



**Masan Group Corporation
and its subsidiaries**

Consolidated quarterly financial statements for
the period ended 30 June 2020

Masan Group Corporation Corporate Information

Business Registration Certificate No	0303576603	08 July 2020
	The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 08 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 Ms Nguyen Hoang Yen Mr Nguyen Thieu Nam Mr Woncheol Park Mr Nguyen Doan Hung Mr David Tan Wei Ming	Chairman Member Member Member Member Member
Board of Management	Dr Nguyen Dang Quang Mr Danny Le Mr Nguyen Thieu Nam Mr Michael Hung Nguyen Mr Nguyen Anh Nguyen	Chief Executive Officer (until 18 Jun 2020) Chief Executive Officer (from 19 Jun 2020) Deputy Chief Executive Officer Deputy Chief Executive Officer Deputy Chief Executive Officer (until 29 April 2020)
Legal Representative	Dr Nguyen Dang Quang Mr Danny Le	Chairman Chief Executive Officer (from 19 Jun 2020)
Registered Office	Suite 802, Central Plaza 17 Le Duan Street Ben Nghe Ward, District 1 Ho Chi Minh City Vietnam	

Masan Group Corporation and its subsidiaries
Consolidated balance sheet as at 30 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	7	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	13	266,900	784,454
Trading securities	121		-	472,134
Held to maturity investments	123		266,900	312,320
Accounts receivable	130	8	5,995,045	5,417,776
Accounts receivable	131		1,943,483	1,240,531
Prepayments to suppliers	132		608,538	1,528,648
Receivables on short-term lending loans	135		1,140,000	-
Other receivables	136		2,395,398	2,754,341
Allowance for doubtful debts	137		(92,374)	(105,744)
Inventories	140	9	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 prepayments	151		291,960	261,425
Deductible value added tax	152		1,651,628	1,352,367
Taxes and other receivables from State Treasury	153		81,332	23,521

The accompanying notes are an integral part of these quarterly 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	8	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	10	31,046,824	29,170,881
<i>Cost</i>	222		45,816,273	39,248,028
<i>Accumulated depreciation</i>	223		(14,769,449)	(10,077,147)
Finance lease tangible fixed assets	224		-	-
<i>Cost</i>	225		67,300	67,300
<i>Accumulated depreciation</i>	226		(67,300)	(67,300)
Intangible fixed assets	227	11	11,685,676	11,620,818
<i>Cost</i>	228		15,549,497	14,777,843
<i>Accumulated amortization</i>	229		(3,863,821)	(3,157,025)
Investment properties	230		16,979	-
<i>Cost</i>	231		18,628	-
<i>Accumulated amortization</i>	232		(1,649)	-
Long-term assets in progress	240	12	3,344,322	3,278,972
Construction in progress	242		3,344,322	3,278,972
Long-term financial investments	250	13	18,656,186	17,505,857
Investments in associates	252		18,637,963	17,492,653
Investments in other entities	253		21,646	21,646
Allowance for diminution in the value of long-term 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 prepayments	261	14	5,997,893	5,633,114
Deferred tax assets	262		1,163,947	240,643
Goodwill	269	15	6,794,633	3,985,428
TOTAL ASSETS (270 = 100 + 200)	270		105,003,862	97,297,251

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

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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	311		5,619,123	5,635,395
Advances from customers	312		1,176,521	1,178,905
Taxes payable to State Treasury	313	16	1,045,287	770,004
Payables to employees	314		332,922	291,683
Accrued expenses	315	17	3,496,419	4,110,502
Short-term unearned revenue	318		9,395	12,050
Other short-term payables	319	18	3,934,435	122,557
Short-term borrowings and bonds	320	19	21,486,238	18,340,185
Provisions – short-term	321		104,416	-
Bonus and welfare funds	322		38,443	30,910
Long-term borrowings and liabilities	330		36,542,380	14,916,653
Long-term account payables	331		27,668	31,013
Other long-term payables	337	18	180,809	180,939
Long-term borrowings and bonds	338	20	27,228,212	11,675,842
Deferred tax liabilities	341		2,494,097	2,455,415
Provisions – long-term	342		6,611,594	573,444

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

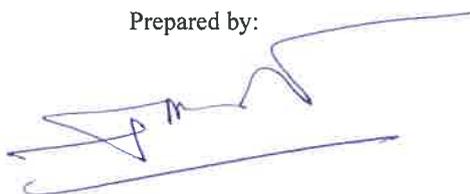
Form B 01a – DN/HN

(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	21	31,218,283	51,888,407
Share capital	411	22	11,689,464	11,689,464
Capital surplus	412	22	11,084,357	11,084,357
Other capital	414	23	(8,563,690)	(8,563,690)
Foreign exchange differences	417		(208,603)	11,033
Undistributed profits	421		9,141,264	28,558,952
<i>Undistributed profit brought forward</i>	421a		28,558,310	15,330,120
<i>Undistributed (loss)/profit for the current period</i>	421b		(19,417,046)	13,228,832
Non-controlling interest	429	21	8,075,491	9,108,291
TOTAL RESOURCES (440 = 300 + 400)	440		105,003,862	97,297,251

30 July 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 quarterly financial statements

Masan Group Corporation and its subsidiaries
Consolidated statement of income for the 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 1/4/2020 to 30/6/2020 VND million	From 1/4/2019 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
Total revenue	01	25	18,149,931	9,622,617	36,153,823	18,099,059
Less sales deductions	02	25	383,549	372,214	749,854	688,534
Net sales (10 = 01 - 02)	10	25	17,766,382	9,250,403	35,403,969	17,410,525
Cost of sales	11	26	13,871,798	6,583,116	27,547,870	12,280,257
Gross profit (20 = 10 - 11)	20		3,894,584	2,667,287	7,856,099	5,130,268
Financial income	21	27	977,810	86,589	1,094,900	158,961
Financial expenses	22	28	1,076,091	556,823	1,859,168	1,086,126
<i>In which: Interest expense</i>	23		862,707	451,152	1,541,167	904,772
Share of profit in associates	24	29	604,480	533,246	1,132,218	980,023
Selling expenses	25		3,206,947	956,005	6,313,488	1,768,514
General and administration expenses	26		869,247	485,740	1,670,810	976,193
Net operating (loss)/profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		324,589	1,288,554	239,751	2,438,419
Other income	31	30	43,580	1,003	87,061	2,598
Other expenses	32	31	56,774	14,199	75,672	24,418
Results of other activities (40 = 31 - 32)	40		(13,194)	(13,196)	11,389	(21,820)
Profit before tax (50 = 30 + 40)	50		311,395	1,275,358	251,140	2,416,599
Income tax expense – current	51		303,064	114,516	470,587	266,624
Income tax benefit – deferred	52		(46,077)	(30,909)	(57,502)	(41,614)
Net profit/(loss) (60 = 50 - 51 - 52) (carried forward to next page)	60		54,408	1,191,751	(161,945)	2,191,589

