly in the subsidiaries and of the direct and indirect economic interests in their associates.

As at 31 December 2019, the Group had 3,501 employees (1/1/2019: 3,021 employees).

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2. Basis of preparation

(a) Statement of compliance

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

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

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting and presentation currency

The Company’s accounting currency is Vietnam Dong (“VND”), which is also the currency used for financial statements presentation purposes.

(e) Corresponding figures

Corresponding figures as at 1 January 2019 were derived from the balances and amounts reported in the Group’s audited consolidated financial statements as at and for the year ended 31 December 2018.

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3. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Non-controlling interests

Non-controlling interests 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.

(iii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group’s share of the income and expenses of the associates, 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 associate, 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 associate.

(iv) Transactions eliminated on consolidation

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

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(v) *Business combination under common control*

Business combination where the same group of investors (“the Controlling Investors”) 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 Investors. Such common control business combination is specifically excluded from the scope of Vietnamese Accounting Standard No. 11 – *Business Combination* and in selecting its accounting policies 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 Investors’ perspective. Any difference between the cost of acquisition and net assets value acquired is treated as a deemed distribution to or contribution from investors and recorded in undistributed profits after tax under equity.

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

(vi) *Business combination under non-common control*

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 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, 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 business combination consists of the aggregate fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control the acquiree, and transaction costs. Goodwill represents the excess of the cost of business combination 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.

(b) *Foreign currency transactions*

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

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

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

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(c) Cash and cash equivalents

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

(d) Investments

(i) *Held-to-maturity investments*

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

(ii) *Equity investments in other entities*

Equity investments in other entities 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. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment’s carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(e) Accounts receivable

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

(f) Inventories

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

The Group applies the perpetual method of accounting for inventories.

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(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure 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.

(ii) Depreciation

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

- | | |
|----------------------------|--------------|
| ▪ buildings and structures | 4 – 20 years |
| ▪ machinery and equipment | 2 – 15 years |
| ▪ motor vehicles | 5 – 10 years |
| ▪ office equipment | 3 – 15 years |

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise of:

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

Land use rights with indefinite term are stated at cost and are not amortised. Land use rights with definite term are stated at cost less accumulated amortisation. The initial cost of a 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 a period ranging from 35 to 49 years.

(ii) Software

Cost of acquiring 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 5 to 7 years.

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(iii) Brand name

The fair value of brand name that is acquired by the Group on the acquisition of a subsidiary is recognised as an intangible fixed asset and amortised on a straight-line basis over their estimated useful lives of 20 years. The fair value of brand name acquired in a business combination is determined based on the discounted estimated royalty payments that have been avoided as a result of the brand name being owned.

(iv) Customer relationships

The fair value of customer relationships that is acquired by the Group on the acquisition of a subsidiary is capitalised and presented as an intangible fixed asset.

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

(v) Technology

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

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

(i) Construction in progress

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

(j) Goodwill

Goodwill arises on the acquisition of subsidiaries and associates. 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 of a subsidiary is written down to recoverable amount as Management determines that it is not fully recoverable.

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

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(k) Long-term prepaid expenses

(i) *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 prevailing regulation 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 terms of the lease ranging from 35 to 50 years.

(ii) *Tools and instruments*

Tools and instruments 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. Costs of tools and instruments are amortised on a straight-line basis over a period ranging from over 1 year to 3 years.

(iii) *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 swines are capitalised as part of work in progress.

(iv) *Other long-term prepaid expenses*

Other long-term prepaid expenses include prepaid repair and maintenance expenses and pre-operation expenses which are stated at their costs and are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(l) Accounts payable

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

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(m) Provisions

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

Severance allowance

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

(n) Bonds issued

Straight bonds

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

(o) Equity

(i) Ordinary shares

Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issue of shares, net of tax effects. Such costs are recognised as a deduction from share premium. The difference between the proceeds from issuance of shares and the par value of shares issued is recorded as share premium.

(ii) Other capital

Other capital is resulting from transactions involving equity instruments.

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(p) Taxation

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

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

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

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

(q) Revenue from sales of goods

Revenue from sales of goods is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue from sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

(r) Financial income and financial expenses

(i) *Financial income*

Financial income comprises interest income from deposits and loans, and foreign exchange gains.

Interest income is recognised in the consolidated statement of income on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(ii) *Financial expenses*

Financial expenses comprise interest expense on borrowings and bonds, associated costs and foreign exchange losses.

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

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(s) Operating lease payments

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

(t) Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the consolidated profit or loss attributable to the ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

The consolidated profit or loss attributable to the ordinary shareholders of the Company is determined after deducting any amounts appropriated to bonus and welfare funds for the annual accounting period.

(u) Segment reporting

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

(v) Related parties

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

Related companies refer to the parent company, the ultimate parent company, and their subsidiaries and associates.

4. Segment reporting

The Group operates as one business segment, which is meat value chain and one geographical segment, which is Vietnam.

