



**Vietnam Dairy Products Joint Stock Company**

Separate financial statements  
for the year ended 31 December 2015



**Vietnam Dairy Products Joint Stock Company**  
**Corporate Information**

<b>Business Registration</b>	4103001932	20 November 2003
<b>Certificate No.</b>	0300588569	16 November 2015

The Company's business registration certificate has been amended several times, the most recent of which is by business registration certificate No. 0300588569 dated 16 November 2015. The business registration certification was issued by Ho Chi Minh City Planning and Investment Department.

<b>Board of Management</b>	Mdm Le Thi Bang Tam	Chairwoman (from 25 July 2015)
	Mdm Mai Kieu Lien	Member (until 24 July 2015)
		Member (from 25 July 2015)
		Chairwoman (until 24 July 2015)
	Mr Le Song Lai	Member
	Ms Ngo Thi Thu Trang	Member
	Mr Ng Jui Sia	Member
	Mr Le Anh Minh	Member
<b>Board of Directors</b>	Mdm Mai Kieu Lien	Chief Executive Officer
	Mr Mai Hoai Anh	Chief Operating Officer (from 1 August 2015)
		Executive Director – Sales
	Ms Nguyen Thi Thanh Hoa	Executive Director – Supply chain
	Mr Trinh Quoc Dung	Executive Director – Raw Materials Development
	Ms Ngo Thi Thu Trang	Executive Director – Projects
	Mr Tran Minh Van	Executive Director – Production
	Mr Nguyen Quoc Khanh	Executive Director – Research and Development
	Mr Phan Minh Tien	Executive Director – Marketing
	Ms Bui Thi Huong	Executive Director – Human Resource - Administration and Public Relation
	Mr Le Thanh Liem	Acting Executive Director – Finance (from 24 December 2015)
<b>Registered Office</b>	10 Tan Trao Tan Phu Ward, District 7 Ho Chi Minh City Vietnam	
<b>Auditors</b>	KPMG Limited Vietnam	

**Vietnam Dairy Products Joint Stock Company**  
**Statement of the Board of Directors**

**STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS IN  
RESPECT OF THE SEPARATE FINANCIAL STATEMENTS**

The Board of Directors is responsible for the separate financial statements of Vietnam Dairy Products Joint Stock Company ("the Company") which give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2015 and of the unconsolidated results of operations and unconsolidated cash flows for the year then ended. In preparing these separate financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the separate financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Directors is responsible for ensuring that proper accounting records are maintained, which disclose, with reasonable accuracy at any time, the unconsolidated financial position of the Company and which enable these separate financial statements to be prepared which complies with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS**

We hereby approve the accompanying separate financial statements set out on pages 5 to 57 which give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2015, and of the unconsolidated results of operations and 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.

On behalf of the Board of Directors



Mai Kieu Lien  
*Chief Executive Officer*

Ho Chi Minh City, 29 February 2016



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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholders Vietnam Dairy Products Joint Stock Company**

We have audited the accompanying separate financial statements of Vietnam Dairy Products Joint Stock Company ("the Company"), which comprise the separate balance sheet as at 31 December 2015, 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 Directors on 29 February 2016, as set out on pages 5 to 57.

### **Management's Responsibility**

The Company's Board of Directors is responsible for the preparation and fair presentation of these 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 Directors determines 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 unconsolidated financial position of Vietnam Dairy Products Joint Stock Company as at 31 December 2015 and of its unconsolidated results of operations and its unconsolidated 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. 15-01-226/08



Chang Hùng Quân

Practicing Auditor Registration

Certificate No. 0863-2013-007-1

*Deputy General Director*



Nguyen Thanh Nghi

Practicing Auditor Registration

Certificate No. 0304-2013-007-1

Ho Chi Minh City, 29 February 2016



**Vietnam Dairy Products Joint Stock Company**  
**Separate balance sheet as at 31 December 2015**

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

	Code	Note	31/12/2015 VND	1/1/2015 VND
<b>ASSETS</b>				
<b>Current assets</b>				
<b>(100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>15,822,463,925,273</b>	<b>14,598,577,355,598</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>6</b>	<b>1,067,935,585,325</b>	<b>1,298,826,375,540</b>
Cash	111		1,067,935,585,325	798,826,375,540
Cash equivalents	112		-	500,000,000,000
<b>Short-term financial investments</b>	<b>120</b>		<b>8,653,183,733,226</b>	<b>7,414,562,935,026</b>
Trading securities	121	7(a)	524,884,057,132	703,771,306,426
Allowance for diminution in the value of trading securities	122	7(a)	(71,700,323,906)	(139,208,371,400)
Held-to-maturity investments	123	7(b)	8,200,000,000,000	6,850,000,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>2,558,257,733,837</b>	<b>2,464,315,694,358</b>
Accounts receivable from customers	131	8	2,059,022,259,461	1,745,599,580,608
Prepayments to suppliers	132		108,355,688,039	368,348,817,693
Other short-term receivables	136	9(a)	390,914,195,337	349,123,850,343
Allowance for doubtful debts	137		(34,409,000)	(2,507,733,503)
Shortage of assets awaiting for resolution	139		-	3,751,179,217
<b>Inventories</b>	<b>140</b>	<b>11</b>	<b>3,467,279,028,328</b>	<b>3,376,827,382,764</b>
Inventories	141		3,484,395,015,086	3,389,805,269,417
Allowance for inventories	149		(17,115,986,758)	(12,977,886,653)
<b>Other current assets</b>	<b>150</b>		<b>75,807,844,557</b>	<b>44,044,967,910</b>
Short-term prepaid expenses	151	16(a)	38,346,903,574	40,219,219,619
Deductible value added tax	152		37,460,940,983	3,825,748,291

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate balance sheet as at 31 December 2015 (continued)**

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

	Code	Note	31/12/2015 VND	1/1/2015 VND
<b>Long-term assets</b>				
<b>(200 = 210 + 220 + 230 + 240 + 250 + 260)</b>	<b>200</b>		<b>10,186,083,968,354</b>	<b>9,884,064,037,686</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>14,238,293,770</b>	<b>15,625,291,697</b>
Long-term loan receivables	215		5,573,700,349	7,395,303,671
Other long-term receivables	216	9(b)	8,664,593,421	8,229,988,026
<b>Fixed assets</b>	<b>220</b>		<b>6,195,233,101,403</b>	<b>6,822,236,890,236</b>
Tangible fixed assets	221	12	6,002,218,183,000	6,532,456,859,451
Cost	222		10,302,040,639,636	10,034,979,836,758
Accumulated depreciation	223		(4,299,822,456,636)	(3,502,522,977,307)
Intangible fixed assets	227	13	193,014,918,403	289,780,030,785
Cost	228		296,279,437,932	414,548,323,336
Accumulated amortisation	229		(103,264,519,529)	(124,768,292,551)
<b>Investment property</b>	<b>230</b>	<b>14</b>	<b>139,722,647,798</b>	<b>144,512,770,233</b>
Cost	231		176,272,511,838	176,189,140,358
Accumulated depreciation	232		(36,549,864,040)	(31,676,370,125)
<b>Long-term work in progress</b>	<b>240</b>		<b>277,294,577,637</b>	<b>284,106,071,554</b>
Construction in progress	242	15	277,294,577,637	284,106,071,554
<b>Long-term financial investments</b>	<b>250</b>		<b>3,255,627,270,385</b>	<b>2,309,628,312,934</b>
Investments in subsidiaries	251	7(c)	2,500,056,584,693	1,840,531,569,524
Investments in associates and joint-ventures	252	7(c)	311,189,808,669	231,028,307,770
Equity investments in other entities	253	7(c)	10,570,276,240	10,859,408,600
Allowance for diminution in the value of long-term financial investments	254	7(c)	(102,785,399,217)	(119,386,972,960)
Held-to-maturity investments	255	7(b)	536,596,000,000	346,596,000,000
<b>Other non-current assets</b>	<b>260</b>		<b>303,968,077,361</b>	<b>307,954,701,032</b>
Long-term prepaid expenses	261	16(b)	278,787,890,047	157,161,532,623
Deferred tax assets	262	17	25,180,187,314	150,793,168,409
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>26,008,547,893,627</b>	<b>24,482,641,393,284</b>

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate balance sheet as at 31 December 2015 (continued)**