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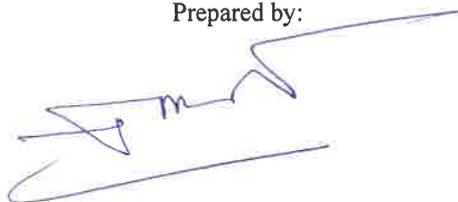
Masan Group Corporation and its subsidiaries
Consolidated statement of income for the period ended 30 June 2020 (continued)

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	From	From	From		
		1/4/2020 to 30/6/2020 VND million	1/4/2019 to 30/6/2019 VND million	1/1/2020 to 30/6/2020 VND million	1/1/2019 to 30/6/2019 VND million		
	Net profit/(loss) (60 = 50 - 51 - 52) (brought forward from previous page)	60	54,408	1,191,751	(161,945)	2,191,589	
Attributable to:							
	Equity holders of the Company	61	195,362	1,016,304	117,254	1,881,698	
	Non-controlling interest	62	(140,954)	175,447	(279,199)	309,891	
Earnings per share							
	Basic earnings per share (VND)	70	32	167	873	100	1,617

30 July 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

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Masan Group Corporation and its subsidiaries
Consolidated statement of cash flow for the 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				
Profit before tax	01		251,140	2,416,599
Adjustments for				
Depreciation and amortization	02		2,110,970	1,379,235
Allowances and provisions	03		278,738	49,967
Net unrealised foreign exchange losses/(gains)	04		2,371	(6,432)
Gain from investing activities	05		(1,666,227)	(1,086,277)
Interest expenses and others	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 prepayment	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

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Masan Group Corporation and its subsidiaries
Consolidated statement of cash flow for the 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 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 loan and term deposits at banks	23		(1,927,300)	(732,300)
Receipts from collecting loan and term deposits at banks	24		889,967	1,002,548
Payments for investment	25		(30,258,705)	(171,347)
Collections on disposal of investment	26		10,500,000	-
Receipts of interest, dividends and related income from investing activities	27		573,368	144,959
Net cash flows from investing activities	30		(21,375,911)	(2,043,284)

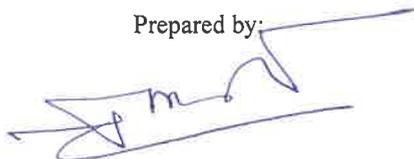
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Masan Group Corporation and its subsidiaries
Consolidated statement of cash flow for the period ended 30 June 2020
(Indirect method - continued)

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	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 shares and capital contribution in subsidiaries by non-controlling interest	31		17,167	57,969
Proceeds from borrowings	33		45,363,758	13,302,876
Payments to settle borrowings	34		(26,311,429)	(11,537,457)
Payment of dividends	36		(30,002)	(152,382)
Net cash flows from financing activities	40		19,039,494	1,671,006
Net cash flows during the period (50 = 20 + 30 + 40)	50		(2,104,525)	217,188
Cash and cash equivalents at the beginning of the period	60		6,800,528	4,585,889
Effect of exchange rate fluctuation on cash and cash equivalents	61		(492)	10,619
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	7	4,695,511	4,813,696

Prepared by:



Doan Thi My Duyen
Chief Accountant

30 July 2020

Approved by:




Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer

Danny Le
Chief Executive Officer

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

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

1. Reporting entity

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

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

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

(a) Subsidiaries

Direct subsidiaries

Number	Name	Principal activity	Percentage of economic interests at	
			30/6/2020	1/1/2020
1	The SHERPA Company Limited (“SHERPA”) (v)	Investment holding	99.9%	-
2	Masan Horizon Company Limited (“MH”)	Investment holding	99.9%	99.9%
3	Masan MEATLife Corporation (“MML”) (i)	Investment holding	88.5%	87.3%

Indirect subsidiaries

Number	Name	Principal activity	Percentage of economic interests at	
			30/6/2020	1/1/2020
1	The CrownX Corporation (“CrownX”) (vi)	Investment holding	82.6%	-
2	MasanConsumerHoldings Company Limited (“MCH”)	Investment holding	70.8%	60.0%
3	Masan Brewery Company Limited (“MB”)	Investment holding	47.2%	40.0%
4	Masan Master Brewer Company Limited (“MMBr”)	Beer and beverage trading	47.2%	40.0%

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

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Number	Name	Principal activity	Percentage of economic interests at	
			30/6/2020	1/1/2020
5	Masan Brewery PY One Member Company Limited (“MBPY”)	Beer and beverage manufacturing	47.2%	40.0%
6	Masan Brewery HG One Member Company Limited (“MBHG”)	Beer and beverage manufacturing	47.2%	40.0%
7	Masan Brewery Distribution One Member Company Limited (“MBD”)	Beer and beverage trading	47.2%	40.0%
8	Masan Brewery MB Company Limited (“MBMB”)	Beer and beverage manufacturing	47.2%	40.0%
9	Masan Consumer Corporation (“MSC”) (ii)	Trading and distribution	67.4%	56.8%
10	Masan Consumer (Thailand) Limited (“MTH”)	Trading and distribution	67.4%	56.8%
11	Masan Food Company Limited (“MSF”)	Trading and distribution	67.4%	56.8%
12	Masan Industrial One Member Company Limited (“MSI”)	Seasonings, convenience food manufacturing and packaging	67.4%	56.8%
13	Viet Tien Food Technology One Member Company Limited (“VTF”)	Seasonings manufacturing	67.4%	56.8%
14	Masan HD One Member Company Limited (“MHD”)	Convenience food manufacturing	67.4%	56.8%
15	Masan PQ Corporation (“MPQ”)	Seasonings manufacturing	67.4%	56.8%
16	Nam Ngu Phu Quoc One Member Company Limited (“NPQ”)	Seasonings manufacturing	67.4%	56.8%
17	Masan Long An Company Limited (“MLA”)	Seasonings, convenience food manufacturing and packaging	67.4%	56.8%