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5. Cash and cash equivalents

	31/12/2019	1/1/2019
	VND	VND
Cash on hand	1,146,399,948	7,612,091,465
Cash in banks	180,275,108,940	117,562,057,243
Cash in transit	277,893,750	1,740,456,268
Cash equivalents	1,303,900,000,000	1,231,510,691,000
Cash and cash equivalents in the consolidated statement of cash flows	1,485,599,402,638	1,358,425,295,976

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

6. Investments

	31/12/2019	1/1/2019
	VND	VND
Short-term financial investments		
▪ Held-to-maturity investments (a)	156,400,000,000	-
Long-term financial investments		
▪ Investments in associates (b)	2,159,937,181,640	2,160,836,610,779
▪ Equity investments in other entities (c)	21,646,000,000	21,646,000,000
▪ Allowance for diminution in the value of long-term financial investments (c)	(8,441,940,000)	(8,441,940,000)
	2,173,141,241,640	2,174,040,670,779

(a) Held-to-maturity investments – short-term

Held-to-maturity investments – short-term represented term deposits at banks with remaining terms to maturity of twelve months or less from the end of the annual accounting period.

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(b) Investments in associates

	31/12/2019				1/1/2019			
	No. of shares	% of economic interests	% of voting rights	Carrying value under equity method VND	No. of shares	% of economic interests	% of voting rights	Carrying value under equity method VND
Vissan	20,180,026	24.9%	24.9%	2,135,490,172,000	20,180,026	24.9%	24.9%	2,135,490,172,000
Thuan Phat	490,000	25.0%	25.0%	4,925,117,326	490,000	25.0%	25.0%	7,892,717,573
Abattoir	500,000	25.0%	25.0%	6,708,889,701	500,000	25.0%	25.0%	6,752,136,597
Donatraco	850,800	21.3%	21.3%	12,813,002,613	850,800	21.3%	21.3%	10,701,584,609
				<u>2,159,937,181,640</u>				<u>2,160,836,610,779</u>

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

Movements of carrying value of investments in associates during the year were as follows:

	Vissan VND	Thuan Phat VND	Abattoir VND	Donatraco VND	Total VND
Opening balance	2,135,490,172,000	7,892,717,573	6,752,136,597	10,701,584,609	2,160,836,610,779
Share of post-acquisition profit/(loss) of associates	10,090,013,000	(2,967,600,247)	456,753,104	2,111,418,004	9,690,583,861
Dividends income	(10,090,013,000)	-	(500,000,000)	-	(10,590,013,000)
Closing balance	<u>2,135,490,172,000</u>	<u>4,925,117,326</u>	<u>6,708,889,701</u>	<u>12,813,002,613</u>	<u>2,159,937,181,640</u>

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(c) Equity investments in other entities

	No. of shares	% of equity and voting right	31/12/2019 and 1/1/2019		Fair value VND
			Carrying amount VND	Allowance for diminution in value VND	
Dinh Vu Petroleum Service Port Joint Stock Company	2,164,600	5.41%	21,646,000,000	(8,441,940,000)	13,204,060,000

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

	2019 VND	2018 VND
Opening balance	8,441,940,000	4,918,280,000
Allowance made during the year	-	3,545,306,000
Written back	-	(21,646,000)
Closing balance	8,441,940,000	8,441,940,000

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7. Accounts receivable

As at 31 December 2019, included in prepayments to suppliers of the Group were VND629,642 million (1/1/2019: VND271,420 million) related to construction in progress.

Other receivables comprised of:

	31/12/2019 VND	1/1/2019 VND
Other short-term receivables		
Value added tax receivables (*)	83,863,305,408	-
Interest income receivable from term-deposits	7,199,576,986	3,457,927,495
Advances	2,458,153,241	1,972,533,803
Short-term deposits	2,725,355,215	1,164,764,551
Others	20,102,874,415	16,466,218,208
	<hr/> 116,349,265,265	<hr/> 23,061,444,057
Other long-term receivables		
Long-term deposits	16,506,597,000	3,095,726,000
	<hr/>	<hr/>

- (*) Value added tax receivable represented the amount of value added tax of which the Company's subsidiary is submitting application for a refund and is waiting for the response from the General Department of Tax.

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

	2019 VND	2018 VND
Opening balance	106,135,140,349	109,783,645,939
Allowance made during the year	13,515,336,137	8,586,162,188
Allowance utilised during the year	(5,926,240,831)	-
Written back	(7,979,920,048)	(12,234,667,778)
	<hr/> 105,744,315,607	<hr/> 106,135,140,349
Closing balance		

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8. Inventories

	31/12/2019		1/1/2019	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	167,454,196,591	-	331,154,624,169	-
Raw materials	854,900,390,692	(2,331,488,570)	767,446,434,315	(5,577,461,820)
Tools and supplies	98,633,586,054	(1,663,097,204)	75,345,994,537	-
Work in process	167,771,382,262	-	53,060,901,344	-
Finished goods	260,041,238,033	(17,124,541,027)	165,082,706,824	-
Merchandise inventories	1,519,981,572	-	4,069,333,135	-
	1,550,320,775,204	(21,119,126,801)	1,396,159,994,324	(5,577,461,820)

Included in inventories as at 31 December 2019 was VND3,994 million (1/1/2019: VND5,577 million) of slow-moving inventories. These items related to old-label packages which are expected to be disposed as scraps next year.