**Form B 01 – DN**

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

	Code	Note	31/12/2015 VND	1/1/2015 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>5,650,757,468,579</b>	<b>5,033,777,484,833</b>
<b>Current liabilities</b>	<b>310</b>		<b>5,563,657,738,579</b>	<b>4,956,669,690,333</b>
Accounts payable to suppliers	311	18	2,118,962,866,700	1,647,920,447,124
Advances from customers	312		14,656,723,939	16,268,617,018
Taxes payable to State Treasury	313	19	204,127,132,111	499,301,151,862
Payables to employees	314		439,923,313,515	146,782,641,213
Accrued expenses	315	20	559,028,023,597	603,190,794,539
Unearned revenue	318		140,459,988	17,424,992
Other short-term payables	319	21	579,352,532,299	575,553,064,671
Short-term borrowings	320	22	1,242,010,000,000	1,110,720,000,000
Provision – short-term	321	23(a)	2,420,017,605	4,122,882,763
Bonus and welfare fund	322	24	403,036,668,825	352,792,666,151
<b>Long-term liabilities</b>	<b>330</b>		<b>87,099,730,000</b>	<b>77,107,794,500</b>
Provision – long-term	342	23(b)	87,099,730,000	77,107,794,500
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>20,357,790,425,048</b>	<b>19,448,863,908,451</b>
<b>Owners' equity</b>	<b>410</b>	<b>25</b>	<b>20,357,790,425,048</b>	<b>19,448,863,908,451</b>
Share capital	411	26	12,006,621,930,000	10,006,413,990,000
Treasury shares	415	26	(5,388,109,959)	(5,388,109,959)
Investment and development fund	418	28	3,289,455,938,121	2,521,718,366,944
Retained profits	421		5,067,100,666,886	6,926,119,661,466
- Retained profits brought forward	421a		2,925,674,513,466	3,932,393,041,873
- Retained profit for the current year	421b		2,141,426,153,420	2,993,726,619,593
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>26,008,547,893,627</b>	<b>24,482,641,393,284</b>

29 February 2016

Prepared by:



Le Thanh Liem  
Acting Executive Director – Finance  
cum Chief Accountant

Approved by:



Mai Kieu Lien  
Chief Executive Officer

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



**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of income for the year ended 31 December 2015**

**Form B 02 – DN**

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

	Code	Note	2015 VND	2014 VND
Revenue from sales of goods and provision of services	01	30	38,009,930,558,904	32,553,599,615,230
Revenue deductions	02	30	96,431,044,141	65,960,058,013
Net revenue (10 = 01 - 02)	10	30	37,913,499,514,763	32,487,639,557,217
Cost of sales	11	31	22,470,518,366,089	21,682,211,734,796
Gross profit (20 = 10 - 11)	20		15,442,981,148,674	10,805,427,822,421
Financial income	21	32	639,783,992,634	581,280,739,214
Financial expenses	22	33	114,125,221,658	27,179,875,582
In which: Interest expense	23		13,936,351,072	7,444,530,604
Selling expenses	25	34	5,883,383,256,260	3,344,958,715,459
General and administration expenses	26	35	962,654,397,973	608,868,603,241
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		9,122,602,265,417	7,405,701,367,353
Other income	31	36	243,666,523,615	204,222,352,574
Other expenses	32	37	120,734,150,499	73,221,494,100
Results of other activities (40 = 31 - 32)	40		122,932,373,116	131,000,858,474
Profit before tax (50 = 30 + 40)	50		9,245,534,638,533	7,536,702,225,827
Income tax expense – current	51	39	1,442,545,945,664	1,574,286,761,679
Income tax benefit – deferred	52	39	125,612,981,095	(35,492,545,769)
Net profit after tax (60 = 50 - 51 - 52)	60		7,677,375,711,774	5,997,908,009,917

29 February 2016

Prepared by:



Le Thanh Liem  
Acting Executive Director - Finance  
cum Chief Accountant

Approved by:



Mai Kieu Lien  
Chief Executive Officer

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of cash flows for the year ended 31 December 2015**  
**(Indirect method)**

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

	<b>Code Note</b>	<b>2015 VND</b>	<b>2014 VND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>	<b>01</b>	<b>9,245,534,638,533</b>	<b>7,536,702,225,827</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	876,974,011,354	867,532,661,957
Allowances and provisions	03	(6,408,292,749)	(16,135,052,959)
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04	3,971,846,156	(8,404,807,167)
Losses on disposals of tangible fixed assets and construction in progress	05	(29,185,557)	3,698,966,780
Gains on fixed assets revaluation for investments in other entities	05	(31,819,572,312)	-
Dividends and interest income	05	(568,382,740,773)	(510,858,433,793)
Interest expense	06	13,936,351,072	7,444,530,604
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>9,533,777,055,724</b>	<b>7,879,980,091,249</b>
Change in receivables	09	4,716,611,939	(106,767,859,177)
Change in inventories	10	(104,950,486,317)	(370,467,880,881)
Change in payables and other liabilities	11	707,401,466,588	133,988,991,442
Change in prepaid expenses	12	9,621,315,706	57,524,603,201
Change in trading securities	13	124,141,507,400	9,521,269,292
		<b>10,274,707,471,040</b>	<b>7,603,779,215,126</b>
Interest paid	14	(11,011,405,053)	(2,955,560,013)
Income tax paid	15	(1,778,837,496,979)	(1,514,603,717,509)
Other payments for operating activities	17	(713,985,716,879)	(601,305,223,519)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>7,770,872,852,129</b>	<b>5,484,914,714,085</b>

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

**Vietnam Dairy Products Joint Stock Company**  
**Separate statement of cash flows for the year ended 31 December 2015**  
**(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	Note	2015 VND	2014 VND
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets	21		(478,842,215,913)	(454,754,884,257)
Collections on disposals of fixed assets	22		109,734,366,971	61,528,960,173
Collections from/(payments for) granting loans	23		1,821,603,322	(6,658,637,004)
Payments for purchase of debt instruments of other entities	23		(190,000,000,000)	(300,000,000,000)
Increase in time deposits	23		(1,350,000,000,000)	(3,296,596,000,000)
Proceeds from sales of debt instruments of other entities	24		-	5,296,101,394
Payments for investments in other entities	25		(693,316,294,124)	(528,253,202,500)
Collections on investments in other entities	26		155,767,663	967,242,976
Receipts of interest and dividends	27		470,382,978,056	573,044,098,170
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(2,130,063,794,025)</b>	<b>(3,945,426,321,048)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments for shares repurchases	32		-	(319,602,000)
Proceeds from borrowings	33		1,242,010,000,000	1,110,720,000,000
Payments to settle loan principals	34		(1,110,720,000,000)	-
Payments of dividends	36		(6,000,711,624,000)	(4,000,511,732,800)
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>(5,869,421,624,000)</b>	<b>(2,890,111,334,800)</b>
<b>Net cash flows during the year (50 = 20 + 30 + 40)</b>	<b>50</b>		<b>(228,612,565,896)</b>	<b>(1,350,622,941,763)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>		<b>1,298,826,375,540</b>	<b>2,649,635,556,014</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>		<b>(2,278,224,319)</b>	<b>(186,238,711)</b>
<b>Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)</b>	<b>70</b>	<b>6</b>	<b>1,067,935,585,325</b>	<b>1,298,826,375,540</b>

29 February 2016

Prepared by:



Le Thanh Liem  
Acting Executive Director – Finance  
cum Chief Accountant

Approved by:



Mai Kieu Lien  
Chief Executive Officer

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

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**

**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**

Vietnam Dairy Products Joint Stock Company (“the Company”) is incorporated as a joint stock company in Vietnam.

### **(b) Principal activities**

The principal activities of the Company are to:

- Process, manufacture and distribute milk cake, soya milk, fresh milk, refreshment drinks, bottled milk, powdered milk, nutritious powder and other products from milk;
- Trade in food technology, spare parts, equipment, materials and chemicals;
- Trade in houses, brokerage and leasing of real estate;
- Provide warehousing, transportation and loading service;
- Manufacture, sell and distribute beverages, grocery and processing foods, roasted-ground-filtered and instant coffee;
- Manufacture and sell plastic package and label printing;
- Manufacture and sell plastic products;
- Provide health care clinic services;
- Provide supporting agricultural operations such as: supply of seeds of cultivated crops, guidance on cultivation techniques, cultivation harvest, soil working, irrigation;
- Raise cattle: supply of breeding animals and breeding techniques, run agricultural operations;
- Provide post-harvest services;
- Treat seeds for multiplication purposes;
- Manufacture biscuits;
- Retail sugar, milk and products from milk, bread, jam, candy and products processed from cereal, flour, starch and other food; and
- Retail alcoholic drinks, soft drinks, fizzy drinks, natural mineral water, low-alcoholic or non-alcoholic wine and beer.

### **(c) Normal operating cycle**

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

### **(d) Group structure**

As at 31 December 2015, the Company had 6 subsidiaries and 2 associates (1/1/2015: 7 subsidiaries and 2 associates) as listed in Note 7(c).

As at 31 December 2015, the Company had 5,189 employees (1/1/2015: 5,072 employees).

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

## **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.

### **(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 statement presentation purpose.

## **3. Adoption of new guidance on accounting system for enterprises**

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC providing guidance on the Vietnamese Accounting System for enterprises ("Circular 200"). Circular 200 replaced previous guidance on the Vietnamese Accounting System for enterprises under Decision No. 15/2006-QD/BTC dated 20 March 2006 and Circular No. 244/2009/TT-BTC dated 31 December 2009. Circular 200 is applicable for annual accounting periods beginning on or after 1 January 2015.

The Company has adopted the applicable requirements of Circular 200 from 1 January 2015 on a prospective basis. The significant changes to the Company's accounting policies and the effects on the separate financial statements, if any, are disclosed in the following note to the separate financial statements:

- Recognition of foreign exchange differences (Note 4(a)) – the use of different commercial exchange rates is now provided by Circular 200.