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Number	Name	Principal activity	Percentage of economic interests at	
			30/6/2020	1/1/2020
18	Masan MB One Member Company Limited (“MMB”)	Seasonings, convenience food manufacturing and packaging	67.4%	56.8%
19	Masan HG One Member Company Limited (“MHG”)	Convenience food manufacturing and packaging	67.4%	56.8%
20	Masan Jinju Joint Stock Company (“MSJ”)	Convenience food manufacturing and trading	50.6%	42.6%
21	Masan Beverage Company Limited (“MSB”)	Beverage trading and distribution	67.4%	56.8%
22	VinaCafé Bien Hoa Joint Stock Company (“VCF”) (viii)	Beverage manufacturing and trading	66.5%	55.9%
23	Café De Nam Joint Stock Company (“CDN”)	Beverage trading and manufacturing	56.6%	47.5%
24	Vinh Hao Mineral Water Corporation (“VHC”)	Beverage manufacturing and trading and packaging	59.7%	50.3%
25	Kronfa., JSC (“KRP”)	Beverage manufacturing	59.7%	50.3%
26	Quang Ninh Mineral Water Corporation (“QNW”)	Beverage manufacturing and trading	44.4%	37.4%
27	Masan HPC Company Limited (“HPC”)	Trading and distribution	67.4%	56.8%
28	Net Detergent Joint Stock Company (“NET”) (iii)	Trading and distribution	35.2%	-

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(continued)

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Number	Name	Principal activity	Percentage of economic interests at	
			30/6/2020	1/1/2020
29	VCM Services and Trading Development Joint Stock Company (“VCM”)	Investment holding	69.1%	58.6%
30	Vincommerce General Commercial Services Joint Stock Company (“VinCommerce”)	Trading and distribution	69.1%	58.6%
31	Vineco Agricultural Investment Development and Production Limited Liability Company (“VinEco”)	Agriculture	69.1%	58.6%
32	VinEco – Tam Dao Agricultural Investment Development and Production Limited Liability Company (“VinEco Tam Dao”)	Agriculture	61.5%	52.2%
33	Dong Nai – VinEco Agricultural Company Limited (“VinEco Dong Nai”)	Agriculture	53.6%	45.4%
34	Mapleleaf Company Limited (“MPL”)	Investment holding	99.9%	99.9%
35	Masan Blue Corporation (“MBL”)	Trading and distribution	99.8%	99.8%
36	Blue Tek Vietnam Joint Stock Company (“Blue Tek”) (iv)	Trading and distribution	50.9%	-
37	Masan Resources Corporation (“MSR”)	Investment holding	96.0%	96.0%
38	Masan Thai Nguyen Resources Company Limited (“MRTN”)	Investment holding	96.0%	96.0%
39	Thai Nguyen Trading and Investment Company Limited (“TNTI”)	Investment holding	96.0%	96.0%
40	Nui Phao Mining Company Ltd (“NPM”)	Exploring and processing mineral	96.0%	96.0%
41	Masan Tungsten Limited Liability Company (“MTC”)	Deep processing of nonferrous metals and precious metals (tungsten)	96.0%	96.0%

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Notes to the consolidated financial statements for the period ended 30 June 2020
(continued)

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Number	Name	Principal activity	Percentage of economic interests at	
			30/6/2020	1/1/2020
42	Chemische Fabriken Oker und Braunschweig AG (Germany)	Producing chemicals utilized in the manufacturing of paper and additives for the absorptive materials industry.	96.0%	-
43	H.C. Starck Holding (Germany) GmbH (Germany) (“HCS”)	Investment holding	96.0%	-
44	ChemiLytics GmbH & Co. KG (Germany)	Investment holding	96.0%	-
45	H.C. Starck GmbH (Germany)	Investment holding	96.0%	-
46	H.C. Starck Infrastructure GmbH & Co. KG (Germany)	Holding and managing real estate	96.0%	-
47	H.C. Starck Tungsten GmbH (Germany)	Deep processing of nonferrous metals and precious metals	96.0%	-
48	H.C. Starck Jiangwu Tungsten Specialities (Ganzhou) Co. Ltd. (China)	Deep processing of nonferrous metals and precious metals	57.6%	-
49	H.C. Starck Nonferrous Metals Trading (Shanghai) Co. Ltd. (China)	Trading and distribution	96.0%	-
50	H.C. Starck Canada Inc. (Canada)	Deep processing of nonferrous metals and precious metals	96.0%	-
51	H.C. Starck Tungsten GK (Japan)	Deep processing of nonferrous metals and precious metals	96.0%	-
52	H.C. Starck Tungsten LLC (USA)	Deep processing of nonferrous metals and precious metals	96.0%	-

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Notes to the consolidated financial statements for the period ended 30 June 2020
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			30/6/2020	1/1/2020
53	ChemiLytics Beteiligungs GmbH (Germany)	Chemical analysis and physical measurement data	96.0%	-
54	MNS Feed Company Limited (“MNFE”)	Animal protein	88.5%	87.3%
55	MNS Feed Vinh Long Company Limited (“MNFE VL”)	Animal protein	88.5%	87.3%
56	MNS Feed Thai Nguyen Company Limited (“MNFE TN”)	Animal protein	88.5%	87.3%
57	MNS Feed Tien Giang Company Limited (“MNFE TG”)	Animal protein	88.5%	87.3%
58	MNS Feed Nghe An Company Limited (“MNFE NA”)	Animal protein	88.5%	87.3%
59	MNS Feed Hau Giang Company Limited (“MNFE HG”)	Animal protein	88.5%	87.3%
60	Vietnamese – French Cattle Feed Joint Stock Company (“PCO”)	Animal protein	66.5%	65.6%
61	Proconco Can Tho One Member Company Limited (“PCT”)	Animal protein	66.5%	65.6%
62	ConCo Binh Dinh Co., Ltd. (“PBD”)	Animal protein	66.5%	65.6%
63	Proconco Hung Yen Trading and Production Co., Ltd. (“PHY”)	Animal protein	66.5%	65.6%
64	Agro Nutrition International Joint Stock Company (“ANCO”)	Animal protein	88.5%	87.3%
65	Agro Nutrition International Binh Dinh One Member Limited Company (“ABD”)	Animal protein	88.5%	87.3%
66	MNS Meat Company Limited (“MNS Meat”)	Animal protein	88.5%	87.3%

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Number	Name	Principal activity	Percentage of economic interests at	
			30/6/2020	1/1/2020
67	MNS Farm Company Limited (“MNS Farm”)	Investment holding	88.5%	87.3%
68	MNS Farm Nghe An Company Limited (“FNA”)	Breeding swine	88.5%	87.3%
69	MNS Meat Processing Company Limited (“MMP”)	Investment holding	88.5%	87.3%
70	MNS Meat Ha Nam Company Limited (“MHN”)	Meat processing	88.5%	87.3%
71	MNS Meat Sai Gon Company Limited (“MSG”)	Meat processing	88.5%	87.3%

(i) In January 2020, MH, a subsidiary of the Company, bought 1.2% equity interest in MML from non-controlling interests.

