



Masan Nutri-Science Corporation

Separate Financial Statements for the
year ended 31 December 2018

Masan Nutri-Science Corporation Corporate Information

Business Registration Certificate No.

0311224517

7 October 2011

The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 1 June 2018. The Business Registration Certificate and its amendments were issued by the Department of Planning and Investment of Ho Chi Minh City.

Board of Directors

Mr Danny Le
Mr Yew Kean Lai
Mr Pham Trung Lam
Mr David Tan Wei Ming
Mr Tran Phuong Bac

Chairman
Vice Chairman
Member
Member
Member
(from 16 April 2018)

Board of Management

Mr Pham Trung Lam

Chief Executive Officer

Registered Office

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

Auditor

KPMG Limited
Vietnam

Masan Nutri-Science Corporation Statement of the Board of Management

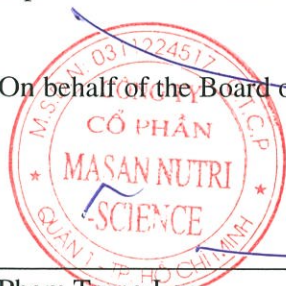
The Board of Management of Masan Nutri-Science Corporation (“the Company”) presents this statement and the accompanying separate financial statements of the Company for the year ended 31 December 2018.

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

- (a) the separate financial statements set out on pages 5 to 31 give a true and fair view of the separate financial position of the Company as at 31 December 2018, and of its separate results of operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Management



Pham Trung Lam
Chief Executive Officer

Ho Chi Minh City, 7 March 2019



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders Masan Nutri-Science Corporation

We have audited the accompanying separate financial statements of Masan Nutri-Science Corporation ("the Company"), which comprise the separate balance sheet as at 31 December 2018, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 7 March 2019, as set out on pages 5 to 31.

Board of Management's Responsibility

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

Auditor's Responsibility

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

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

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



Auditor's Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of Masan Nutri-Science Corporation as at 31 December 2018 and of its separate results of operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 18-01-00558-19-1



Truong Vinh Phuc
Practicing Auditor Registration
Certificate No. 1901-2018-007-1
Deputy General Director

Nguyen Ho Khanh Tan
Practicing Auditor Registration
Certificate No. 3458-2015-007-1

Ho Chi Minh City, 7 March 2019

Masan Nutri-Science Corporation
Separate balance sheet as at 31 December 2018

Form B 01 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2018 VND	1/1/2018 VND
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		1,355,360,362,136	193,266,035,993
Cash and cash equivalents	110	4	890,040,780,664	148,078,622,646
Cash	111		76,040,780,664	2,478,622,646
Cash equivalents	112		814,000,000,000	145,600,000,000
Accounts receivable – short-term	130		339,866,146,399	44,976,223,500
Accounts receivable from customers	131	5	80,060,328,471	-
Prepayments to suppliers	132	6	93,728,415,941	44,962,000,000
Other short-term receivables	136	7	166,077,401,987	14,223,500
Inventories	140	8	123,030,123,114	82,500,000
Inventories	141		123,030,123,114	82,500,000
Other current assets	150		2,423,311,959	128,689,847
Short-term prepaid expenses	151		2,423,311,959	-
Deductible value added tax	152		-	128,689,847
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		6,272,785,974,791	6,270,951,768,945
Accounts receivable – long-term	210		2,756,000	2,756,000
Other long-term receivables	216		2,756,000	2,756,000
Fixed assets	220		658,048,320	751,020,572
Tangible fixed assets	221		151,752,792	106,644,440
Cost	222		196,751,280	123,051,280
Accumulated depreciation	223		(44,998,488)	(16,406,840)
Intangible fixed assets	227		506,295,528	644,376,132
Cost	228		690,403,000	690,403,000
Accumulated amortisation	229		(184,107,472)	(46,026,868)
Long-term work in progress	240		1,981,506,652	-
Construction in progress	242		1,981,506,652	-
Long-term financial investments	250	9	6,270,004,511,729	6,270,003,622,729
Investments in subsidiaries	251		6,094,450,622,729	6,094,450,622,729
Equity investments in other entities	253		175,553,889,000	175,553,000,000
Other long-term assets	260		139,152,090	194,369,644
Long-term prepaid expenses	261		139,152,090	194,369,644
TOTAL ASSETS (270 = 100 + 200)	270		7,628,146,336,927	6,464,217,804,938