The Circular also brought changes in presentation of certain items in the separate balance sheet and the separate statement of income. Corresponding figures have been reclassified to conform to the current year presentation. Details of reclassification of corresponding figures are disclosed in Note 42 to these separate financial statements.



**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**4. 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 actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at actual rates of exchange ruling at the balance sheet date. The actual rates of exchange applied to retranslate monetary items denominated in foreign currency at reporting date are determined as follows:

- For monetary assets (cash on hand and receivables): the foreign currency buying rate at the reporting date quoted by the commercial bank where the Company has the largest outstanding balance. Cash in banks and bank deposits are retranslated using the foreign currency buying rate at the reporting date quoted by the commercial bank where the Company deposits the money or maintains those bank accounts.
- For monetary liabilities (payables and borrowings): the foreign currency selling rate at reporting date quoted by the commercial bank where the Company has the largest outstanding balance.

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 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.

**(c) Investments**

**(i) Trading securities**

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

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

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

Held-to-maturity investments are those that the Company's management has intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks, bonds, redeemable preference shares which the issuers are required to repurchase at a certain date and granting loans held to maturity. These investments are stated at costs less allowance for impairment.

**(iii) *Investments in subsidiaries, associates and jointly controlled entities***

For the purpose of these separate financial statements, investments in subsidiaries, associates and jointly controlled entities 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 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.

**(iv) *Equity investments in other entities***

Equity investments in other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, 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 has been determined if no allowance had been recognised.

**(d) *Accounts receivable***

Trade 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. 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 Company applies the perpetual method of accounting for inventories.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**(f) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul cost, is charged to the separate statement of income in the year 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 capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

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

- |                            |               |
|----------------------------|---------------|
| ▪ buildings and structures | 10 – 50 years |
| ▪ machinery and equipment  | 8 – 15 years  |
| ▪ motor vehicles           | 10 years      |
| ▪ office equipment         | 3 – 10 years  |

**(g) 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 rights certificate issued by competent authority.

Land use rights with definite period are stated at cost less accumulated amortisation. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over the valid term of land use rights certificate.

Land use rights with indefinite period are stated at cost and not amortised.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**(ii) Software**

Cost of acquiring of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 6 years.

**(h) Investment property**

**(i) Cost**

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price, cost of land use rights and any directly attributable expenditure of bringing the property to the condition necessary for it to be capable of operating in the manner intended by management. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repair and maintenance, is charged to the separate statement of income in the year 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.

**(ii) Depreciation**

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

- |                   |               |
|-------------------|---------------|
| ▪ land use rights | 49 years      |
| ▪ infrastructure  | 10 years      |
| ▪ buildings       | 10 – 50 years |

**(i) Construction in progress**

Construction in progress represents the costs of construction which has not been fully completed. No depreciation is provided for construction in progress during the period of construction.

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

**(i) Prepaid land costs**

Prepaid land costs comprise prepaid land lease rentals, including those for which the Company 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 (“Circular 45”). These costs are recognised in the separate statement of income on a straight-line basis over the term of the lease.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**(ii) Tools and instruments**

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 prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 1 to 3 years.

**(iii) Others**

Others are recorded at cost and amortised on a straight-line basis over 2 years.

**(k) Trade and other payables**

Trade and other payables are stated at their cost.

**(l) Provisions**

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

***Severance allowance***

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

Pursuant to the Law on Social Insurance, effective from 1 January 2009 the Company and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment insurance scheme, the Company is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as at 31 December 2015 will be determined based on the eligible employees’ years of service as at 31 December 2008 and their average salary for the six-month period prior to the termination date.

**(m) Share capital**

**(i) Ordinary shares**

Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.



**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**(ii) Repurchase and reissue of ordinary shares (treasury shares)**

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognised as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit of amount received over treasury shares' cost, calculated on a weighted average basis, is recorded in share premium.

**(n) Taxation**

Income tax on the unconsolidated 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 to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted at the balance sheet date, 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 amount of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences 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.

**(o) Revenue and other income**

**(i) Goods sold**

Revenue from the sale of goods is recognised in the separate statement of income when 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 on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**(ii) Services rendered**

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

**(iii) Rental income**

Rental income from leased property is recognised in the separate statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

**(iv) Interest income**

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

**(v) Dividend income**

Dividend income is recognised when the right to receive dividend is established.

**(vi) Revenue from disposal of short-term and long-term financial investments**

Revenue from disposal of short-term and long-term financial investments is recognised in the separate statement of income when significant risks and rewards of ownership have been transferred to the buyer. Significant risks and rewards of ownership have been transferred upon the completion of trading transaction (for listed securities) or the completion of the agreement on transfer of assets (for non-listed securities).

**(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) Borrowing costs**

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.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**(r) Dividend distribution**

The Company's net profit after tax is available for appropriation to shareholders as dividends after approval by shareholders at the Company's Annual General Meeting and after making appropriation to reserve funds in accordance with the Company's Charter.

Dividends are declared and paid based on the estimated earnings of the year. Final dividends are declared and paid in the following year from undistributed earnings based on the approval of shareholders at the Company's Annual General Meeting.

**(s) Funds**

Appropriation to funds is made in accordance with the Company's Charter as follows:

- |                                   |                         |
|-----------------------------------|-------------------------|
| ▪ Bonus and welfare fund          | 10% of profit after tax |
| ▪ Investment and development fund | 10% of profit after tax |

Under Circular 200, financial reserve is no longer used. Outstanding balance of this reserve is transferred to the investment and development fund. Utilisation of the above reserve funds requires approval of the shareholders, the Board of Directors or the Chief Executive Officer, depending on the nature and magnitude of the transactions involved as stated in the Company's Charter and financial regulations.

**(t) Segment reporting**

A segment is a distinguishable component of the Company 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 Company's primary format for segment reporting is based on geographical segments.

**(u) Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprises, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate financial statements for the year ended 31 December 2015 (continued)**

**Form B 09 – DN**

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

**5. Segment reporting**

Segment information is presented in respect of the Company's primary segment, which is the geographical segment.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise assets and liabilities, financial income and expenses, selling, general and administration expenses, other gains or losses, and corporate income tax.

**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").

	<b>Domestic</b>		<b>Overseas</b>		<b>Total</b>	
	<b>2015 VND</b>	<b>2014 VND</b>	<b>2015 VND</b>	<b>2014 VND</b>	<b>2015 VND</b>	<b>2014 VND</b>
Net revenue	32,644,060,337,849	29,530,922,178,800	5,269,439,176,914	2,956,717,378,417	37,913,499,514,763	32,487,639,557,217
Cost of sales	(19,927,431,395,418)	(19,500,325,976,514)	(2,543,086,970,671)	(2,181,885,758,282)	(22,470,518,366,089)	(21,682,211,734,796)
Segment gross profit	12,716,628,942,431	10,030,596,202,286	2,726,352,206,243	774,831,620,135	15,442,981,148,674	10,805,427,822,421

**6. Cash and cash equivalents**

	<b>31/12/2015 VND</b>	<b>1/1/2015 VND</b>
Cash on hand	878,964,524	730,356,102
Cash in banks	1,067,056,620,801	798,096,019,438
Cash equivalents	-	500,000,000,000
	1,067,935,585,325	1,298,826,375,540

**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate financial statements for the year ended 31 December 2015 (continued)**

**Form B 09 – DN**

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

**7. Investments**

**(a) Trading securities**

		<b>31/12/2015</b>			<b>1/1/2015</b>	
	<b>Cost</b>	<b>Fair</b>	<b>Allowance for</b>	<b>Cost</b>	<b>Fair</b>	<b>Allowance for</b>
	<b>VND</b>	<b>value</b>	<b>diminution in value</b>	<b>VND</b>	<b>value</b>	<b>diminution in value</b>
		<b>VND</b>	<b>VND</b>		<b>VND</b>	<b>VND</b>
Short-term investments in shares:						
▪ An Binh Commercial Joint Stock Bank	82,283,660,000	10,784,237,200	(71,499,422,800)	82,283,660,000	12,745,007,600	(69,538,652,400)
▪ Bao Viet Joint Stock Commercial Bank	442,000,000,000	(*)		442,000,000,000	(*)	-
▪ Thanh Thanh Cong Tay Ninh Joint Stock Company	-	-	-	150,569,980,000	88,288,761,000	(62,281,219,000)
▪ Others	600,397,132	399,572,816	(200,901,106)	28,917,666,426	21,529,215,026	(7,388,500,000)
	<hr/>			<hr/>		
	524,884,057,132		(71,700,323,906)	703,771,306,426		(139,208,371,400)
	<hr/>			<hr/>		

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



**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**(b) Held to maturity investments**

	<b>31/12/2015</b>	<b>1/1/2015</b>
	<b>VND</b>	<b>VND</b>
Held-to-maturity investments – short-term		
▪ term deposits	8,200,000,000,000	6,850,000,000,000
	<hr/>	
Held-to-maturity investments – long-term		
▪ term deposits	46,596,000,000	46,596,000,000
▪ corporate bonds	490,000,000,000	300,000,000,000
	<hr/>	
	536,596,000,000	346,596,000,000
	<hr/>	