As a result of this transaction, equity interest of the Company in MNS increase from 87.3% to 88.5%.

(ii) In 1H2020, MCH, a subsidiary of the Company, acquired 0.32% equity interests in MSC for a total consideration of VND279,372 million.

(iii) In February 2020, Masan HPC Company Limited (“HPC”), a subsidiary indirectly owned by the Company, successfully acquired Net Detergent Joint Stock Company (“NET”). As a result of such transaction, NET becoming a subsidiary indirectly owned by the Company.

(iv) Blue Tek Vietnam Joint Stock Company (“Blue Tek”) was established on 30 March 2020 and is indirectly owned by the Company through MBL and MH.

(v) The SHERPA Company Limited (“SHERPA”) was established on 12 June 2020 and is directly owned by the Company.

In June 2020, the Company transferred all equity interest of VCM to SHERPA.

In June 2020, SHERPA transferred all equity interest of VCM to CrownX.

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- (vi) The CrownX Corporation (“CrownX”) was established on 16 June 2020 and is indirectly owned by the Company through SHERPA.

In June 2020, the Company transferred all equity interest of MCH to CrownX.

In June 2020, the Company, bought 12.6% equity interest in CrownX from a non-controlling interest. As a result of this transaction, equity interest of the Company in CrownX increase from 70.0% to 82.6%.

- (vii) In May 2020, Masan Tungsten Limited Liability Company (“MTC”), a subsidiary indirectly owned by the Company, successfully acquired HCS. As a result of such transaction, HCS becoming a subsidiary indirectly owned by the Company.
- (viii) In June 2020, MSB, a subsidiary of the Company, acquired 0.2% equity interests in VCF for a total consideration of VND12,782 million. As a result of this transaction, MSB’s equity interest in VCF has increased from 98.5% to 98.7%.

All the subsidiaries are incorporated in Vietnam, except for MTH, which incorporated in Thailand, and HCS and its subsidiaries, which incorporated in Germany, Canada, USA, Japan, China.

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

(b) Associates

(i) Direct associate

Number	Name	Principal activity	Percentage of equity over charter capital at	
			30/6/2020	1/1/2020
1	Vietnam Technological and Commercial Joint Stock Bank (“Techcombank”) (*)	Banking	20.0%	20.0%

- (*) Refer to Notes 13(a).

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(ii) Indirect associates

Number	Name	Principal activity	Percentage of economic interests at	
			30/6/2020	1/1/2020
1	Cholimex Food Joint Stock Company (“Cholimex”)	Seasonings manufacturing and trading	32.8%	32.8%
2	Thuan Phat Packing Joint Stock Company (“Thuan Phat”)	Packing manufacturing	25.0%	25.0%
3	Abattoir Long Binh Joint Stock Company (“Abattoir”)	Animal protein	25.0%	25.0%
4	Dong Nai Producing Trading Service Joint Stock Company (“Donatraco”)	Animal protein	21.3%	21.3%
5	Vissan Joint Stock Company (“Vissan”)	Food manufacturing and trading	24.9%	24.9%
6	Jiangwu H.C. Starck Tungsten Products Co., Ltd. (China)	Deep processing of nonferrous metals and precious metals	30.0%	-

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

(c) Normal operating cycle

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

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

These 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.

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(c) Annual accounting period

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

(d) Accounting and presentation currency

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

3. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) Common-control business combination

Business combination where the same group of shareholders ("the Controlling Shareholders") control the combining companies before and after the business combination meets the definition of business combination under common control because there is a continuation of the risks and benefits to the Controlling Shareholders. Such common control business combination is specifically excluded from the scope of Vietnamese Accounting Standard 11 *Business Combination* and in selecting its accounting policy with respect to such transaction, the Group has considered Vietnamese Accounting Standard 01 *Framework* and Vietnamese Accounting Standard 21 *Presentation of Financial Statements*. Based on these standards, the Group has adopted the merger ("carry-over") basis of accounting. The assets and liabilities of the combining companies are consolidated using the existing book values from the Controlling Shareholders' perspective. Any difference between the cost of acquisition and net assets acquired is recorded directly in undistributed profits after tax under equity.

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

(ii) Non-common control business combination

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

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

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

(iii) Subsidiaries

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

(iv) Associate (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for in the consolidated financial statements using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Gain or loss on disposal of interest in an associate without losing significant influence, including through dilution of interest in the associate as deemed disposal, is recognised in the consolidated statement of income. 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.

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

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

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

(vi) *Transactions eliminated on consolidation*

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

(b) *Foreign currency*

(i) *Foreign currency transactions*

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

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

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

(ii) *Foreign operations*

The assets and liabilities of foreign operations are translated to VND at exchange rates at the end of the accounting period. The income and expenses of foreign operations are translated to VND at exchange rates at the dates of transactions.

Foreign currency differences arising from the translation of foreign operations are recognised in the consolidated balance sheet under the caption “Foreign exchange differences” in equity.

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(c) Cash and cash equivalents

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

(d) Investments

(i) *Held to maturity investments*

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

(ii) *Equity investments in other entity*

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

(e) Accounts receivable

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

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;

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- 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.

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

The Group apply the perpetual method of accounting for inventory.

(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, and the costs of dismantling and removing the asset and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalized as an additional cost of tangible fixed assets.