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


Masan Nutri-Science Corporation
Separate balance sheet as at 31 December 2018 (continued)

Form B 01 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2018 VND	1/1/2018 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		4,621,643,436,297	2,467,743,285,721
Current liabilities	310		3,899,728,834,926	7,913,678,116
Accounts payable to suppliers	311	10	1,002,967,971,115	-
Advances from customers	312		4,045,877,871	-
Taxes payable to State Treasury	313		8,842,598,639	1,828,460,554
Payables to employees	314		5,224,214	-
Accrued expenses	315	11	246,818,973,061	6,026,437,920
Other short-term payables	319	12(a)	217,293,694,545	58,779,642
Short-term borrowings	320	13(a)	2,419,754,495,481	-
Long-term liabilities	330		721,914,601,371	2,459,829,607,605
Other long-term payables	337	12(b)	18,240,827,267	40,075,112,124
Long-term borrowings and bonds	338	13(b)	692,089,599,955	2,419,754,495,481
Long-term provisions	342		11,584,174,149	-
EQUITY (400 = 410)	400		3,006,502,900,630	3,996,474,519,217
Owners' equity	410	14	3,006,502,900,630	3,996,474,519,217
Share capital	411	15	2,162,182,990,000	2,162,182,990,000
<i>Shares with voting rights</i>	<i>411a</i>		<i>2,162,182,990,000</i>	<i>2,162,182,990,000</i>
Capital surplus	412		3,200,196,495,149	3,200,196,495,149
Accumulated losses	421		(2,355,876,584,519)	(1,365,904,965,932)
<i>(Accumulated losses)/undistributed profits after tax brought forward</i>	<i>421a</i>		<i>(2,936,296,182,388)</i>	<i>25,616,426,007</i>
<i>Net profit/(loss) for the current year</i>	<i>421b</i>		<i>580,419,597,869</i>	<i>(1,391,521,391,939)</i>
TOTAL RESOURCES (440 = 300 + 400)	440		7,628,146,336,927	6,464,217,804,938

7 March 2019

Prepared by:


Tran Quang Be
Chief Accountant

Approved by:


Nguyen Thi Minh Hang
Chief Financial Officer




Pham Trung Lam
Chief Executive Officer

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


Masan Nutri-Science Corporation
Separate statement of income for the year ended 31 December 2018

Form B 02 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2018 VND	2017 VND
Revenue from sale of goods	01	18	5,615,577,245,583	-
Revenue deductions	02	18	309,113,370,067	-
Net revenue (10 = 01 - 02)	10	18	5,306,463,875,516	-
Cost of sales	11	19	4,941,833,983,895	-
Gross profit (20 = 10 - 11)	20		364,629,891,621	-
Financial income	21	20	808,970,368,746	16,505,629,140
Financial expenses	22	21	223,014,073,684	1,403,641,740,107
<i>In which: Interest expense</i>	23		192,403,867,779	275,893,365,587
Selling expenses	25	22	297,362,111,410	-
General and administration expenses	26	23	72,613,442,315	4,385,135,772
Net operating profit/(loss) {30 = 20 + (21 - 22) - (25 + 26)}	30		580,610,632,958	(1,391,521,246,739)
Other income	31		31,157,520	
Other expenses	32		222,192,609	145,200
Results of other activities (40 = 31 - 32)	40		(191,035,089)	(145,200)
Accounting profit/(loss) before tax (50 = 30 + 40)	50		580,419,597,869	(1,391,521,391,939)
Income tax expense – current	51	24	-	-
Income tax expense – deferred	52	24	-	-
Net profit/(loss) after tax (60 = 50 - 51 - 52)	60		580,419,597,869	(1,391,521,391,939)