**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate financial statements for the year ended 31 December 2015 (continued)**

**Form B 09 – DN**

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

**(c) Equity investments in other entities**

<b>31 December 2015</b>	<b>Address</b>	<b>% of equity owned</b>	<b>% of voting rights</b>	<b>Cost VND</b>	<b>Fair value VND</b>	<b>Allowance for diminution in value VND</b>
Equity investments in:						
<b>Subsidiaries</b>						
▪ Vietnam Dairy Cow One Member Limited Company	10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam	100.00%	100.00%	1,670,000,000,000	(*)	(98,045,272,269)
▪ Lamson Dairy Products One Member Company Limited	Le Mon Industrial Zone, Thanh Hoa Province, Vietnam	100.00%	100.00%	370,800,000,000	(*)	-
▪ Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Gwiazdzista 7a/4, 01-065 Warszawa, Poland	100.00%	100.00%	9,834,270,000	(*)	-
▪ Thong Nhat Thanh Hoa Dairy Cow Company Limited	Quarter 1, Thong Nhat Town, Yen Dinh District, Thanh Hoa Province, Vietnam	96.11%	96.11%	73,800,000,000	(*)	-
▪ Driftwood Dairy Holdings Corporation	10724 E.Lower Azusa Rd. El Monte, CA 91731-1390, United States of America	70.00%	70.00%	157,750,560,000	(*)	-
▪ Angkor Dairy Products Co, Ltd.	P2-096, P2-097, PPSEZ Boeung Thom, Posen Chey Phnom Penh, Kingdom of Cambodia	51.00%	51.00%	217,871,754,693	(*)	-
				<hr/>		<hr/>
				2,500,056,584,693		(98,045,272,269)

**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate financial statements for the year ended 31 December 2015 (continued)**

**Form B 09 – DN**

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

31 December 2015	Address	% of equity owned	% of voting rights	Cost VND	Fair value VND	Allowance for diminution in value VND
<b>Associates</b>						
▪ Miraka Limited	109 Tuwharetoa, Taupo, New Zealand	22.81%	22.81%	293,189,808,669	(*)	-
▪ Asia Saigon Food Ingredients Joint Stock Company	Lot C-9E-CN, My Phuoc 3 Industrial Park, Ben Cat District, Binh Duong Province, Vietnam	(**) 15.00%	15.00%	18,000,000,000	(*)	-
				<hr/>		<hr/>
				311,189,808,669		-
<b>Others</b>						
▪ Vietnam Growth Investment Fund	Melinh Point Tower, 2 Ngo Duc Ke Street, District 1, Ho Chi Minh City, Vietnam			10,270,276,240	(*)	(4,740,126,948)
▪ An Khang Clinic – Pharmacy	184-186-188 Nguyen Dinh Chieu Street, District 3, Ho Chi Minh City, Vietnam			300,000,000	(*)	-
				<hr/>		<hr/>
				10,570,276,240		(4,740,126,948)
				<hr/>		<hr/>
				2,821,816,669,602		(102,785,399,217)
				<hr/>		<hr/>

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

(\*\*) Management assessed that the Company had significant influence over this entity because a member of the Company's Board of Directors is a Board of Management member of this entity.

**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate financial statements for the year ended 31 December 2015 (continued)**

**Form B 09 – DN**

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

<b>1 January 2015</b>	<b>Address</b>	<b>% of equity owned</b>	<b>% of voting rights</b>	<b>Cost VND</b>	<b>Fair value VND</b>	<b>Allowance for diminution in value VND</b>
Equity investments in:						
<b>Subsidiaries</b>						
▪ Vietnam Dairy Cow One Member Limited Company	10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam	100.00%	100.00%	1,174,000,000,000	(*)	(112,185,246,815)
▪ Lamson Dairy Products One Member Company Limited	Le Mon Industrial Zone, Thanh Hoa Province, Vietnam	100.00%	100.00%	370,800,000,000	(*)	-
▪ Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Gwiazdzista 7a/4, 01-065 Warszawa, Poland	100.00%	100.00%	9,834,270,000	(*)	-
▪ Thong Nhat Thanh Hoa Dairy Cow Company Limited	Quarter 1, Thong Nhat Town, Yen Dinh District, Thanh Hoa Province, Vietnam	96.11%	96.11%	17,800,000,000	(*)	-
▪ Driftwood Dairy Holdings Corporation	10724 E.Lower Azusa Rd. El Monte, CA 91731-1390, United States of America	70.00%	70.00%	157,750,560,000	(*)	-
▪ Angkor Dairy Products Co, Ltd.	P2-096, P2-097, PPSEZ Boeung Thom, Posen Chey Phnom Penh, Kingdom of Cambodia	51.00%	51.00%	107,918,932,500	(*)	-
▪ International Real Estate One Member Limited Company	10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam	100.00%	100.00%	2,427,807,024	(*)	(2,344,435,544)
				<hr/>		<hr/>
				1,840,531,569,524		(114,529,682,359)

**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate financial statements for the year ended 31 December 2015 (continued)**

**Form B 09 – DN**

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

<b>1 January 2015</b>	<b>Address</b>		<b>% of equity owned</b>	<b>% of voting rights</b>	<b>Cost VND</b>	<b>Fair value VND</b>	<b>Allowance for diminution in value VND</b>
<b>Associates</b>							
▪ Miraka Limited	109 Tuwharetoa, Taupo, New Zealand	(**)	19.30%	19.30%	213,028,307,770	(*)	-
▪ Asia Saigon Food Ingredients Joint Stock Company	Lot C-9E-CN, My Phuoc 3 Industrial Park, Ben Cat District, Binh Duong Province, Vietnam	(**)	15.00%	15.00%	18,000,000,000	(*)	-
					<hr/>		<hr/>
					231,028,307,770		-
<b>Others</b>							
▪ Vietnam Growth Investment Fund	Melinh Point Tower, 2 Ngo Duc Ke Street, District 1, Ho Chi Minh City, Vietnam				10,559,408,600	(*)	(4,857,290,601)
▪ An Khang Clinic – Pharmacy	184-186-188 Nguyen Dinh Chieu Street, District 3, Ho Chi Minh City, Vietnam				300,000,000	(*)	-
					<hr/>		<hr/>
					10,859,408,600		(4,857,290,601)
					<hr/>		<hr/>
					2,082,419,285,894		(119,386,972,960)
					<hr/>		<hr/>

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

(\*\*) Management assessed that the Company had significant influence over these two entities because two members of the Company's Board of Directors are Board of Management members of these two entities.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

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

	<b>2015 VND</b>	<b>2014 VND</b>
Opening balance	139,208,371,400	145,974,953,400
Increase in allowance during the year	1,960,770,400	2,450,963,000
Written back	(14,723,076,000)	(9,217,545,000)
Allowance utilised during the year	(54,745,741,894)	-
	<hr/>	<hr/>
Closing balance	71,700,323,906	139,208,371,400
	<hr/>	<hr/>

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

	<b>2015 VND</b>	<b>2014 VND</b>
Opening balance	119,386,972,960	142,645,293,067
Increase in allowance during the year	-	430,226,565
Written back	(14,123,773,502)	(17,866,978,446)
Allowance utilised during the year	(2,477,800,241)	(5,821,568,226)
	<hr/>	<hr/>
Closing balance	102,785,399,217	119,386,972,960
	<hr/>	<hr/>

## **8. Accounts receivable from customers**

### **(a) Accounts receivable from customers detailed by significant customers**

	<b>31/12/2015 VND</b>	<b>1/1/2015 VND</b>
Abdulkarim Alwan Foodstuff Trading (LLC)	203,761,695,760	348,172,272,000
Other customers	1,855,260,563,701	1,397,427,308,608
	<hr/>	<hr/>
	2,059,022,259,461	1,745,599,580,608
	<hr/>	<hr/>

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**(b) Accounts receivable from customers who are related party**

	<b>31/12/2015</b>	<b>1/1/2015</b>
	<b>VND</b>	<b>VND</b>
<b>Subsidiaries</b>		
Vietnam Dairy Cow One Member Limited Company	97,026,738,987	3,618,842,250
Lamson Dairy Products One Member Company Limited	7,905,186,000	-
Thong Nhat Thanh Hoa Dairy Cow Limited Company	83,711,375	-
Angkor Dairy Products Co., Ltd.	16,382,351,291	1,265,902,536
<b>Associate</b>		
Asia Saigon Food Ingredients Joint Stock Company	-	1,008,001,984

The trade related amount due from related parties was unsecured, interest free and receivable on demand.