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

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(ii) Depreciation

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

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

Others

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

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

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

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

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

(ii) Software

Cost of software include:

- Cost of acquisition of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Acquired software costs are amortised on a straight-line basis over three (3) to eight (8) years;

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- 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;
 - The Group is able to measure expenditures attributable to the software development project reliably.

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

(iii) Brand name

Cost of acquisition of brand name is capitalized and treated as an intangible asset.

The fair value of brand name acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the brand name being owned. The fair value of brand name acquired in a business combination is recognized as an intangible asset and is amortized on a straight-line basis ranging from 10 to 20 years.

(iv) Customer relationships

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

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

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(v) Mineral water resources

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

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

(vi) Mining rights

The mining rights is calculated based on the remaining exploitable reserves multiplied with the price as announced by the provincial authorities in accordance with Decree 203/2013/ND/CP dated 28 November 2013 which became effective from 20 January 2014. Cost of mining rights are stated at an amount equal to the present value of mining rights fee and is capitalized and treated as an intangible asset. Amortization of mining rights fees is computed on a straight-line basis over the period of the economic life of the mine reserves.

(vii) Technology

Technology that are acquired by the Group in the acquisition of subsidiary are capitalized and presented as an intangible 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 amortized on a straight line basis over their useful lives ranging over 5 years.

(viii) Mineral water resources exploitation rights

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

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(viii) Development cost

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

Investment property held to earn rental

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 building, infrastructures 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's subsidiary. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repairs and maintenance, is charged to the consolidated statement of income in the period in which the expenditure 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.

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 and structures 5 – 25 years

(j) Construction in progress

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

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

(k) Long-term prepayments

(i) Mining properties

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

Other mining costs comprise:

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

Deferred stripping costs

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

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

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

Production stripping costs are allocated between the inventory produced and the production stripping asset with reference to the average life of mine strip ratio.

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

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

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(ii) *Pre-operating expenses*

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

(iii) *Prepaid land costs*

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

(iv) *Land compensation cost*

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

(v) *Printing axles and tools and supplies*

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

Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under Circular 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets. Cost of tools and instruments are amortized on a straight-line basis not more than 3 years.

(vi) *Goodwill from equitization*

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

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(l) Goodwill

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

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

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

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

(m) Trade and other payables

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

(n) Provisions

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

(i) Mining rights

In accordance with the Law on Minerals 2010, a subsidiary of the Company has an obligation to pay the government fees for mining rights grant. The mining rights 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 recognized, the corresponding cost is capitalized as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalized cost of closure and rehabilitation activities is recognized in mining properties and depreciated accordingly. The value of the provision is progressively increased over time as the effect of the discounting unwinds, creating an expense recognized in financial expenses.

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

(iii) Severance allowance

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

(iv) Pension

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.

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

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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

Straight bonds

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

(p) Taxation

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

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

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

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

(q) Equity

(i) Share capital and capital surplus

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

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(ii) Other capital

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

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

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognized as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within share premium.

(r) Revenue

Goods sold

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

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

(s) Financial income and financial expenses

(i) Financial income

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

(ii) Financial expenses

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

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(t) Operating lease payments

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

(u) Earnings per share

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

(v) Segment reporting

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

(w) Related parties

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

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

4. Changes in the composition of the Group

On 20 February 2020, HPC has acquired a subsidiary named Net Detergent Joint Stock Company. Please see Note 6(a) for further information.

On 9 June 2020, MTC has acquired a subsidiary named H.C Starck Holding (Germany) GmbH. Please see Note 6(b) for further information.

On 12 June 2020, the Company completed its establishment of 99.9% equity interest of SHERPA.

On 25 June 2020, the Company transferred all of its equity interest in MCH and VCM to CrownX and SHERPA, respectively. SHERPA transferred all of its equity interest in VCM to CrownX on the same date.

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 is 82.6% and CrownX is therefore an indirect subsidiary of the Company.

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5. Segment reporting

The Group has five (5) reportable segments, as described below, which are the Group's strategic businesses. The strategic businesses offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic businesses, the Group's Board of Management reviews internal management reports on a periodic basis.

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

- Food and beverage
- 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

	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	From 1/1/2019 to 30/6/2019 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 profit											(161,945)	2,191,589

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	Food and beverage		MEATLife		Mining and processing		Consumer retail		Others		Total	
	30/6/2020	1/1/2020	30/6/2020	1/1/2020	30/6/2020	1/1/2020	30/6/2020	1/1/2020	30/6/2020	1/1/2020	30/6/2020	1/1/2020
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Segment assets	14,284,825	11,219,229	15,995,578	15,004,817	35,009,823	28,080,203	23,018,803	24,652,861	16,215,427	15,083,325	104,524,456	94,040,435
Unallocated assets									479,406		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											1,712	320
Depreciation	325,066	300,914	221,863	177,865	560,218	565,320	371,772	-	1,712	320	1,478,919	1,044,099
Unallocated depreciation												
Amortization	164,691	148,581	199,865	218,764	122,570	107,909	717,146	-	1,765	1,469	1,765	1,469
Unallocated amortization											1,204,272	475,254
									202	156	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”).

	Overseas		Domestic		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
Net revenue	3,071,778	2,824,612	32,332,191	14,585,913	35,403,969	17,410,525

6. 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”), a leading local homecare manufacturer, for a total consideration of VND565,077 million including transactions costs. Such transaction resulted in NET becoming 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-acquisition carrying amounts VND million	Fair value adjustments VND million	Recognised value on acquisition 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)

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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 increase from business combination			53,494
Net cash outflow			511,583

Goodwill recognised on the acquisition is attributable mainly to the synergies expected to be achieved from integrating the acquired company into the Group's existing business.

During the period from the acquisition date to 30 June 2020, the acquired business contributed net revenue of VND520,708 million and net profit after tax 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 shares of 100.0% equity interest in H.C Starck Holding (Germany) GmbH ("HCS"), a global manufacturer of tungsten metal powders and carbides (midstream tungsten products) with operations, for a total consideration of VND1,992,284 million including transactions costs. Such transaction resulted in HCS becoming 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	1,687,581
Other current assets	930,123
Fixed assets	1,830,768
Other long-term assets	972,225
Current liabilities	(1,291,779)
Long-term liabilities	(6,011,838)
Non-controlling interest	50,738

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Total net identifiable liabilities from business combination	(891,992)
Goodwill on business combination (Note 15)	2,884,276
	1,992,284
Total consideration	1,992,284
Cash acquired from business combination	(940,190)
Net cash outflow	1,052,094

The acquisition resulted in the consolidation of HCS 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 finalized.