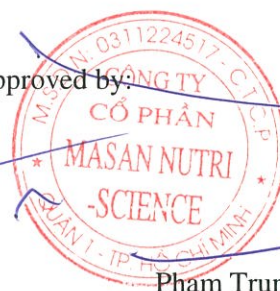
7 March 2019

Prepared by:


Tran Quang Be
Chief Accountant

Approved by:


Nguyen Thi Minh Hang
Chief Financial Officer




Pham Trung Lam
Chief Executive Officer

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

Masan Nutri-Science Corporation
Separate statement of cash flows for the year ended 31 December 2018
(Indirect method)

Form B 03 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	2018 VND	2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit/(loss) before tax	01	580,419,597,869	(1,391,521,391,939)
Adjustments for			
Depreciation and amortisation	02	166,672,252	62,433,708
Allowances and provisions	03	702,311,085	-
Exchange gains arising from revaluation of monetary items denominated in foreign currencies	04	(185,960,101)	-
Losses from merger	05	-	1,086,246,707,856
Profits from investing activities	05	(808,781,377,280)	(16,469,392,060)
Interest expense and other financial expenses	06	192,403,867,779	311,968,365,587
Operating loss before changes in working capital	08	(35,274,888,396)	(9,713,276,848)
Change in receivables and other assets	09	(165,773,825,642)	(12,128,000)
Change in inventories	10	(122,947,623,114)	(82,500,000)
Change in payables and other liabilities	11	1,285,583,370,063	2,856,723,600
Change in prepaid expenses	12	(2,368,094,405)	1,162,297,020
		959,218,938,506	(5,788,884,228)
Payments of interest and other financial expenses	14	(3,821,659,994)	(243,670,834,226)
Net cash flows from operating activities	20	955,397,278,512	(249,459,718,454)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(2,055,206,652)	(813,454,280)
Payments for investments in subsidiaries and other investments	25	(889,000)	(3,111,990,000,000)
Collections from disposals of investments in a subsidiary	26	-	3,111,773,952,459
Receipts of interest and dividends	27	339,127,846,184	2,073,189,079,560
Net of cash receipt from merger	28	-	8,015,384,053
Net cash flows from investing activities	30	337,071,750,532	2,080,174,961,792

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

Masan Nutri-Science Corporation
Separate statement of cash flows for the year ended 31 December 2018
(Indirect method – continued)

Form B 03 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	2018 VND	2017 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued	31	-	3,364,187,925,703
Payments to settle bonds	34	-	(3,700,000,000,000)
Payments of dividends	36	(550,472,586,317)	(1,350,006,750,000)
Net cash flows from financing activities	40	(550,472,586,317)	(1,685,818,824,297)
Net cash flows during the year (50 = 20 + 30 + 40)	50	741,996,442,727	144,896,419,041
Cash and cash equivalents at the beginning of the year	60	148,078,622,646	3,182,203,605
Effect of exchange rate fluctuations on cash and cash equivalents	61	(34,284,709)	-
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 4)	70	890,040,780,664	148,078,622,646

7 March 2019

Prepared by:



Tran Quang Be
Chief Accountant

Approved by:




Nguyen Thi Minh Hang
Chief Financial Officer

Pham Trung Lam
Chief Executive Officer

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

Masan Nutri-Science Corporation
Notes to the separate financial statements for the year ended 31 December 2018

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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

1. Reporting entity

(a) Ownership structure

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

(b) Principal activities

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

(c) Normal operating cycle

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

(d) Company structure

As at 31 December 2018, the Company had 2 directly owned subsidiaries (1/1/2018: 2 directly owned subsidiaries) as listed in Note 9.

As at 31 December 2018, the Company has 14 dependent branches which are Phu Tho Branch, Ha Nam Branch, Nghe An Branch, Binh Dinh Branch, Dak Lak Branch, Vinh Long Branch, Hau Giang Branch, Dong Nai Branch, Quang Nam Branch, Thai Nguyen Branch, Tien Giang Branch, Hung Yen Branch, Hai Phong Branch and Can Tho Branch (1/1/2018: 11 dependent branches).