**9. Other receivables**

**(a) Other short-term receivables**

	<b>31/12/2015</b>	<b>1/1/2015</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits	212,049,612,558	118,619,712,835
Import tax refundable	51,308,507,620	71,950,068,975
Receivables from employees	845,323,856	705,746,956
Advances to employees	1,643,057,113	1,518,668,253
Interest income from bonds	16,252,054,779	11,682,191,784
Short-term deposits	127,000,000	562,340,000
Rebates receivable from suppliers	54,213,539,996	133,509,529,151
Receivables from import entrustment	38,110,188,937	-
Others	16,364,910,478	10,575,592,389
	<b>390,914,195,337</b>	<b>349,123,850,343</b>

**(b) Other long-term receivables**

	<b>31/12/2015</b>	<b>1/1/2015</b>
	<b>VND</b>	<b>VND</b>
Receivables from an investment	7,247,684,826	7,247,684,826
Long-term deposits	1,416,908,595	982,303,200
	<b>8,664,593,421</b>	<b>8,229,988,026</b>

**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate financial statements for the year ended 31 December 2015 (continued)**

**Form B 09 – DN**

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

**10. Bad and doubtful debts**

		31/12/2015			1/1/2015				
		Overdue days	Cost VND	Recoverable amount VND	Allowance VND	Overdue days	Cost VND	Recoverable amount VND	Allowance VND
Overdue debts									
▪ Farmers	Over 3 years		34,409,000	-	34,409,000	-	-	-	-
▪ Phuoc Long Port Company Limited	-		-	-	-	2 – 3 years	3,470,244,813	1,041,073,444	2,429,171,369
<hr/>									



**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**11. Inventories**

	<b>31/12/2015</b>		<b>1/1/2015</b>	
	<b>Cost VND</b>	<b>Allowance VND</b>	<b>Cost VND</b>	<b>Allowance VND</b>
Goods in transit	649,191,603,779	-	479,836,716,027	-
Raw materials	1,858,017,844,797	(4,540,567,450)	1,834,075,105,321	(6,864,301,705)
Tools and supplies	336,435,996	-	584,442,313	-
Work in progress	14,456,785,004	-	24,800,077,770	-
Finished goods	887,430,081,420	(12,575,419,308)	1,022,920,173,470	(6,110,584,948)
Merchandise inventories	46,500,127,191	-	25,845,426,968	(3,000,000)
Goods on consignment	28,462,136,899	-	1,743,327,548	-
	<hr/>		<hr/>	
	3,484,395,015,086	(17,115,986,758)	3,389,805,269,417	(12,977,886,653)
	<hr/>		<hr/>	

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

	<b>2015 VND</b>	<b>2014 VND</b>
Opening balance	12,977,886,653	10,376,905,544
Increase in allowance during the year	24,948,604,734	25,375,054,520
Written back	(14,757,077,585)	(18,018,441,130)
Allowance utilised during the year	(6,053,427,044)	(4,755,632,281)
	<hr/>	
Closing balance	17,115,986,758	12,977,886,653
	<hr/>	

**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate financial statements for the year ended 31 December 2015 (continued)**

**Form B 09 – DN**

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

**12. Tangible fixed assets**

	<b>Buildings and structures VND</b>	<b>Machinery and equipment VND</b>	<b>Motor vehicles VND</b>	<b>Office equipment VND</b>	<b>Total VND</b>
<b>Cost</b>					
Opening balance	1,776,321,761,158	7,264,828,497,628	580,370,029,517	413,459,548,455	10,034,979,836,758
Additions	6,143,100,039	30,021,435,941	25,152,729,373	18,962,771,911	80,280,037,264
Transfer from construction in progress	48,116,374,933	196,081,093,776	12,871,588,908	5,889,569,551	262,958,627,168
Transfer to construction in progress	-	(14,749,965,952)	-	-	(14,749,965,952)
Transfer to investment to a subsidiary	-	(35,084,216,424)	-	-	(35,084,216,424)
Reclassification	161,512,005	(161,512,005)	-	-	-
Disposals	(600,885,151)	(16,422,280,214)	(8,109,915,982)	(1,011,331,831)	(26,144,413,178)
Other decrease	-	-	-	(199,266,000)	(199,266,000)
Closing balance	1,830,141,862,984	7,424,513,052,750	610,284,431,816	437,101,292,086	10,302,040,639,636
<b>Accumulated depreciation</b>					
Opening balance	355,336,235,822	2,710,692,539,601	211,687,161,072	224,807,040,812	3,502,522,977,307
Charge for the year	80,220,850,644	665,698,053,641	53,151,529,175	56,494,390,548	855,564,824,008
Transfer to construction in progress	-	(12,166,169,645)	-	-	(12,166,169,645)
Transfer to investment to a subsidiary	-	(25,715,152,041)	-	-	(25,715,152,041)
Reclassification	4,894,304	(4,894,304)	-	-	-
Disposals	(513,578,188)	(12,715,251,945)	(5,944,595,029)	(1,011,331,831)	(20,184,756,993)
Other decrease	-	-	-	(199,266,000)	(199,266,000)
Closing balance	435,048,402,582	3,325,789,125,307	258,894,095,218	280,090,833,529	4,299,822,456,636
<b>Net book value</b>					
Opening balance	1,420,985,525,336	4,554,135,958,027	368,682,868,445	188,652,507,643	6,532,456,859,451
Closing balance	1,395,093,460,402	4,098,723,927,443	351,390,336,598	157,010,458,557	6,002,218,183,000

Included in the cost of tangible fixed assets were assets costing VND1,031,379,432,521 which were fully depreciated as at 31 December 2015 (1/1/2015: VND917,825,635,829), but which are still in active use.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**13. Intangible fixed assets**

	<b>Land use rights VND</b>	<b>Software VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening balance	314,353,303,957	100,195,019,379	414,548,323,336
Additions	-	1,379,463,700	1,379,463,700
Transfer from construction in progress	-	28,197,705,229	28,197,705,229
Reclassification (*)	(147,846,054,333)	-	(147,846,054,333)
	<hr/>		
Closing balance	166,507,249,624	129,772,188,308	296,279,437,932
	<hr/>		
<b>Accumulated amortisation</b>			
Opening balance	61,432,120,972	63,336,171,579	124,768,292,551
Charge for the year	3,150,783,526	13,384,909,905	16,535,693,431
Reclassification (*)	(38,039,466,453)	-	(38,039,466,453)
	<hr/>		
Closing balance	26,543,438,045	76,721,081,484	103,264,519,529
	<hr/>		
<b>Net book value</b>			
Opening balance	252,921,182,985	36,858,847,800	289,780,030,785
Closing balance	139,963,811,579	53,051,106,824	193,014,918,403
	<hr/>		

- (\*) The reclassification represented the net book value of land use rights from long-term land lease contracts obtained after 1 July 2004, the effective date of Land Law 2003, which are not qualified as intangible fixed assets under Circular 45. These assets are reclassified to long-term prepaid expenses (Note 16(b)).

Included in the cost of intangible fixed assets were assets costing VND48,086,488,915 which were fully amortised as at 31 December 2015 (1/1/2015: VND47,704,588,915), but which are still in use.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**14. Investment property**

	<b>Land use rights VND</b>	<b>Infrastructure VND</b>	<b>Buildings VND</b>	<b>Total VND</b>
<b>Cost</b>				
Opening balance	82,224,238,170	6,464,218,561	87,500,683,627	176,189,140,358
Additions	-	-	83,371,480	83,371,480
Closing balance	82,224,238,170	6,464,218,561	87,584,055,107	176,272,511,838
<b>Accumulated depreciation</b>				
Opening balance	1,058,075,872	3,298,561,894	27,319,732,359	31,676,370,125
Charge for the year	793,556,901	646,421,853	3,433,515,161	4,873,493,915
Closing balance	1,851,632,773	3,944,983,747	30,753,247,520	36,549,864,040
<b>Net book value</b>				
Opening balance	81,166,162,298	3,165,656,667	60,180,951,268	144,512,770,233
Closing balance	80,372,605,397	2,519,234,814	56,830,807,587	139,722,647,798

The Company's investment property represents buildings and infrastructure held for earning rental income. The fair value of investment property has not been determined as there was no recent market transaction for similar property in the same location as the Company's investment property.