Included in inventories at 31 December 2019 were VND33,415 million (1/1/2019: Nil) of finished goods carried at net realisable value.

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

	2019 VND	2018 VND
Opening balance	5,577,461,820	3,777,764,052
Allowance made during the year	20,548,202,829	4,484,994,692
Written back	(5,006,537,848)	(2,685,296,924)
Closing balance	21,119,126,801	5,577,461,820

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9. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
Opening balance	1,926,919,438,208	1,387,337,139,131	70,784,054,488	30,633,470,975	3,415,674,102,802
Additions	43,583,049,937	14,032,534,313	3,527,064,599	725,257,037	61,867,905,886
Transfers from construction in progress	1,270,338,532,929	571,028,958,016	25,057,348,476	28,527,294,736	1,894,952,134,157
Transfers to long-term prepaid expenses	(88,000,000)	(360,738,702)	(59,500,000)	(62,786,805)	(571,025,507)
Disposals	(51,465,956,387)	(22,764,149,859)	(9,486,625,142)	(137,707,621)	(83,854,439,009)
Written off	(771,258,516)	(3,263,963,590)	-	(837,488,150)	(4,872,710,256)
Reclassification	158,190,296	(158,190,296)	-	-	-
Closing balance	3,188,673,996,467	1,945,851,589,013	89,822,342,421	58,848,040,172	5,283,195,968,073
Accumulated depreciation					
Opening balance	333,739,907,056	501,188,238,098	34,055,052,770	9,840,280,798	878,823,478,722
Charge for the year	148,496,308,588	198,941,364,680	13,302,976,395	7,114,839,887	367,855,489,550
Transfers to long-term prepaid expenses	(88,000,000)	(195,725,607)	(1,239,584)	(62,786,805)	(347,751,996)
Disposals	(18,586,595,636)	(22,273,629,787)	(8,742,959,460)	(137,707,621)	(49,740,892,504)
Written off	(771,258,516)	(3,210,528,340)	-	(837,488,150)	(4,819,275,006)
Closing balance	462,790,361,492	674,449,719,044	38,613,830,121	15,917,138,109	1,191,771,048,766
Net book value					
Opening balance	1,593,179,531,152	886,148,901,033	36,729,001,718	20,793,190,177	2,536,850,624,080
Closing balance	2,725,883,634,975	1,271,401,869,969	51,208,512,300	42,930,902,063	4,091,424,919,307

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Included in tangible fixed assets as of 31 December 2019 were assets costing VND562,087 million (1/1/2019: VND488,942 million) which were fully depreciated, but which are still in active use.

As at 31 December 2019, tangible fixed assets with net book value of VND2,831,368 million (1/1/2019: VND1,045,589 million) were pledged with banks as security for loans granted to the Group (Note 18(b)(i)).

10. Intangible fixed assets

	Land use rights VND	Software VND	Brand name VND	Customer relationships VND	Technology VND	Total VND
Cost						
Opening balance	207,411,509,016	58,753,657,416	1,615,000,000,000	2,413,100,000,000	566,000,000,000	4,860,265,166,432
Transfers from construction in progress	-	2,810,682,089	-	-	-	2,810,682,089
Closing balance	207,411,509,016	61,564,339,505	1,615,000,000,000	2,413,100,000,000	566,000,000,000	4,863,075,848,521
Accumulated amortisation						
Opening balance	22,221,764,352	13,360,384,902	320,025,000,009	486,281,249,985	436,350,000,025	1,278,238,399,273
Charge for the year	6,054,612,598	8,989,365,802	80,750,000,000	120,655,000,015	105,299,999,985	321,748,978,400
Closing balance	28,276,376,950	22,349,750,704	400,775,000,009	606,936,250,000	541,650,000,010	1,599,987,377,673
Net book value						
Opening balance	185,189,744,664	45,393,272,514	1,294,974,999,991	1,926,818,750,015	129,649,999,975	3,582,026,767,159
Closing balance	179,135,132,066	39,214,588,801	1,214,224,999,991	1,806,163,750,000	24,349,999,990	3,263,088,470,848

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Included in intangible fixed assets as of 31 December 2019 were assets costing VND5,533 million (1/1/2019: VND5,533 million) which were fully amortised, but which are still in active use.

11. Construction in progress

	2019 VND	2018 VND
Opening balance	466,397,480,764	600,473,709,906
Additions	1,817,117,245,784	955,582,088,785
Transfers to tangible fixed assets	(1,894,952,134,157)	(1,065,241,654,606)
Transfers to intangible fixed assets	(2,810,682,089)	(219,000,000)
Transfers to long-term prepaid expenses	(32,164,905,115)	(23,406,690,969)
Written off	(345,787,652)	(790,972,352)
	<hr/>	<hr/>
Closing balance	353,241,217,535	466,397,480,764

Major constructions in progress at the year-end were as follows:

	31/12/2019 VND	1/1/2019 VND
Machinery and equipment	200,969,624,893	95,084,995,186
Buildings	111,507,525,682	348,874,804,065
Software	-	1,981,506,652
Others	40,764,066,960	20,456,174,861
	<hr/>	<hr/>
	353,241,217,535	466,397,480,764

As at 31 December 2019, construction in progress with carrying value of VND103,081 million (1/1/2019: VND401,870 million) were pledged with banks as security for loans granted to the Group (Note 18(b)(i)).