As at 31 December 2018, the Company had 978 employees (1/1/2018: 9 employees).

2. Basis of preparation

(a) Statement of compliance

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

The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the consolidated financial position as at 31 December 2018 of the Company and its subsidiaries (collectively referred to as “the Group”), their consolidated results of operations and their consolidated cash flows for the year then ended, the separate financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2018.

Masan Nutri-Science Corporation
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting and presentation currency

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

(e) Corresponding figures

The corresponding figures as at 1 January 2018 were derived from the balances and amounts reported in the Company's audited separate financial statements as at and for the year ended 31 December 2017.

3. Summary of significant accounting policies

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

(a) Foreign currency transactions

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

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

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

(b) Cash and cash equivalents

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

Masan Nutri-Science Corporation
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

(c) Investments

(i) Investments in subsidiaries

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

(ii) Equity investments in other entities

Equity investments in other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these 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 Company's management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(d) Accounts receivable

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

(e) 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. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and direct selling expenses.

The Company applies the perpetual method of accounting for inventories.

Masan Nutri-Science Corporation
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
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Severance allowance

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

(k) Ordinary shares

Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issuance of shares, net of tax effects. Such costs are recognised as a deduction from capital surplus. The excess of proceeds contributed over the par value of shares issued is recorded as capital surplus.

(l) Taxation

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

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

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

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

(m) Revenue from sale of goods

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

Masan Nutri-Science Corporation
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(n) Financial income

Financial income comprises interest income, dividends income and foreign exchange gains.

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

Dividends income is recognised when the right to receive dividends is established. Share dividends are not recognised as income. Dividends received which are attributable to the period before investment acquisition date are deducted from the carrying amount of the investment.

(o) Financial expenses

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

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

(p) Operating lease payments

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

(q) Related parties

Parties are considered to be related to the Company 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 Company and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

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

Masan Nutri-Science Corporation
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

4. Cash and cash equivalents

	31/12/2018	1/1/2018
	VND	VND
Cash on hand	6,850,080,792	-
Cash at banks	67,667,699,872	2,478,622,646
Cash in transit	1,523,000,000	-
Cash equivalents	814,000,000,000	145,600,000,000
	<hr/>	<hr/>
Cash and cash equivalents in the separate statement of cash flows	890,040,780,664	148,078,622,646
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Cash equivalents represent term deposits at banks with original term to maturity of three months or less from their transactions dates.

5. Accounts receivable from customers

Accounts receivable from customers who are related parties

	31/12/2018	1/1/2018
	VND	VND
Subsidiary		
• MNS Feed Nghe An Company Limited (formerly known as “Agro Nutrition International Nghe An Company Limited”) (“MNS Feed Nghe An”)	18,600,500	-
	<hr/>	<hr/>

The trade related amounts due from a related party were unsecured, interest free and are receivable within 30 – 60 days from invoice date.

Masan Nutri-Science Corporation
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
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6. Prepayments to suppliers

Prepayments to suppliers who are related parties

	31/12/2018	1/1/2018
	VND	VND
Subsidiaries		
• MNS Feed Nghe An	26,907,513,150	-
• MNS Feed Thai Nguyen Company Limited (formerly known as “Agro Nutrition International Thai Nguyen Limited Company”) (“MNS Feed Thai Nguyen”)	10,764,358,350	-
• Agro Nutrition International Joint Stock Company (“Anco”)	10,249,385,755	-
	47,921,257,255	-

The prepayments to related parties were unsecured and interest free.