Included in the cost of investment property held to earn rental was assets costing VND7,541,595,410 which were fully depreciated as at 31 December 2015 (1/1/2015: VND7,228,577,143), but which are still in use.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**15. Construction in progress**

	<b>2015 VND</b>	<b>2014 VND</b>
Opening balance	284,106,071,554	260,702,889,656
Additions	452,461,225,964	262,296,965,469
Transfer from tangible fixed assets	2,583,796,307	5,025,595,966
Transfers to investment property	-	(43,339,950,000)
Transfer to tangible fixed assets	(262,958,627,168)	(188,694,987,428)
Transfer to intangible fixed assets	(28,197,705,229)	-
Transfer to other short-term receivables	(26,582,788,137)	-
Transfer to long-term prepaid expenses	(19,568,769,205)	(2,949,672,611)
Transfer to investments in a subsidiary	(7,609,392,273)	-
Transfer to inventories	(830,923,853)	-
Disposals	(110,855,170,774)	(8,225,418,386)
Other decreases	(5,253,139,549)	(709,351,112)
	<hr/>	<hr/>
Closing balance	277,294,577,637	284,106,071,554
	<hr/>	<hr/>

Major constructions in progress were as follows:

	<b>31/12/2015 VND</b>	<b>1/1/2015 VND</b>
Machinery and equipment – Lam Son Dairy Factory	123,805,377,889	-
Machinery and equipment – Tien Son Dairy Factory	53,100,190,499	-
Office building project – Can Tho Branch	52,079,729,352	52,079,729,352
Ha Tinh Dairy Cow Farm project	-	88,118,168,601
Others	48,309,279,897	143,908,173,601
	<hr/>	<hr/>
	277,294,577,637	284,106,071,554
	<hr/>	<hr/>

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**16. Prepaid expenses**

**(a) Short-term prepaid expenses**

	<b>31/12/2015 VND</b>	<b>1/1/2015 VND</b>
Prepaid software deployment and networks maintenance expenses	4,312,079,769	3,060,841,120
Prepaid renovation and repair expenses	5,036,642,188	4,391,038,491
Prepaid tools and supplies expenses	6,453,467,173	7,910,098,436
Prepaid operating lease expenses	15,894,422,496	6,243,320,990
Prepaid advertising expenses	4,448,905,912	1,108,065,215
Other short-term prepaid expenses	2,201,386,036	17,505,855,367
	<hr/> 38,346,903,574	<hr/> 40,219,219,619 <hr/>

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

	<b>Prepaid land costs VND</b>	<b>Tools and instruments VND</b>	<b>Other prepayments VND</b>	<b>Total VND</b>
Opening balance	4,419,837,879	86,292,281,445	66,449,413,299	157,161,532,623
Additions	5,473,814,345	70,510,204,301	26,246,737,700	102,230,756,346
Reclassification (*)	109,806,587,880	-	-	109,806,587,880
Transfer from construction in progress	8,107,019,200	37,800,000	11,423,950,005	19,568,769,205
Amortisation for the year	(9,705,372,959)	(50,188,540,875)	(49,971,336,215)	(109,865,250,049)
Other decreases	(114,505,958)	-	-	(114,505,958)
	<hr/> 117,987,380,387	<hr/> 106,651,744,871	<hr/> 54,148,764,789	<hr/> 278,787,890,047 <hr/>
Closing balance	117,987,380,387	106,651,744,871	54,148,764,789	278,787,890,047

- (\*) The reclassification represented the net book value of land use rights from long term land lease contracts obtained after 1 July 2004, the effective date of Land Law 2003, which are not qualified as intangible fixed assets under Circular 45. These prepaid land costs were reclassified from intangible fixed assets (Note 13).

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**17. Deferred tax assets**

	<b>Tax rate</b>	<b>31/12/2015 VND</b>	<b>1/1/2015 VND</b>
Deferred tax assets			
Foreign exchange differences	20% - 22%	683,950,320	226,023,828
Accrued expenses and provisions	20% - 22%	24,496,236,994	150,567,144,581
		<hr/>	<hr/>
		25,180,187,314	150,793,168,409
		<hr/>	<hr/>

**18. Accounts payable to suppliers**

**(a) Accounts payable to suppliers detailed by significant suppliers**

	<b>31/12/2015</b>		<b>1/1/2015</b>	
	<b>Cost VND</b>	<b>Repayable amount VND</b>	<b>Cost VND</b>	<b>Repayable amount VND</b>
Dat Viet VAC				
Media Corp	382,779,457,871	382,779,457,871	137,689,810,878	137,689,810,878
Other suppliers	1,736,183,408,829	1,736,183,408,829	1,510,230,636,246	1,510,230,636,246
	<hr/>	<hr/>	<hr/>	<hr/>
	2,118,962,866,700	2,118,962,866,700	1,647,920,447,124	1,647,920,447,124
	<hr/>	<hr/>	<hr/>	<hr/>

**(b) Accounts payable to suppliers who are related party**

	<b>31/12/2015 VND</b>	<b>1/1/2015 VND</b>
<b>Subsidiaries</b>		
Lamson Dairy Products One Member Company Limited	140,420,664,436	114,752,093,275
Vietnam Dairy Cow One Member Limited Company	15,618,162,511	11,144,230,565
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	70,823,148,000	-
<b>Associate</b>		
Miraka Limited	74,684,584,840	53,275,711,500
	<hr/>	<hr/>

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



**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**19. Taxes payable to State Treasury**

	<b>1/1/2015 VND</b>	<b>Incurred VND</b>	<b>Paid VND</b>	<b>31/12/2015 VND</b>
Value added tax	97,705,192,489	1,754,083,869,793	(1,738,822,344,219)	112,966,718,063
Corporate income tax	395,750,399,000	1,442,545,945,664	(1,778,837,496,979)	59,458,847,685
Personal income tax	5,740,856,627	164,761,769,529	(139,949,613,271)	30,553,012,885
Import tax	67,059,641	165,360,069,803	(164,313,629,396)	1,113,500,048
Other taxes	37,644,105	16,532,598,159	(16,535,188,834)	35,053,430
	<hr/>	<hr/>	<hr/>	<hr/>
	499,301,151,862	3,543,284,252,948	(3,838,458,272,699)	204,127,132,111
	<hr/>	<hr/>	<hr/>	<hr/>

**20. Accrued expenses**

	<b>31/12/2015 VND</b>	<b>1/1/2015 VND</b>
Sale incentives, promotion	303,369,638,660	372,079,159,616
Advertising expenses	54,006,437,728	43,092,205,601
Transportation expenses	58,991,919,668	58,016,454,874
Repair and maintenance expenses	47,714,730,252	15,277,558,615
Fuel expenses	13,355,140,533	14,714,178,145
Expenses for outsourced employees	34,667,035,675	16,259,721,436
Rental fee	740,454,553	530,000,015
Interest expense	7,413,916,610	4,488,970,591
Others	38,768,749,918	78,732,545,646
	<hr/>	<hr/>
	559,028,023,597	603,190,794,539
	<hr/>	<hr/>

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**21. Other short-term payables**

	<b>31/12/2015</b> <b>VND</b>	<b>1/1/2015</b> <b>VND</b>
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Import duty payables	58,076,772,374	66,891,229,438
Short-term deposits received	63,454,967,568	51,152,051,092
Insurance and trade union fees	513,220,526	535,355,764
Others	9,300,152,676	8,967,009,222
	<hr/> 579,352,532,299	<hr/> 575,553,064,671 <hr/>

(\*) Other payables relating to financial investments included an advance payment of VND447,822,000,000 received from a third party in respect of the future transfer of the Company's investment in Bao Viet Joint Stock Commercial Bank (Note 7(a)). As at the reporting date, the transfer has not been completed.

**22. Short-term borrowings**

	<b>1/1/2015</b> <b>VND</b>	<b>Addition</b> <b>VND</b>	<b>Paid</b> <b>VND</b>	<b>31/12/2015</b> <b>VND</b>
Short-term borrowings	1,110,720,000,000	1,242,010,000,000	(1,110,720,000,000)	1,242,010,000,000
	<hr/>			

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

<b>Lenders</b>		<b>Currency</b>	<b>Annual interest rate</b>	<b>31/12/2015</b> <b>VND</b>	<b>1/1/2015</b> <b>VND</b>
The Bank of Tokyo-Mitsubishi UFJ Ltd. – Ho Chi Minh City Branch	(a)	USD	1.28%	564,550,000,000	790,320,000,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh City Branch	(b)	USD	1.28%	677,460,000,000	320,400,000,000
				<hr/> 1,242,010,000,000	<hr/> 1,110,720,000,000 <hr/>

(a) This borrowing has a maximum facility of USD50 million and is unsecured.

(b) This borrowing has a maximum facility of VND3,300 billion and is unsecured.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

## **23. Provisions**

### **(a) Short-term provision**

	<b>31/12/2015</b>	<b>1/1/2015</b>
	<b>VND</b>	<b>VND</b>
Fixed asset overhaul	2,420,017,605	4,122,882,763

### **(b) Long-term provision**

Movements of long-term provisions during the year were as follows:

	<b>Severance allowance VND</b>
Opening balance	77,107,794,500
Increase in provision during the year	11,622,321,332
Provision used during the year	(1,630,385,832)
Closing balance	87,099,730,000

## **24. Bonus and welfare fund**

This fund is established by appropriating from retained profits as approved by shareholders at shareholders' meeting. This fund is used to pay bonus and welfare to the Company's and subsidiaries' employees in accordance with the Company's bonus and welfare policies.