During the period, trial-run expense, borrowing costs and land rental cost capitalised into construction in progress amounted to VND100,075 million, VND54,401 million and VND1,164 million (2018: VND5,915 million, VND8,983 million and VND1,130 million), respectively.

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12. Long-term prepaid expenses

	Prepaid land costs VND	Tools and instruments VND	Swine breeders VND	Others VND	Total VND
Opening balance	312,735,290,485	17,572,884,130	57,696,888,917	31,983,835,686	419,988,899,218
Additions	4,555,731,542	16,871,400,891	67,202,376,248	53,387,166,250	142,016,674,931
Transfers from construction in progress	3,870,900,000	11,514,844,476	-	16,779,160,639	32,164,905,115
Transfers from tangible fixed assets	-	194,211,011	-	29,062,500	223,273,511
Transfers from short-term prepaid expenses	-	1,815,399,530	-	682,837,490	2,498,237,020
Reclassification	(395,913,072)	(2,491,668)	-	398,404,740	-
Disposals	(85,824,657,788)	-	-	-	(85,824,657,788)
Written off	-	-	(19,194,308,486)	(913,952,250)	(20,108,260,736)
Amortisation for the year	(7,341,739,247)	(17,495,236,783)	(29,700,692,417)	(20,901,531,164)	(75,439,199,611)
Closing balance	227,599,611,920	30,471,011,587	76,004,264,262	81,444,983,891	415,519,871,660

As at 31 December 2019, prepaid land costs with carrying value of VND158,193 million (1/1/2019: VND88,754 million) and swine breeders with carrying value of VND67,586 million (1/1/2019: tool and supplies with carrying value of VND1,375 million) were pledged with banks as security for loans granted to the Group (Note 18(b)(i)).

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13. Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

	31/12/2019	1/1/2019
	VND	VND
Deferred tax assets:		
Unrealised profits	2,765,147,122	2,752,073,235
Allowance for doubtful debts	12,647,944,572	14,811,555,588
Allowance for inventories	283,103,492	614,237,566
Accrued expenses	24,529,369,238	29,675,239,252
Tax losses	30,527,132,812	38,379,959,645
Others	1,312,512,810	1,610,509,562
Total deferred tax assets	72,065,210,046	87,843,574,848
Deferred tax liabilities:		
Tangible fixed assets	(11,789,669,873)	(18,419,009,597)
Intangible fixed assets	(476,314,542,644)	(522,984,419,636)
Total deferred tax liabilities	(488,104,212,517)	(541,403,429,233)
	(416,039,002,471)	(453,559,854,385)

(b) Movements of temporary differences during the year

	1/1/2019	Recognised in	31/12/2019
	VND	consolidated	VND
		statement of income	
		VND	
Unrealised profits	2,752,073,235	13,073,887	2,765,147,122
Allowance for doubtful debts	14,811,555,588	(2,163,611,016)	12,647,944,572
Allowance for inventories	614,237,566	(331,134,074)	283,103,492
Accrued expenses	29,675,239,252	(5,145,870,014)	24,529,369,238
Tax losses	38,379,959,645	(7,852,826,833)	30,527,132,812
Others	1,610,509,562	(297,996,752)	1,312,512,810
Tangible fixed assets	(18,419,009,597)	6,629,339,724	(11,789,669,873)
Intangible fixed assets	(522,984,419,636)	46,669,876,992	(476,314,542,644)
	(453,559,854,385)	37,520,851,914	(416,039,002,471)

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14. Accounts payable to suppliers – short-term

(a) Accounts payable to suppliers detailed by significant suppliers

	31/12/2019		1/1/2019	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Pro-active Synergy Sdn. Bhd	99,777,835,335	99,777,835,335	141,743,404,645	141,743,404,645
Other suppliers	757,869,480,374	757,869,480,374	1,018,956,490,051	1,018,956,490,051
	857,647,315,709	857,647,315,709	1,160,699,894,696	1,160,699,894,696

(b) Accounts payable to suppliers who are related parties

	31/12/2019		1/1/2019	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Associates				
Thuan Phat	1,119,450,200	1,119,450,200	3,621,631,090	3,621,631,090
Abattoir	487,835,600	487,835,600	581,681,400	581,681,400
Other related parties				
Masan Consumer Corporation	20,377,310,037	20,377,310,037	22,518,145,113	22,518,145,113
Masan Jinju Joint Stock Company	1,372,172,193	1,372,172,193	-	-
Masan Industrial One Member Company Limited	16,249,800	16,249,800	-	-
	23,373,017,830	23,373,017,830	26,721,457,603	26,721,457,603

The trade related amounts due to associates and other related parties were unsecured, interest free and are payable within 60 days from invoice date.