7. Other short-term receivables

	31/12/2018	1/1/2018
	VND	VND
Dividends receivable from Anco, a subsidiary	127,313,561,504	-
Non-trade related amounts due from related parties	36,632,772,324	-
Interest receivable from deposits	1,453,601,096	-
Advances	673,262,549	-
Short-term deposits	2,095,500	2,095,500
Others	2,109,014	12,128,000
	166,077,401,987	14,223,500

Masan Nutri-Science Corporation
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

Form B 09 – DN
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Non-trade related amounts due from related parties comprised of:

	31/12/2018	1/1/2018
	VND	VND
• Vietnamese – French Cattle Feed Joint Stock Company (“Proconco”)	20,613,145,608	-
• Anco	12,135,210,575	-
• MNS Feed Tien Giang Company Limited (formerly known as “Agro Nutrition International Tien Giang One Member Limited Company”) (“MNS Feed Tien Giang”)	2,374,100,185	-
• MNS Feed Company Limited (“MNS Feed”)	1,120,228,500	-
• MNS Feed Vinh Long Company Limited (formerly known as “Aqua Nutrition International Joint Venture Co., Ltd”) (“MNS Feed Vinh Long”)	309,680,734	-
• Proconco Hung Yen Manufacturing and Trading Company Limited (“Proconco Hung Yen”)	50,753,959	-
• Proconco Can Tho One Member Company Limited (“Proconco Can Tho”)	26,170,000	-
• Conco Binh Dinh Co., Ltd. (“Proconco Binh Dinh”)	3,482,763	-
	<hr/>	
	36,632,772,324	-
	<hr/>	

Other receivables from related parties were unsecured, interest free and are receivable on demand.

8. Inventories

	31/12/2018	1/1/2018
	VND	VND
Tools and supplies	-	82,500,000
Merchandise inventories	123,030,123,114	-
	<hr/>	
	123,030,123,114	82,500,000
	<hr/>	

There was no allowance for inventories of the Company in its separate financial statements for the years ended 31 December 2018 and 2017.

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9. Long-term financial investments

	31/12/2018	1/1/2018
	VND	VND
Investments in subsidiaries (a)	6,094,450,622,729	6,094,450,622,729
Equity investments in other entities (b)	175,553,889,000	175,553,000,000
	6,270,004,511,729	6,270,003,622,729

(a) Investments in subsidiaries

	31/12/2018 and 1/1/2018		
	% of equity owned	% of voting rights	Cost VND
MNS Feed	99.9%	99.9%	3,111,990,000,000
Anco	100.0%	100.0%	2,981,563,422,729
Others	-	-	897,200,000
			6,094,450,622,729

All subsidiaries are incorporated in Vietnam.

The Company has not determined the fair values of the equity investments for disclosure in the separate financial statements because information about their market prices are not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of the equity investments may differ from their carrying amounts.

There was no allowance from diminution in value of investments in subsidiaries of the Company in its separate financial statements for the years ended 31 December 2018 and 2017.

Detail information of the subsidiaries as at 31 December 2018 and 1 January 2018 are described as follows:

Name	Address	Principal activities
Anco	Lot A4, Street No. 2, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	To manufacture, process livestock, poultry and aquaculture feeds; breed cattle and poultry
MNS Feed	Lot A4, Street No. 2, Song May Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	To manufacture, process livestock, poultry and aquaculture feeds

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There were no movements of carrying amounts of the Company’s investments in subsidiaries during the year.

(b) Equity investments in other entities

	31/12/2018			1/1/2018		
	% of equity owned	% of voting rights	Cost VND	% of equity owned	% of voting rights	Cost VND
MNS Meat Company Limited (“MNS Meat”)	0.01%	-	10,889,000	0.01%	-	10,000,000
Other investments (*)	-	-	175,543,000,000	-	-	175,543,000,000
			175,553,889,000			175,553,000,000

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

The Company has not determined the fair values of the equity investments for disclosure in the separate financial statements because information about their market prices are not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of the equity investments may differ from their carrying amounts.