For the period from the acquisition date to 30 June 2020, the acquired business contributed net revenue of VND466,842 million and loss of VND35,178 million to the Group’s results.

7. Cash and cash equivalents

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

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8. Accounts receivable

Other receivables comprised:

	30/6/2020	1/1/2020
	VND million	VND million
Other short-term receivables		
Accrued interest receivable	29,243	26,950
Advances	29,899	25,358
Short-term deposits (*)	1,988,281	2,315,774
Others	347,975	386,259
	2,395,398	2,754,341
Other long-term receivables		
Long-term deposit	343,137	349,646
Other (**)	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).

(**) Other represents mainly receivables from the State Treasury for the land compensation cost of the Nui Phao Mining Project at Ha Thuong Commune, Dai Tu District, Thai Nguyen Province. The amount can be net off against the annual land rental fee.

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

	From 1/1/2020	From 1/1/2019
	to 30/6/2020	to 30/6/2019
	VND million	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)
Allowance written back during the period	(15,257)	(1,427)
	92,374	112,182

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9. Inventories

	30/6/2020	1/1/2020
	VND million	VND million
Goods in transit	620,101	260,850
Raw materials	2,962,462	1,685,210
Tools and supplies	1,062,742	874,450
Work in progress	972,886	451,471
Finished goods	3,811,900	2,036,450
Merchandise inventories	2,654,567	4,245,347
Goods on consignment	6,511	136,853
Goods in bounded warehouse	59,872	-
	<hr/>	<hr/>
	12,151,041	9,690,631
Allowance for inventories	(417,372)	(68,810)
	<hr/>	<hr/>
	11,733,669	9,621,821
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Movements in the allowance for inventories during the period were as follows:

	From 1/1/2020	From 1/1/2019
	to 30/6/2020	to 30/6/2019
	VND million	VND million
Opening balance	68,810	56,398
Acquisition of subsidiary	62,903	-
Increase in allowance during the period	338,925	23,947
Allowance utilised during the period	(36,915)	(21,874)
Allowance written back during the period	(16,351)	(3,651)
	<hr/>	<hr/>
Closing balance	417,372	54,820
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10. Tangible fixed assets

	Buildings and structures VND million	Mining Properties VND million	Leasehold improvements VND million	Office equipment VND million	Machinery and equipment VND million	Motor vehicles VND million	Total VND million
Cost							
Opening balance	13,306,627	5,095,927	87,490	263,878	20,337,461	156,645	39,248,028
Acquisition of a subsidiary	1,563,360	-	-	303	3,788,151	4,256	5,356,070
Additions	21,938	-	-	5,864	52,928	9,878	90,608
Transfers from construction in progress	204,829	-	-	9,466	1,190,637	5,028	1,409,960
Transfers to long-term prepayments	-	-	-	-	(76)	-	(76)
Disposals/written-off	(21,937)	-	-	(3,834)	(63,323)	(8,832)	(97,926)
Other movement	(574)	-	-	-	(17,427)	-	(18,001)
Currency translation differences	(45,946)	-	-	-	(126,444)	-	(172,390)
Closing balance	15,028,297	5,095,927	87,490	275,677	25,161,907	166,975	45,816,273
Accumulated depreciation							
Opening balance	2,007,751	1,127,331	68,758	108,510	6,712,536	52,261	10,077,147
Acquisition of a subsidiary	586,645	-	-	-	2,819,694	-	3,406,339
Charge for the period	421,792	105,665	9,079	28,561	903,118	12,468	1,480,683
Transfers to long-term prepayments	-	-	-	-	(48)	-	(48)
Disposals/written-off	(11,864)	-	-	(3,506)	(50,933)	(8,712)	(75,015)
Other movement	-	-	-	-	(3,207)	-	(3,207)
Currency translation differences	(20,155)	-	-	-	(96,295)	-	(116,450)
Closing balance	2,984,169	1,232,996	77,837	133,565	10,284,865	56,017	14,769,449
Net book value							
Opening balance	11,298,876	3,968,596	18,732	155,368	13,624,925	104,384	29,170,881
Closing balance	12,044,128	3,862,931	9,653	142,112	14,877,042	110,958	31,046,824

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11. Intangible fixed assets

	Land use rights		Software		Development cost		Brand name		Customer relationships		Mineral water resources		Mining rights		Technology		Exploitation rights		Others		Total		
	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million	VND million
Cost																							
Opening balance	3,946,139	633,966	-	2,414,898	6,040,214	412,698	588,373	669,433	72,122	-	-	14,777,843											
Acquisition of subsidiary	34,934	285,330	69,507	341,272	19,683	-	-	-	-	-	15,301	766,027											
Additions	-	23,776	1,350	-	-	-	-	-	-	-	-	25,126											
Transfers from construction in progress	-	10,038	-	-	-	-	-	-	-	-	-	10,038											
Written off	(12,646)	(1,677)	-	-	-	-	-	-	-	-	-	(14,323)											
Reclassifications	-	439	-	(439)	-	-	-	-	-	-	-	-											
Currency translation differences	(1,194)	(9,743)	(2,405)	-	-	-	-	-	-	-	(491)	(13,833)											
Other movement	-	-	-	-	-	-	-	-	-	-	(1,381)	(1,381)											
Closing balance	3,967,233	942,129	68,452	2,755,731	6,059,897	412,698	588,373	669,433	72,122	13,429	15,549,497												
Accumulated amortization																							
Opening balance	66,128	263,420	-	914,107	1,002,464	95,333	158,119	636,769	20,685	-	-	3,157,025											
Acquisition of subsidiary	-	280,835	53,616	-	-	-	-	-	-	-	1,505	335,956											
Amortization for the period	59,828	60,379	1,588	79,492	125,319	10,967	15,275	32,664	1,653	27	387,192												
Written off	(4,018)	(812)	-	-	-	-	-	-	-	-	-	(4,830)											
Currency translation differences	-	(9,602)	(1,868)	-	-	-	-	-	-	-	(52)	(11,522)											
Closing balance	121,938	594,220	53,336	993,599	1,127,783	106,300	173,394	669,433	22,338	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	15,116	1,762,132	4,932,114	306,398	414,979	-	49,784	11,949	11,685,676												

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12. Construction in progress