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15. Taxes payable to State Treasury

	1/1/2019 VND	Incurred VND	Paid VND	Net-off/ Reclassified VND	31/12/2019 VND
Value added tax	306,459,671	31,555,327,957	(4,514,714,285)	(8,247,420,515)	19,099,652,828
Import-export tax	623,152,704	94,679,516,649	(95,177,812,956)	-	124,856,397
Corporate income tax	45,949,381,511	235,735,572,677	(216,671,182,854)	1,062,093,039	66,075,864,373
Personal income tax	14,649,359,384	57,014,628,182	(56,198,653,772)	(714,892,153)	14,750,441,641
Other taxes	280,000,000	1,305,718,728	(1,305,718,728)	(280,000,000)	-
	61,808,353,270	420,290,764,193	(373,868,082,595)	(8,180,219,629)	100,050,815,239

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16. Accrued expenses

	31/12/2019	1/1/2019
	VND	VND
Sales discounts	291,574,701,027	303,723,816,658
Advertising and promotion expenses	45,905,498,536	50,147,562,569
Bonus and 13 th month salary	81,393,289,994	98,796,714,541
Interest expense	66,763,968,562	60,233,310,658
Transportation expense	6,472,895,904	3,397,819,821
Accrual for construction work	168,592,805,169	70,027,082,754
Others	23,756,176,124	27,414,513,931
	<hr/> 684,459,335,316	<hr/> 613,740,820,932 <hr/>

17. Other short-term payables

	31/12/2019	1/1/2019
	VND	VND
Dividends payable	27,530,697,600	23,598,036,228
Trade union fee, social and health insurances	65,185,648	1,471,016,755
Short-term deposits received	522,722,051	552,722,051
Others	12,791,242,404	7,446,835,275
	<hr/> 40,909,847,703	<hr/> 33,068,610,309 <hr/>

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18. Borrowings and bonds

(a) Short-term borrowings

	1/1/2019		Movements during the year		31/12/2019	
	Carrying amount VND	Amount within repayment capacity VND	Addition VND	Repayment VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	387,199,707,286	387,199,707,286	4,296,843,738,859	(3,349,751,623,048)	1,334,291,823,097	1,334,291,823,097
Current portion of long-term borrowings	68,000,000,000	68,000,000,000	448,466,355,342	(68,000,000,000)	448,466,355,342	448,466,355,342
	455,199,707,286	455,199,707,286	4,745,310,094,201	(3,417,751,623,048)	1,782,758,178,439	1,782,758,178,439

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

	Currency	Annual interest rate	31/12/2019 VND	1/1/2019 VND
Unsecured bank loans	VND	4.3% - 6.4%	1,334,291,823,097	387,199,707,286

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(b) Long-term borrowings and bonds

	31/12/2019	1/1/2019
	VND	VND
Long-term borrowings (i)	1,638,720,863,841	747,108,028,581
Straight bonds (ii)	1,982,998,039,209	1,979,486,274,504
	<hr/>	<hr/>
	3,621,718,903,050	2,726,594,303,085
Repayable within 12 months	(448,466,355,342)	(68,000,000,000)
	<hr/>	<hr/>
Repayable after 12 months	3,173,252,547,708	2,658,594,303,085
	<hr/>	<hr/>

(i) Long-term borrowings

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

		Annual	Year of	31/12/2019	1/1/2019
	Currency	interest rate	maturity	VND	VND
Secured bank loan 1	VND	9.7%	2023	1,000,000,000,000	399,530,353,576
Secured bank loan 2	VND	10.8%	2024	563,760,348,133	204,617,159,297
Secured bank loan 3	VND	8.1%	2021	74,960,515,708	142,960,515,708
				<hr/>	<hr/>
				1,638,720,863,841	747,108,028,581
				<hr/>	<hr/>

The bank loans 1 is secured by the following assets:

	Carrying value	
	31/12/2019	1/1/2019
	VND	VND
Project of Swine-Breeding Farm at Con Son Hamlet, Ha Son Commune, Quy Hop District, Nghe An Province		
▪ Tangible fixed assets (Note 9)	1,534,966,636,445	673,887,707,885
▪ Construction in progress (Note 11)	2,592,204,271	9,665,523,340
▪ Land use rights (Note 12)	55,690,275,866	-
▪ Swine breeders (Note 12)	67,585,772,456	-
	<hr/>	<hr/>

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The bank loans 2 is guaranteed by the Company and secured by the following assets:

	Carrying value	
	31/12/2019	1/1/2019
	VND	VND
▪ Tangible fixed assets (Note 9)	977,729,994,560	6,543,720,091
▪ Construction in progress (Note 11)	73,136,695,417	363,393,662,901
▪ Land use rights (Note 12)	73,954,609,508	72,041,016,036
▪ Tool and supplies (Note 12)	-	1,374,972,663

The bank loans 3 is secured by the following assets:

	Carrying value	
	31/12/2019	1/1/2019
	VND	VND
▪ Tangible fixed assets (Note 9)	318,671,185,158	365,157,331,968
▪ Construction in progress (Note 11)	27,351,911,745	28,810,030,040
▪ Prepaid land costs (Note 12)	28,547,901,085	16,712,615,602

(ii) Straight bonds

The carrying amount of the bonds comprised of:

	31/12/2019	1/1/2019
	VND	VND
Straight bonds	2,000,000,000,000	2,000,000,000,000
Unamortised bond issuance costs	(17,001,960,791)	(20,513,725,496)
	1,982,998,039,209	1,979,486,274,504