Movements of carrying amounts of the Company’s investments in equity investments in other entities during the year were as follows:

	MNS Meat VND	Other investments VND	Total VND
Opening balance	10,000,000	175,543,000,000	175,553,000,000
Additions	889,000	-	889,000
Closing balance	10,889,000	175,543,000,000	175,553,889,000

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10. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	31/12/2018	1/1/2018
	VND	VND
Proconco	741,287,613,925	-
Proconco Hung Yen	111,759,514,565	-
Other suppliers	149,920,842,625	-
	<hr/>	
	1,002,967,971,115	-
	<hr/>	

(b) Accounts payable to suppliers who are related parties

	31/12/2018	1/1/2018
	VND	VND
Subsidiaries		
• Proconco	741,287,613,925	-
• Proconco Hung Yen	111,759,514,565	-
• MNS Feed Vinh Long	57,370,018,360	-
• MNS Feed Tien Giang	28,256,342,025	-
• MNS Feed Hau Giang Company Limited (formerly known as “Agro Nutrition International Hau Giang One Member Limited Liability Company”) (“MNS Feed Hau Giang”)	18,577,947,535	-
• Anco	9,988,097,016	-
• Proconco Binh Dinh	7,725,822,545	-
Other related party		
• Masan Consumer Corporation	6,871,841,133	-
	<hr/>	
	981,837,197,104	-
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The trade related amounts due to related parties were unsecured, interest free and are payable within 30 – 60 days from invoice date.

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11. Accrued expenses

	31/12/2018	1/1/2018
	VND	VND
Sales discounts	160,639,232,498	-
Bonus and 13 th month salary	53,333,199,000	-
Advertising and promotion expenses	20,026,282,330	-
Transportation expense	576,449,889	-
Others	12,243,809,344	6,026,437,920
	<hr/>	
	246,818,973,061	6,026,437,920
	<hr/>	

12. Other payables

(a) Other short-term payables

	31/12/2018	1/1/2018
	VND	VND
Interest payable to Proconco, a subsidiary	197,359,154,330	-
Non-trade related amounts due to related parties	14,953,012,792	-
Trade union fee, social and health insurances	1,266,928,820	-
Others	3,714,598,603	58,779,642
	<hr/>	
	217,293,694,545	58,779,642
	<hr/>	

Non-trade related amounts due to related parties comprised of:

	31/12/2018	1/1/2018
	VND	VND
• Anco	13,679,786,557	-
• Proconco	1,024,666,359	-
• Proconco Can Tho	158,000,000	-
• Proconco Binh Dinh	60,000,000	-
• MNS Feed Vinh Long	10,274,448	-
• Proconco Hung Yen	20,000,000	-
• MNS Feed	285,428	-
	<hr/>	
	14,953,012,792	-
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Other payables to related parties were unsecured, interest free and are payable at call.

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(b) Other long-term payables

	31/12/2018	1/1/2018
	VND	VND
Interest payable to Proconco, a subsidiary	18,240,827,267	40,075,112,124

13. Borrowings

(a) Short-term borrowings

	Movements during the year		31/12/2018
	Increase	Decrease	
	1/1/2018	31/12/2018	31/12/2018
	Carrying amount/ Amount within repayment capacity	Carrying amount/ Amount within repayment capacity	Carrying amount/ Amount within repayment capacity
	VND	VND	VND
Current portion of long-term borrowings	-	2,419,754,495,481	-
			2,419,754,495,481

(b) Long-term borrowings

	31/12/2018	1/1/2018
	VND	VND
Long-term borrowings	3,111,844,095,436	2,419,754,495,481
Repayable within 12 months	(2,419,754,495,481)	-
Repayable after 12 months	692,089,599,955	2,419,754,495,481

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

	Annual	Year of	31/12/2018	1/1/2018
	interest rate	maturity	VND	VND
Unsecured loans from Proconco				
Loan 1	VND 6.5%	2019	2,419,754,495,481	2,419,754,495,481
Loan 2 (*)	VND 6.5%	2021	692,089,599,955	-
			3,111,844,095,436	2,419,754,495,481

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- (*) On 6 August 2018, the Company signed an agreement with Proconco and Anco. In which, Anco transferred its loans granted to the Company and the related interest expense with the amounts of VND596,113 million and VND95,976 million, respectively, to Proconco to offset against the loans granted from Proconco to Anco. As a result, the Company had long-term borrowings from Proconco of VND692,089 million. The Company has signed a loan agreement with Proconco to reflect the change.