Movements of bonus and welfare fund during the year were as follows:

	<b>2015</b>	<b>2014</b>
	<b>VND</b>	<b>VND</b>
Opening balance	352,792,666,151	357,339,218,191
Appropriation	767,737,571,177	599,790,800,992
Utilisation	(717,493,568,503)	(604,337,353,032)
Closing balance	403,036,668,825	352,792,666,151

**Vietnam Dairy Products Joint Stock Company**

**Notes to the separate financial statements for the year ended 31 December 2015 (continued)**

**Form B 09 – DN**

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

**25. Changes in owners' equity**

	<b>Share capital VND</b>	<b>Share premium VND</b>	<b>Treasury shares VND</b>	<b>Investment and development fund VND</b>	<b>Retained profits VND</b>	<b>Total VND</b>
<b>Balance at 1 January 2014</b>	8,339,557,960,000	1,276,994,100,000	(5,068,507,959)	1,784,193,779,612	5,989,129,613,873	17,384,806,945,526
Purchase of treasury shares	-	-	(319,602,000)	-	-	(319,602,000)
Bonus shares issued	1,666,856,030,000	(1,276,994,100,000)	-	-	(389,861,930,000)	-
Net profit for the year	-	-	-	-	5,997,908,009,917	5,997,908,009,917
Appropriation to equity funds	-	-	-	737,524,587,332	(737,524,587,332)	-
Appropriation to bonus and welfare fund	-	-	-	-	(599,790,800,992)	(599,790,800,992)
Dividends (Note 27)	-	-	-	-	(3,333,740,644,000)	(3,333,740,644,000)
<b>Balance at 1 January 2015</b>	10,006,413,990,000	-	(5,388,109,959)	2,521,718,366,944	6,926,119,661,466	19,448,863,908,451
Bonus shares issued	2,000,207,940,000	-	-	-	(2,000,207,940,000)	-
Net profit for the year	-	-	-	-	7,677,375,711,774	7,677,375,711,774
Appropriation to equity funds	-	-	-	767,737,571,177	(767,737,571,177)	-
Appropriation to bonus and welfare fund	-	-	-	-	(767,737,571,177)	(767,737,571,177)
Dividends (Note 27)	-	-	-	-	(6,000,711,624,000)	(6,000,711,624,000)
<b>Balance at 31 December 2015</b>	12,006,621,930,000	-	(5,388,109,959)	3,289,455,938,121	5,067,100,666,886	20,357,790,425,048

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

## 26. Share capital

The Company's authorised and issued share capital are:

	<b>31/12/2015</b>		<b>1/1/2015</b>	
	<b>Number of shares</b>	<b>VND</b>	<b>Number of shares</b>	<b>VND</b>
<b>Authorised share capital</b>	1,200,662,193	12,006,621,930,000	1,000,641,399	10,006,413,990,000
<b>Issued ordinary shares</b>				
Ordinary shares	1,200,662,193	12,006,621,930,000	1,000,641,399	10,006,413,990,000
<b>Treasury ordinary shares</b>				
Ordinary shares	(522,795)	(5,388,109,959)	(522,795)	(5,388,109,959)
<b>Shares currently in circulation</b>				
Ordinary shares	1,200,139,398	12,001,233,820,041	1,000,118,604	10,001,025,880,041

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.

Movements in share capital during the year were as follows:

	<b>2015</b>		<b>2014</b>	
	<b>Number of shares</b>	<b>VND</b>	<b>Number of shares</b>	<b>VND</b>
Opening balance	1,000,118,604	10,001,025,880,041	833,467,061	8,334,489,452,041
Bonus shares issued during the year	200,020,794	2,000,207,940,000	166,685,603	1,666,856,030,000
Treasury shares purchased during the year	-	-	(34,060)	(319,602,000)
Closing balance	1,200,139,398	12,001,233,820,041	1,000,118,604	10,001,025,880,041

On 7 September 2015, 200,020,794 of bonus shares (2014: 166,685,603 of bonus shares) were issued to existing shareholders at the ratio of one new share for every five existing ordinary shares held.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

## **27. Dividends**

The Shareholders of the Company on 27 April 2015 and 18 June 2015 resolved to distribute dividends totally amounting to VND6,001 billion (VND2,000 for the first distribution and VND4,000 per share for the second distribution) (2014: VND3,334 billion (VND2,000 per share each distribution)).

## **28. Investment and development fund**

In accordance with the Company's Charter, the Company appropriated 10% of its net profit after tax for the purpose of future business expansion and presented as Investment and development fund in the equity section. When the fund is utilised for business expansion, the amount utilised is transferred to share capital.

## **29. Off balance sheet items**

### **(a) Lease**

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

	<b>31/12/2015</b> <b>VND</b>	<b>1/1/2015</b> <b>VND</b>
Within one year	25,336,827,248	20,449,178,598
Within two to five years	53,819,969,794	56,351,280,739
More than five years	329,963,585,585	296,216,877,341
	409,120,382,627	373,017,336,678

### **(b) Foreign currencies**

	31/12/2015		1/1/2015	
	Original currency	VND equivalent	Original currency	VND equivalent
Foreign currencies				
▪ USD	22,791,963	511,679,564,411	3,735,730	79,795,184,897
▪ EUR	19,731	481,733,342	20,792	537,979,711
		<hr/>		<hr/>
		512,161,297,753		80,333,164,608

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**(c) Capital expenditure commitments**

As at 31 December 2015, the Company had the following outstanding capital commitments approved but not provided for in the balance sheet:

	<b>31/12/2015</b>	<b>1/1/2015</b>
	<b>VND</b>	<b>VND</b>
Approved and contracted	257,229,592,474	456,147,536,111

**30. Revenue from sales of goods and provision of services**

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

Net revenue comprised:

	<b>2015</b>	<b>2014</b>
	<b>VND</b>	<b>VND</b>
Total revenue		
▪ Sales of finished goods	36,645,016,099,293	31,640,226,618,080
▪ Sales of merchandise goods	1,231,278,825,898	768,894,764,483
▪ Rental income from investment property	13,771,318,271	13,876,954,092
▪ Other services	33,673,155,398	34,185,900,978
▪ Sales of scraps	86,191,160,044	96,415,377,597
	<b>38,009,930,558,904</b>	<b>32,553,599,615,230</b>
Less revenue deductions		
▪ Sale rebates	(2,169,545,595)	(41,084,348,017)
▪ Sale returns	(94,261,498,546)	(24,875,709,996)
	<b>(96,431,044,141)</b>	<b>(65,960,058,013)</b>
Net revenue	<b>37,913,499,514,763</b>	<b>32,487,639,557,217</b>



**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**31. Cost of sales**

	<b>2015 VND</b>	<b>2014 VND</b>
Total cost of sales		
▪ Finished goods sold	21,402,683,556,093	20,983,884,251,180
▪ Merchandise goods sold	1,035,961,935,745	663,654,286,596
▪ Operating costs of investment property held to earn rental	7,715,592,758	6,699,181,406
▪ Other services	3,098,117,745	2,596,533,891
▪ Under-capacity cost	10,867,636,599	18,020,868,333
▪ Increase of allowance for inventories	10,191,527,149	7,356,613,390
	<hr/> 22,470,518,366,089	<hr/> 21,682,211,734,796 <hr/>

**32. Financial income**

	<b>2015 VND</b>	<b>2014 VND</b>
Interest income from deposits	525,480,839,066	473,365,396,409
Interest income from corporate bonds	27,693,150,666	11,682,191,784
Foreign exchange gains	71,324,036,261	34,606,180,713
Dividends	15,145,102,599	25,810,845,600
Gains on disposal of securities	77,215,600	35,816,124,708
Others	63,648,442	-
	<hr/> 639,783,992,634	<hr/> 581,280,739,214 <hr/>

**33. Financial expenses**

	<b>2015 VND</b>	<b>2014 VND</b>
Foreign exchange losses	124,836,482,306	27,126,137,568
Interest expense on borrowings	13,936,351,072	7,444,530,604
Interest expense on deposits received	2,263,051,997	898,188,327
Write back allowance for financial investments	(26,886,079,102)	(24,203,333,881)
(Reversal of discounts)/discounts granted to distributors	(273,015,418)	15,823,678,176
Others	248,430,803	90,674,788
	<hr/> 114,125,221,658	<hr/> 27,179,875,582 <hr/>

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**34. Selling expenses**

	<b>2015 VND</b>	<b>2014 VND</b>
Staff costs	256,530,282,081	230,645,788,351
Materials expenses	42,199,370,765	60,289,821,318
Tools and supplies expenses	55,392,359,727	91,783,397,835
Depreciation expenses	24,531,901,968	24,022,703,083
Expenses of damaged goods	20,934,283,343	16,809,808,460
Transportation expenses	552,969,023,597	429,073,411,965
Outside service expenses	265,992,251,894	199,021,509,706
Advertising expenses	1,776,598,273,116	973,173,275,414
Market research expenses	30,511,902,087	20,580,121,049
Promotion expenses	39,430,431,363	18,346,127,110
Product display expenses	476,578,494,551	408,465,064,965
Support and commission expenses for distributors (domestic and oversea)	2,341,714,681,768	872,747,686,203
	<hr/> 5,883,383,256,260	<hr/> 3,344,958,715,459 <hr/>

**35. General and administrative expenses**

	<b>2015 VND</b>	<b>2014 VND</b>
Staff costs	509,259,196,596	203,764,558,045
Materials expenses	17,038,039,268	16,828,753,898
Office supplies	7,270,494,549	13,095,475,375
Depreciation expenses	67,328,044,540	58,380,313,541
Fees and duties	6,318,308,959	4,931,821,871
Allowance for doubtful debts and provision for severance allowance	10,286,259,203	9,866,731,559
Transportation expenses	46,856,620,341	43,193,148,074
Outside service expenses	168,496,618,911	156,643,837,205
Loading expenses	23,293,724,175	19,522,263,773
Per-diem allowances	34,239,949,346	28,240,733,471
Bank charges	3,563,869,239	3,347,396,210
Others	68,703,272,846	51,053,570,219
	<hr/> 962,654,397,973	<hr/> 608,868,603,241 <hr/>