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The secured bonds of the Group as at 31 December 2019 comprised the followings:

- The bonds amounting to VND1,300 billion (1/1/2019: VND1,300 billion) excluded issuance costs have a maturity term of 5 years and bear annual interest rate of 7.0% in the first year and 1.5% plus the amalgamated average 12 months deposit rates of selected major banks in the remaining years. The bonds were secured by 17.1 million shares of Anco (1/1/2019: 4.1 million shares) and 24.64% share capital of MNS Feed (1/1/2019: Nil); and
- The bonds amounting to VND700 billion (1/1/2019: VND700 billion) excluded issuance costs have a maturity term of 5 years and bear annual interest rate of 8.0% in the first year and 3.0% per annum plus the amalgamated average 12 months deposit rates of selected major banks in the remaining years. The bonds were secured by 14.4 million shares of Proconco (1/1/2019: 14.4 million shares).

Movements of bonds issuance costs during the year were as follows:

	2019 VND	2018 VND
Opening balance	20,513,725,496	24,025,490,201
Additions	16,900,000,000	16,900,000,000
Amortisation during the year	(20,411,764,705)	(20,411,764,705)
Closing balance	17,001,960,791	20,513,725,496

As at 31 December 2019, the related party of the Group held VND177,647 million (1/1/2019: VND138,237 million) of the issued bonds.

19. Bonus and welfare funds

These funds are established by appropriating from undistributed profits as approved by the Board of Directors of the Company or its subsidiaries. These funds are used to pay bonus and welfare to the employees of the Company or its subsidiaries in accordance with the Group’s bonus and welfare policies.

There were no movements of bonus and welfare funds during the year.

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20. Long-term provisions

	31/12/2019	1/1/2019
	VND	VND
Provision for severance allowance	30,004,889,083	31,913,944,816

Movements of provision for severance allowance during the year were as follows:

	2019	2018
	VND	VND
Opening balance	31,913,944,816	36,097,545,099
Provision made during the year	2,881,195,251	4,132,259,803
Utilisation of provision during the year	(4,790,250,984)	(6,904,254,916)
Written back	-	(1,411,605,170)
Closing balance	30,004,889,083	31,913,944,816

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21. Changes in owners' equity

	Share capital VND	Share premium VND	Other capital VND	Undistributed profits after tax VND	Non-controlling interests VND	Total VND
Balance as at 1 January 2018	2,162,182,990,000	3,200,196,495,149	(175,543,000,000)	1,499,493,156,918	1,856,512,956,857	8,542,842,598,924
Net profit for the year	-	-	-	95,569,793,947	136,588,481,197	232,158,275,144
Dividends	-	-	-	(1,570,391,216,456)	-	(1,570,391,216,456)
Dividends declared by subsidiaries	-	-	-	-	(23,598,036,228)	(23,598,036,228)
Balance as at 1 January 2019	2,162,182,990,000	3,200,196,495,149	(175,543,000,000)	24,671,734,409	1,969,503,401,826	7,181,011,621,384
Share issuance from share premium (i)	1,081,091,480,000	(1,081,091,480,000)	-	-	-	-
Net profit for the year	-	-	-	115,347,906,992	254,367,042,059	369,714,949,051
Dividends declared by subsidiaries	-	-	-	-	(27,530,627,600)	(27,530,627,600)
Balance as at 31 December 2019	3,243,274,470,000	2,119,105,015,149	(175,543,000,000)	140,019,641,401	2,196,339,816,285	7,523,195,942,835

- (i) On 23 July 2019, the Company's General Meeting of Shareholders approved to increase the share capital through share issuance from share premium.

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22. Share capital

The Company's authorised and issued share capital are as follows:

	31/12/2019		1/1/2019	
	Number of shares	VND	Number of shares	VND
Authorised share capital	324,327,447	3,243,274,470,000	216,218,299	2,162,182,990,000
Issued share capital				
Ordinary shares	324,327,447	3,243,274,470,000	216,218,299	2,162,182,990,000

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.

Movements of ordinary shares during the year were as follows:

	2019		2018	
	Number of shares	VND	Number of shares	VND
Balance at the beginning of the year	216,218,299	2,162,182,990,000	216,218,299	2,162,182,990,000
Share issuance from share premium	108,109,148	1,081,091,480,000	-	-
Balance at the end of the year	324,327,447	3,243,274,470,000	216,218,299	2,162,182,990,000

23. Other capital

In 2016, Anco, a subsidiary of the Company, granted a call option to an investor to buy 5% of Anco's equity interest on a fully diluted basis at par value, which can be exercised within 10 years from January 2016. In February 2016, this option was acquired by the Company as part of the Company's overall restructuring and efforts to increase its equity interest in its subsidiaries, particularly Anco and Proconco. The Company recorded this equity transaction in other capital.