14. Changes in owners' equity

	Share capital VND	Capital surplus VND	Undistributed profits after tax/ (Accumulated losses) VND	Total VND
Balance as at 1 January 2017	2,000,010,000,000	-	25,616,426,007	2,025,626,426,007
Share capital issued	162,162,970,000	3,200,196,495,149	-	3,362,359,465,149
Increase through merger	10,020,000	-	-	10,020,000
Net loss for the year	-	-	(1,391,521,391,939)	(1,391,521,391,939)
Balance as at 1 January 2018	2,162,182,990,000	3,200,196,495,149	(1,365,904,965,932)	3,996,474,519,217
Net profit for the year	-	-	580,419,597,869	580,419,597,869
Dividends (Note 16)	-	-	(1,570,391,216,456)	(1,570,391,216,456)
Balance as at 31 December 2018	2,162,182,990,000	3,200,196,495,149	(2,355,876,584,519)	3,006,502,900,630

15. Share capital

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

	31/12/2018 and 1/1/2018	
	Number of shares	VND
Authorised share capital	216,218,299	2,162,182,990,000
Issued share capital		
Ordinary shares	216,218,299	2,162,182,990,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend 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.

There were no movements of share capital during the year.

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16. Dividends

The General Meeting of Shareholders of the Company on 26 February 2018 resolved to distribute dividends amounting to VND2,271,157 million. On 26 March 2018, the Company received the decision from the parent company to waive the dividends amounting to VND700,766 million. Therefore, the declared dividends reduced to VND1,570,391 million.

17. Off balance sheet items

Foreign currency

	31/12/2018		1/1/2018	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	76,120	1,761,418,883	-	-

18. Revenue from sale of goods

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

Net revenue comprised of:

	2018 VND	2017 VND
Total revenue		
• Sale of goods	5,615,577,245,583	-
Less revenue deductions		
• Sales discounts	308,776,301,383	-
• Sales returns	337,068,684	-
	309,113,370,067	-
Net revenue	5,306,463,875,516	-

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19. Cost of sales

	2018 VND	2017 VND
Cost of goods sold	4,941,833,983,895	-

20. Financial income

	2018 VND	2017 VND
Dividends income	795,142,312,854	-
Interest income from deposits	13,639,064,426	16,469,392,060
Realised foreign exchange gains	3,031,365	36,237,080
Unrealised foreign exchange gains	185,960,101	-
	808,970,368,746	16,505,629,140

21. Financial expenses

	2018 VND	2017 VND
Losses from merger	-	1,086,246,707,856
Interest expense on loans from:		
• Subsidiaries	192,403,867,779	128,440,657,254
• Bondholders	-	147,452,708,333
Bond issuance costs	-	36,075,000,000
Others	30,610,205,905	5,426,666,664
	223,014,073,684	1,403,641,740,107

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22. Selling expenses

	2018	2017
	VND	VND
Staff costs	150,125,496,839	-
Advertising and promotion expenses	52,654,954,056	-
Transportation expense	34,342,364,366	-
Operating leasing expense	7,052,944,743	-
Tools and supplies	468,476,263	-
Others	52,717,875,143	-
	<hr/>	
	297,362,111,410	-
	<hr/>	

23. General and administration expenses

	2018	2017
	VND	VND
Staff costs	61,709,021,063	72,000,000
Operating leasing expense	256,467,607	5,890,500
Depreciation and amortisation	166,672,252	62,433,708
Office supplies	706,503,305	36,005,112
Others	9,774,778,088	4,208,806,452
	<hr/>	
	72,613,442,315	4,385,135,772
	<hr/>	