	From 1/1/2020 to 30/6/2020	From 1/1/2019 to 31/12/2019
	VND million	VND million
Opening balance	3,278,972	2,171,342
Addition during the period	1,487,533	3,644,056
Acquisition of subsidiaries	111,084	-
Transfers to tangible fixed assets	(1,409,960)	(3,073,256)
Transfers to intangible fixed assets	(10,038)	(12,406)
Transfers to long-term prepayments	(109,442)	(72,887)
Increases from business combination	-	624,069
Written off	-	(346)
Disposals	-	(1,600)
Currency translation differences	(3,827)	-
	<hr/>	<hr/>
Closing balance	3,344,322	3,278,972
	<hr/>	<hr/>

13. Investments

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

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(a) Investment in associates

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

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

	Techcombank VND million	Cholimax VND million	Thuan Phat VND million	Abattoir VND million	DN Manu 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
Share in post-acquisition profit/(loss) of associates during the period (*)	1,132,103	-	(858)	196	1,009	-	(232)	1,132,218
Acquisition of subsidiary	-	-	-	-	-	-	13,365	13,365
Dividends	-	-	-	(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's percentage of equity over charter capital of Techcombank was 20.0% (1/1/2020: 20.0%).

As of 30 June 2020 and 1 January 2020, the Group has 20.0% direct equity holding and 1.5% economic interest that is subject to a forward sale agreement.

(**) MSC holds 32.8% equity interest in Cholimax.

(***) Proconco holds 25.0% equity interest in Thuan Phat, 25.0% equity interest in Abattoir and 21.3% equity interest in DN Manu.

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

(*****) H.C. Starck Tungsten GmbH (Germany) holds 30.0% equity interest in Jiangwu H.C. Starck Tungsten Products Co.,Ltd (China).

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(b) Short-term financial investments

Short-term financial investments includes term deposits in VND in banks with original terms to maturity of more than three months and less than 12 months from their transaction dates and interest bearing financial investments.

(c) Equity investments in other entity

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

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

(d) Long-term held-to-maturity investments

Long-term held-to-maturity investments includes term deposits in VND in banks with the remaining term of more than 12 months from balance sheet dates.

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14. Long-term prepayments

	Mining properties VND million	Prepaid land costs VND million	Land compensation costs VND million	Printing axles, tools and supplies VND million	Goodwill from equitization 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
Acquisition of a subsidiary	-	123,703	-	1,601	-	-	-	125,304
Additions	42,600	331,661	45,761	161,666	-	31,252	113,806	726,746
Transfers from tangible fixed assets	-	-	-	28	-	-	-	28
Transfer from construction in progress	-	56,684	-	27,963	-	-	24,795	109,442
Transfers from long-term receivables	-	-	11,780	-	-	-	-	11,780
Amortization for the period	(52,477)	(14,856)	(39,397)	(301,529)	(1,567)	(20,016)	(147,527)	(577,369)
Currency translation differences	-	-	-	(4)	-	-	-	(4)
Disposals/written off	-	-	-	(15,092)	-	(11,057)	(4,999)	(31,148)
Closing balance	1,495,402	1,321,583	1,024,921	1,271,265	17,240	76,183	791,299	5,997,893

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15. Goodwill

	30/6/2020 VND million
Cost	
Opening balance	4,694,223
Addition	3,072,747
Currency translation differences	(22,103)
	7,744,867
Accumulated amortization	
Opening balance	708,795
Amortization for the period	241,439
	950,234
Net book value	
Opening balance	3,985,428
Closing balance	6,794,633

16. Taxes payable to State Treasury

	30/6/2020 VND million	1/1/2020 VND million
Corporate income tax	635,944	463,143
Value added tax	221,205	149,782
Personal income tax	46,028	131,358
Special consumption tax	28,795	21,366
Other taxes	113,315	4,355
	1,045,287	770,004

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17. Accrued expenses

	30/6/2020	1/1/2020
	VND million	VND million
Accrued interest expense	613,812	466,583
Advertising and promotion expenses	460,568	493,501
Sales discount	304,925	385,443
Transportation expenses	325,967	273,755
Accruals for inventories purchased	197,838	108,698
Accrual for construction work	361,844	989,525
Consultant fee	13,922	126,172
Bonus and 13 th month salary	318,304	585,768
Exhibition and market research expenses	46,793	35,839
Natural resources taxes and fees	21,211	71,039
Others	831,235	574,179
	3,496,419	4,110,502

18. Other payables

	30/6/2020	1/1/2020
	VND million	VND million
Other short-term payables		
Trade union fees, social and health insurance	16,911	44,769
Short-term deposits from customers	14,739	14,558
Dividend payables	14,882	32,495
Payables for buying shares	2,300,000	-
Payable to domestic banks under letter of credit arrangement	1,389,726	-
Others	198,177	30,735
	3,934,435	122,557
Other long-term payables		
Long-term deposits	23,768	23,977
Others	157,041	156,962
	180,809	180,939

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19. Short-term borrowings and finance lease liabilities

	30/6/2020 VND million	1/1/2020 VND million
Short-term borrowings	17,950,385	13,286,330
Current portion of long-term borrowings (Note 20)	3,535,853	5,053,855
	<u>21,486,238</u>	<u>18,340,185</u>

Short-term borrowings

	30/6/2020 VND million	1/1/2020 VND million
Bank borrowings:		
VND denominated	15,149,922	11,295,704
USD denominated	2,060,463	1,260,626
Third parties borrowings		
VND denominated	740,000	730,000
	<u>17,950,385</u>	<u>13,286,330</u>

20. Long-term borrowings and finance lease liabilities

	30/6/2020 VND million	1/1/2020 VND million
Long-term borrowings	2,484,298	2,908,420
Secured bonds	28,279,767	13,821,277
	<u>30,764,065</u>	<u>16,729,697</u>
Repayable within twelve months (Note 19)	(3,535,853)	(5,053,855)
Repayable after twelve months	27,228,212	11,675,842

Long-term borrowings

	30/6/2020 VND million	1/1/2020 VND million
Bank borrowings:		
VND denominated	2,484,298	2,608,420
Third parties borrowings		
VND denominated	-	300,000
	<u>2,484,298</u>	<u>2,908,420</u>

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21. Changes in owners' equity