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24. Off balance sheet items

(a) Lease commitments

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

	31/12/2019	1/1/2019
	VND	VND
Within 1 year	104,562,891,454	12,827,117,398
Within 2 to 5 years	368,201,771,146	48,377,270,019
More than 5 years	844,655,381,218	170,386,384,251
	<hr/> 1,317,420,043,818	<hr/> 231,590,771,668 <hr/>

(b) Foreign currency

	31/12/2019		1/1/2019	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	280,136	6,473,386,904	701,635	16,295,938,829
	<hr/>	<hr/>	<hr/>	<hr/>

(c) Capital expenditure commitments

At the reporting date, the Group had the following outstanding capital commitments approved but not provided for in the consolidated balance sheet:

	31/12/2019	1/1/2019
	VND	VND
Approved but not contracted	418,187,747,223	506,777,083,663
Approved and contracted	608,810,652,838	1,194,787,515,085
	<hr/> 1,026,998,400,061	<hr/> 1,701,564,598,748 <hr/>

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25. Revenue from sales of goods

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

Net revenue comprised of:

	2019	2018
	VND	VND
Total revenue		
▪ Finished goods sold and others	14,574,901,245,099	14,832,735,010,031
Less revenue deductions		
▪ Sales discounts	773,962,404,405	852,920,594,568
▪ Sales returns	2,149,156,464	2,960,351,816
▪ Sales allowances	38,397,558	-
	776,149,958,427	855,880,946,384
Net revenue	13,798,751,286,672	13,976,854,063,647

26. Cost of sales

	2019	2018
	VND	VND
Total cost of sales		
▪ Finished goods sold and others	11,517,606,546,669	11,878,104,113,500
▪ Allowance for inventories	15,541,664,981	1,799,697,768
	11,533,148,211,650	11,879,903,811,268

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27. Financial income

	2019 VND	2018 VND
Interest income from		
▪ Deposits at banks	66,595,478,990	51,534,527,832
▪ Loans to a related party	-	9,678,054,795
▪ Other loan investing activities	-	3,072,915,069
Realised foreign exchange gains	6,684,466,647	2,389,901,156
Dividends from equity investments in other entities	3,246,900,000	-
Unrealised foreign exchange gains arising from revaluation of monetary items denominated in foreign currencies	28,677,392	263,615,638
Others	57,439,634	1,005,576,239
	<hr/> 76,612,962,663	<hr/> 67,944,590,729 <hr/>

28. Financial expenses

	2019 VND	2018 VND
Interest expense on loans from:		
▪ Bondholders	178,867,866,180	176,264,068,189
▪ Banks	106,109,734,434	59,179,998,788
Bond issuance costs	20,411,764,705	20,411,764,705
Realised foreign exchange losses	3,195,090,439	3,937,009,475
Unrealised foreign exchange losses arising from revaluation of monetary items denominated in foreign currencies	835,599,643	2,526,276,264
Allowance for diminution in the value of long-term financial investments	-	3,523,660,000
Others	54,746,802,101	44,351,844,628
	<hr/> 364,166,857,502	<hr/> 310,194,622,049 <hr/>

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29. Selling expenses

	2019 VND	2018 VND
Staff costs	280,166,909,297	312,892,311,320
Advertising and promotion expenses	134,149,385,468	176,584,998,573
Transportation expense	101,887,715,617	92,807,617,110
Operating leases expense	17,018,964,660	15,081,592,069
Depreciation and amortisation	15,092,811,601	13,313,101,194
Tools and supplies	7,192,946,732	11,290,966,117
Others	125,196,333,725	152,769,785,840
	680,705,067,100	774,740,372,223

30. General and administration expenses

	2019 VND	2018 VND
Amortisation of fair value uplift of fixed assets arising in business combination	356,665,918,097	363,228,111,432
Staff costs	222,682,866,323	221,527,692,105
Operating leases expense	17,184,735,840	14,218,759,395
Depreciation and amortisation	39,704,191,717	37,735,898,028
Office supplies	11,571,235,183	10,051,479,030
Allowance for doubtful debts	5,535,416,089	(3,648,505,590)
Others	144,003,832,021	124,606,123,678
	797,348,195,270	767,719,558,078

31. Other income

	2019 VND	2018 VND
Gains from transfers of land use rights	81,264,692,532	-
Gains from disposals of tangible fixed assets	1,830,413,450	4,021,285,588
Others	10,521,656,299	7,890,638,520
	93,616,762,281	11,911,924,108

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32. Other expenses

	2019 VND	2018 VND
Losses from disposals of tangible fixed assets and written off of construction in progress	5,839,152,262	1,116,634,604
Penalty due to contract cancellation	13,938,212,527	-
Brokerage and consulting fees	7,156,797,417	-
Depreciation charge of idle fixed assets	4,170,246,541	-
Others	4,269,185,394	1,138,620,290
	<hr/> 35,373,594,141	<hr/> 2,255,254,894 <hr/>

33. Income tax

(a) Recognised in the consolidated statement of income

	2019 VND	2018 VND
Current tax expense		
Current year	236,635,000,681	114,094,872,195
(Over)/under provision in prior years	(899,428,004)	1,102,947,146
	<hr/> 235,735,572,677	<hr/> 115,197,819,341 <hr/>
Deferred tax benefit		
Origination and reversal of temporary differences	(39,207,309,145)	(11,462,800,259)
Write down of deferred tax assets	1,686,457,231	-
	<hr/> (37,520,851,914)	<hr/> (11,462,800,259) <hr/>
Income tax expense	<hr/> 198,214,720,763	<hr/> 103,735,019,082 <hr/>