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24. Income tax

(a) Reconciliation of effective tax rate

	2018	2017
	VND	VND
Accounting profit/(loss) before tax	580,419,597,869	(1,391,521,391,939)
Tax at the Company's tax rate	116,083,919,574	(278,304,278,388)
Non-deductible expenses	7,857,234,592	51,627,855,521
Unrecognised deferred tax assets	37,485,730,152	226,676,422,867
Tax exempt income	(159,028,462,571)	-
Tax losses utilised	(2,398,421,747)	-
	-	-

(b) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	31/12/2018		1/1/2018	
	Temporary difference	Tax value	Temporary difference	Tax value
	VND	VND	VND	VND
Deductible temporary differences	193,455,088,680	38,691,017,736	6,026,437,920	1,205,287,584
Tax losses	1,612,096,510,150	322,419,302,030	1,624,088,618,885	324,817,723,777
	1,805,551,598,830	361,110,319,766	1,630,115,056,805	326,023,011,361

The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available
		VND
2020	Outstanding	260,212,583,297
2021	Outstanding	238,771,521,467
2022	Outstanding	1,113,112,405,386
		1,612,096,510,150

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The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

(c) Applicable tax rates

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

25. Significant transactions with related parties

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

	Transaction value	
	2018	2017
	VND	VND
Parent company		
Masan Group Corporation		
Dividends declared	1,135,573,000,000	-
Subsidiaries		
MNS Feed		
Capital contribution	-	3,111,990,000,000
Disposals of investments	-	3,111,773,952,459
Dividends income	95,142,382,854	-
MNS Feed Tien Giang		
Purchases of goods	204,564,890,118	-
Sales of goods	2,649,412,350	-
Warehouse rental fee	938,880,000	-
MNS Feed Thai Nguyen		
Purchases of goods	122,358,393,156	-
Sales of goods	594,791,350	-
Warehouse rental fee	735,000,000	-
MNS Feed Vinh Long		
Purchases of goods	147,242,665,190	-
Sales of goods	2,679,631,840	-
Warehouse rental fee	300,000,000	-
MNS Feed Hau Giang		
Purchases of goods	288,897,242,780	-
Sales of goods	5,109,679,695	-
Warehouse rental fee	630,000,000	-

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	Transaction value	
	2018	2017
	VND	VND
MNS Feed Nghe An		
Purchases of goods	121,183,429,713	-
Sales of goods	18,600,500	-
Warehouse rental fee	598,500,000	-
Anco		
Purchases of goods	686,922,523,777	-
Sales of goods	2,793,406,150	-
Warehouse rental fee	110,250,000	-
Dividends income	699,999,930,000	-
Loans received	679,032,261,643	-
Loans received through merger	-	2,202,074,458,000
Interest expense	16,878,998,306	12,272,032,475
Proconco		
Purchases of goods	2,781,868,838,947	-
Sales of goods	12,871,395,765	-
Transfers of loans/loans granted	692,089,599,955	2,419,754,495,481
Interest expense	175,524,869,473	40,075,112,124
Proconco Can Tho		
Purchases of goods	374,807,950	-
Proconco Binh Dinh		
Purchases of goods	513,159,493,703	-
Sales of goods	4,009,722,850	-
Proconco Hung Yen		
Purchases of goods	197,318,564,100	-
Sales of goods	170,265,810	-
Other related party		
Masan Consumer Corporation		
Information and technology expenses (included VAT)	5,485,002,069	-
Project management fee (included VAT)	1,386,839,064	-
Key management personnel		
Remuneration to key management personnel	14,061,849,318	-

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26. Non-cash investing and financing activities

	2018	2017
	VND	VND
Net-off dividends receivable and dividends payable	340,886,368,496	-
Capitalisation of interest payable in loan principals	13,057,338,312	217,680,037,481
Share issuance costs incurred through occurrence of liabilities	-	1,828,460,554
Transfers of dividends payable to borrowings from a subsidiary	679,032,261,643	-

7 March 2019

Prepared by:


Tran Quang Be
Chief Accountant

Approved by:


Nguyen Thi Minh Hang
Chief Financial Officer




Pham Trung Lam
Chief Executive Officer