	Share capital VND million	Capital surplus VND million	Other capital VND million	Foreign exchange differences VND million	Undistributed profits VND million	Equity attributable to equity holders of the Group VND million	Non-controlling interest VND million	Total VND million
Balance 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
Net profit for the period	-	-	-	-	5,557,571	5,557,571	807,044	6,364,615
Issuance of new shares	57,969	(60)	-	-	-	57,909	-	57,909
Currency translation differences	-	-	-	6,631	-	6,631	1,561	8,192
Dividend declared by subsidiaries	-	-	-	-	-	-	(393,817)	(393,817)
Transactions with NCI	-	-	-	-	7,679,439	7,679,439	(366,986)	7,312,453
Business combination	-	-	-	-	-	-	4,467,897	4,467,897
Share dividend declared by a subsidiary	-	-	863,268	-	(863,268)	-	-	-
Others	-	-	-	-	(8,178)	(8,178)	(342)	(8,520)
Balance at 31 December 2019	11,689,464	11,084,357	(8,563,690)	11,033	28,558,952	42,780,116	9,108,291	51,888,407

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	Share capital VND million	Capital surplus VND million	Other capital VND million	Foreign exchange differences VND million	Undistributed profits VND million	Equity attributable to equity holders of the Group VND million	Non-controlling interest VND million	Total VND million
Balance 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
Net profit for the period	-	-	-	-	117,254	117,254	(279,199)	(161,945)
Currency translation differences	-	-	-	(219,636)	-	(219,636)	(12,575)	(232,211)
Transaction with non-controlling interest in subsidiaries	-	-	-	-	(19,553,819)	(19,553,819)	(1,041,209)	(20,595,028)
Dividend declared by subsidiaries	-	-	-	-	-	-	(2,139)	(2,139)
Business combination	-	-	-	-	-	-	293,404	293,404
Bonus and welfare funds of a subsidiary	-	-	-	-	(642)	(642)	(1,180)	(1,822)
Others	-	-	-	-	19,519	19,519	(7,069)	12,450
Balance 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

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22. Share capital and capital surplus

The Company's authorised and issued share capital comprises:

	30/6/2020		1/1/2020	
	Number of shares	VND million	Number of shares	VND million
Authorised share capital	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
Shares in circulation				
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 in share capital during the period were as follows:

	From 1/1/2020 to 30/6/2020		From 1/1/2019 to 31/12/2019	
	Number of shares	Par value VND million	Number of shares	Par value 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	-	-	5,796,899	57,969
Balance at the end of the period	1,168,946,447	11,689,464	1,168,946,447	11,689,464

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23. Dividends

The Annual General Meeting of Shareholders of the Company on 30 June 2020 resolved to distribute dividends by cash of 1,000 VND per share. The dividend payable will be accrued upon the approval of Board of Directors and the list of shareholders entitled is determined.

24. Other capital

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

25. Total revenue

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

Net sales comprised:

	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	36,153,823	18,099,059
Less sales deductions		
▪ Sales discounts	715,386	657,013
▪ Sales returns	34,468	31,521
Net sales	35,403,969	17,410,525

26. 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	27,287,162	12,259,961
▪ Allowance for inventories	260,708	20,296
	27,547,870	12,280,257

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27. Financial income

	From 1/1/2020 to 30/6/2020	From 1/1/2019 to 30/6/2019
	VND million	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
Other financial income	435,126	57
	1,094,900	158,961

28. Financial expenses

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

29. Share of profit in associates

	From 1/1/2020 to 30/6/2020	From 1/1/2019 to 30/6/2019
	VND million	VND million
Share of profit in associates	1,132,218	980,023

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30. Other income

	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Gain on disposal of fixed assets and long-term assets	3,863	1,088
Others	83,198	1,510
	87,061	2,598

31. Other expenses

	From 1/1/2020 to 30/6/2020 VND million	From 1/1/2019 to 30/6/2019 VND million
Loss from disposal of fixed assets and long-term assets	59,148	11,701
Others	16,524	12,717
	75,672	24,418

32. Earnings per share

The calculation of basic earnings per share for the period ended 30 June 2020 was based on the profit attributable to ordinary shareholders of VND117,254 million (1H2019: the profit of VND1,881,698 million) of the Group and a weighted average number of ordinary shares outstanding of 1,168,946,447 shares during the period (1H2019: 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

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(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	<u>1,168,946,447</u>	<u>1,163,341,710</u>

33. Significant transactions with related parties

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

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
Associate			
Techcombank and its subsidiaries	Loans received	1,999,472	1,100,596
	Loans repaid	876,331	1,067,228
	Bonds issued (acting as an agent)	12,217,065	1,500,000
	Sales of trading securities	1,250,000	-
	Interest expenses on loans/bonds received	89,289	52,986
Key management personnel	Remuneration to Board of Management	105,855	99,783

As at and for the period ended 30 June 2020 and 30 June 2019, the Group have current, term deposit accounts and agency fee at Techcombank and its subsidiaries at normal market trading terms.

32. Subsequent events

On 27 July 2020, MSC announced the closing date of list of shareholders to 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%.

The Annual General Meeting of Shareholders of the Company on 30 June 2020 approved ESOP to issue at the maximum 0.5% of total ordinary shares at par for cash.

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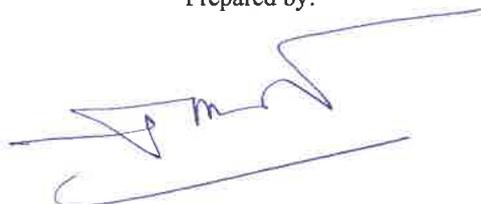
32. Explanation of the net profit movement

The Group's net profit after tax ("NPAT") in 2Q2020 was VND54 billion compared to VND1,192 billion in 2Q2019. The main reasons were:

- the increase of interest expense;
- the impact from the merger of VCM and MCH resulting in the consolidation of VCM's loss of VND1,171 billion and the amortization of goodwill and fair value uplift of VND143 billion; and
- the global economic slowdown due to COVID-19 which impacted commodity prices and sales.

However, the Group's 2Q2020 NPAT benefitted from higher contributions from MCH and TCB, resulting in 2Q2020 higher profitability compared to 1Q2020.

Prepared by:



Doan Thi My Duyen
Chief Accountant

30 July 2020

Approved by:



Michael Hung Nguyen
Deputy Chief Executive Officer
Chief Financial Officer



Danny Le
Chief Executive Officer