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(b) Reconciliation of effective tax rate

	2019 VND	2018 VND
Accounting profit before tax	567,929,669,814	335,893,294,226
Tax at the Company’s tax rate	113,585,933,963	67,178,658,845
Unrecognised deferred tax assets	55,710,179,973	50,165,945,871
Non-deductible expenses	41,735,442,016	12,160,501,592
Effects of different tax rates applied to subsidiaries	(10,163,162,777)	(21,675,345,774)
Write down of deferred tax assets	1,686,457,231	-
Effect of share of profit from associates	(1,938,116,772)	(2,799,266,851)
(Over)/under provision in prior years	(899,428,004)	1,102,947,146
Tax losses utilised	(853,204,867)	(2,398,421,747)
Tax exempt income	(649,380,000)	-
	198,214,720,763	103,735,019,082

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

(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. The Board of 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 different interpretations and the effects could be significant.

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34. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2019 was based on the consolidated profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare funds for the annual accounting period, of VN115,348 million (2018: VN95,570 million) and a weighted average number of ordinary shares outstanding of 324,327,447 shares during the year (2018: 324,327,447 shares), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2019 VND	2018 VND
Net profit attributable to ordinary shareholders	115,347,906,992	95,569,793,947

(ii) Weighted average number of ordinary shares

	2019	2018 (restated)	2018 (as stated previously)
Issued ordinary shares at the beginning of the year	216,218,299	216,218,299	216,218,299
Effect of shares issued from share premium	108,109,148	108,109,148	-
Weighted average number of ordinary shares for the year ended 31 December	324,327,447	324,327,447	216,218,299

(iii) Basic earnings per share

	2019 VND	2018 VND (restated) (*)	2018 VND (as stated previously)
Basic earnings per share	356	295	442

(*) The restatement reflected the effect of increase in the share capital through share issuance from share premium.

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(b) Diluted earnings per share

The Group did not have dilutive potential ordinary shares as at 31 December 2019. Therefore, the presentation of diluted earnings per share is not applicable.

35. Significant transactions with related parties

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

	Transaction value	
	2019	2018
	VND	VND
<i>Parent company</i>		
Masan Group Corporation		
Sales of goods	672,454,465	-
Interest income	-	9,678,054,795
Dividends declared	-	1,135,573,000,000
Net-off loans receivable with dividends payable	-	937,000,000,000
Net-off interest receivable with dividends payable	-	82,918,630,139
<i>Associates</i>		
Abattoir Long Binh Joint Stock Company		
Processing fee	6,065,137,272	5,268,153,548
Dividends income	500,000,000	600,000,000
Thuan Phat Packing Joint Stock Company		
Purchases of goods	24,103,186,749	28,472,704,405
Dong Nai Producing Trading Services Joint Stock Company		
Dividends income	-	270,554,400
Vissan Joint Stock Company		
Dividends income	10,090,013,000	14,126,018,200
<i>Other related parties</i>		
Masan Consumer Corporation		
Project management fee and information and technology expense (included VAT)	42,915,067,735	42,331,341,108
Purchases of goods (included VAT)	539,310,665	228,445,873
Sales of goods	6,509,335	-

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	Transaction value	
	2019	2018
	VND	VND
Masan Jinju Joint Stock company		
Purchases of fixed assets	3,624,510,255	-
Purchases of goods	3,433,150	-
Sales of goods	724,577,512	-
Masan HD One Member Company Limited		
Purchases of services	239,896,666	-
Masan Industrial One Member Company Limited		
Purchases of merchandises	132,946,280	-
Purchases of fixed assets	39,450,000	-
Sales of finished goods	52,453,025	-
Masan HG One Member Company Limited		
Sales of fixed assets	108,194,443	-
Masan Blue Corporation		
Sales of finished goods	94,713,551	-
Masan MB One Member Company Limited		
Purchases of goods (included VAT)	337,735,333	142,816,666
Vinacafé Bien Hoa Joint Stock Company		
Purchases of goods (included VAT)	-	7,920,000
Key management personnel		
Remuneration to key management personnel	43,418,278,587	52,001,128,498

As at and for the years ended 31 December 2019 and 2018, the Company and its subsidiaries have current and term deposit accounts at Vietnam Technological and Commercial Joint Stock Bank at normal trading terms.

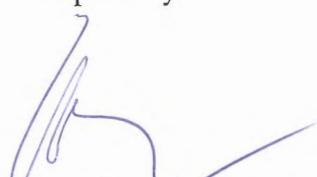
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36. Non-cash investing and financing activities


	2019 VND	2018 VND
Share issuance from share premium	1,081,091,480,000	-
Cost of construction in progress acquired through occurrence of liabilities	336,937,952,785	217,565,813,253
Capitalisation of depreciation expense in construction in progress	-	1,389,325,625
Net-off loans receivable and interest receivable with dividends payable	-	1,019,918,630,139

Prepared by:

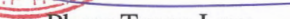

Tran Quang Be
Chief Accountant

20 March 2020

Approved by:


Nguyen Thi Minh Hang
Chief Financial Officer




Pham Trung Lam
Chief Executive Officer