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**36. Other income**

	<b>2015 VND</b>	<b>2014 VND</b>
Proceeds from disposals of construction in progress	110,987,881,709	8,225,418,386
Proceeds from disposals of tangible fixed assets	5,876,106,807	15,338,176,912
Rebate income	79,652,573,289	149,336,436,635
Gain on revaluation of fixed assets for investments in other entities	31,819,572,312	-
Compensations received from other parties	11,881,210,135	16,347,305,098
Others	3,449,179,363	14,975,015,543
	<hr/> 243,666,523,615	<hr/> 204,222,352,574 <hr/>

**37. Other expenses**

	<b>2015 VND</b>	<b>2014 VND</b>
Book value of tangible fixed assets disposed	5,959,656,185	18,968,993,692
Book value of construction in progress disposed	110,855,170,774	8,225,418,386
Others	3,919,323,540	46,027,082,022
	<hr/> 120,734,150,499	<hr/> 73,221,494,100 <hr/>

**38. Production and business costs by element**

	<b>2015 VND</b>	<b>2014 VND</b>
Raw material costs included in production costs	18,734,559,922,756	19,488,523,427,866
Labour costs and staff costs	1,399,926,733,615	1,044,373,103,675
Depreciation and amortisation	876,974,011,354	867,532,661,956
Outside services	1,655,826,321,857	1,315,022,550,145
Other expenses	6,757,225,879,639	3,608,249,845,617
	<hr/>	<hr/>

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

### **39. Income tax**

**(i) Recognised in the separate statement of income**

	<b>2015 VND</b>	<b>2014 VND</b>
<b>Current tax expense</b>		
Current year	1,454,536,128,17	1,572,067,114,538
(Over)/under provision in prior year	(11,990,182,512)	2,219,647,141
	<hr/> 1,442,545,945,66	<hr/> 1,574,286,761,679
<b>Deferred tax benefit</b>		
Origination and reversal of temporary differences	125,612,981,095	(35,492,545,769)
	<hr/> 1,568,158,926,77	<hr/> 1,538,794,215,910

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

	<b>2015 VND</b>	<b>2014 VND</b>
Accounting profit before tax	9,245,534,638,57	7,536,702,225,827
Tax at the Company's tax rate	2,034,017,620,47	1,658,074,489,682
Tax rate differential applied to Company's branches and factories	(25,317,039,04	(85,305,802,089)
Write down of deferred tax assets due to reduction in tax rate from 22% to 20%	2,518,018,77	-
Non-taxable income	(3,068,745,65	(5,677,632,205)
Non-deductible expenses	6,773,941,10	6,834,356,033
Tax incentives	(434,774,686,40	(37,350,842,652)
(Over)/under provision in prior year	(11,990,182,51	2,219,647,141
	<hr/> 1,568,158,926,77	<hr/> 1,538,794,215,910

**(iii) Applicable tax rates**

The Company has an obligation to pay the government income tax at rates ranging from 15% to 22%, depending on principal activities of its factories, on taxable profits. Other income is taxed at a rate of 22% for 2015 and 20% from 2016.

## **40. Financial risk management**

### **(a) Overview**

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks.

The Company's Board of Management oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

### **(b) Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### **(c) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**(i) Exposure to credit risk**

The total of carrying amounts of financial assets issued represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	<b>Note</b>	<b>31/12/2015 VND</b>	<b>1/1/2015 VND</b>
Cash and cash equivalents	(ii)	1,067,056,620,801	1,298,096,019,438
Held-to-maturity investments	(iii)	8,736,596,000,000	7,196,596,000,000
Accounts receivable from customers and other receivables	(iv)	2,410,343,450,979	2,033,666,504,961
		<hr/>	<hr/>
		12,213,996,071,780	10,528,358,524,399
		<hr/>	<hr/>

**(ii) Cash and cash equivalents**

Cash and cash equivalents at banks of the Company are mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Company.

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

Held-to-maturity investments include corporate bonds and term deposits. The Company's exposure to credit risk from held to maturity investments is influenced by individual characteristics of the instrument issuer. In managing this risk, the Company management analyses the creditworthiness of the issuer before acquiring the instruments. Management assessed that the issuers had good track records and believe that credit risk on those instruments is low. Held-to-maturity investments that are term deposits at bank are mainly held with well-know financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Company.

There was no allowance for diminution in value of held-to-maturity investments as at 31 December 2015 and 1 January 2015.

**(iv) Accounts receivable from customers and other receivables**

The Company's exposure to credit risk from accounts receivable from customers and other receivables is influenced mainly by the individual characteristics of each customer. In response to the risk, the Company's management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Credit purchase limit is established for each customer, which represents the maximum open amount without requiring approval of the Chief Executive Officer. The limit is reviewed if needed. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

**Form B 09 – DN**

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

Accounts receivable from customers and other receivables that are neither past due nor impaired are mostly companies with good collection track records with the Company. Management believes that those receivables are of high credit quality.

The aging of accounts receivable from customers and other receivables at year-end that were past due but not impaired was as follows:

	<b>31/12/2015</b> <b>VND</b>	<b>1/1/2015</b> <b>VND</b>
Past due 1 – 30 days	57,414,492,023	45,894,578,078
Past due 31 – 60 days	10,589,984,629	3,325,354,948
Past due more than 90 days	1,006,944,519	-
	<hr/>	<hr/>
	69,011,421,171	49,219,933,026
	<hr/>	<hr/>

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

	<b>2015</b> <b>VND</b>	<b>2014</b> <b>VND</b>
Opening balance	2,507,733,503	1,920,158,971
Increase in allowance during the year	-	711,667,532
Written back	(1,336,062,129)	-
Allowance utilised during the year	(1,137,262,374)	(124,093,000)
	<hr/>	<hr/>
Closing balance	34,409,000	2,507,733,503
	<hr/>	<hr/>

**(d) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.



**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

**Form B 09 – DN**

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

The financial liabilities with fixed or determinable payments have the following contractual maturities including the estimate interest payments:

**31 December 2015**

	<b>Carrying amount VND</b>	<b>Contractual cash flows VND</b>	<b>Within 1 year VND</b>
Accounts payable to suppliers	2,118,962,866,700	2,118,962,866,700	2,118,962,866,700
Payables to employees	439,923,313,515	439,923,313,515	439,923,313,515
Accrued expenses	559,028,023,597	559,028,023,597	559,028,023,597
Other short-term payables	579,352,532,299	579,352,532,299	579,352,532,299
Short-term borrowings	1,242,010,000,000	1,250,658,738,352	1,250,658,738,352
	<hr/> 4,939,276,736,111 <hr/>	<hr/> 4,947,925,474,463 <hr/>	<hr/> 4,947,925,474,463 <hr/>

**1 January 2015**

	<b>Carrying amount VND</b>	<b>Contractual cash flows VND</b>	<b>Within 1 year VND</b>
Accounts payable to suppliers	1,647,920,447,124	1,647,920,447,124	1,647,920,447,124
Payables to employees	146,782,641,213	146,782,641,213	146,782,641,213
Accrued expenses	603,190,794,539	603,190,794,539	603,190,794,539
Other short-term payables	575,553,064,671	575,553,064,671	575,553,064,671
Short-term borrowings	1,110,720,000,000	1,117,186,057,719	1,117,186,057,719
	<hr/> 4,084,166,947,547 <hr/>	<hr/> 4,090,633,005,266 <hr/>	<hr/> 4,090,633,005,266 <hr/>

The Company manages its ability to meet the expected operational expenses and servicing its debts by investing its cash surpluses in short-term and long-term investments.

**(e) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's results of operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

**Form B 09 – DN**

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

**(i) Currency risk**

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the accounting currency of the Company, which is the VND. The currencies in which these transactions primarily are denominated are U.S Dollars (USD) and Euro (EUR).

The Company's exposure to currency risk is managed by keeping the exposure to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term over-exposures.

The principal amounts of the Company's USD bank loans have been fully hedged using forward contracts that mature on the same dates that the loans are due for repayment.

*Exposure to currency risk*

At the reporting dates, the Company had the following net monetary asset/(liability) position exposed to currency risk:

	<b>31/12/2015</b>		<b>1/1/2015</b>	
	<b>USD</b>	<b>EUR</b>	<b>USD</b>	<b>EUR</b>
Cash and cash equivalents	22,791,963	19,731	3,735,730	20,792
Accounts receivable from customers and other receivables	13,886,927	-	25,695,472	-
Accounts payable to suppliers and other payables	(24,515,508)	(1,363,805)	(20,657,877)	(523,391)
	<b>12,163,382</b>	<b>(1,344,074)</b>	<b>8,773,325</b>	<b>(502,599)</b>

The followings are the significant exchange rates applied by the Company:

	<b>Exchange rate as at</b>		<b>1/1/2015</b>
	<b>31/12/2015</b>		<b>VND</b>
	<b>Buying rate</b>	<b>Selling rate</b>	<b>Buying rate</b>
USD1	22,450	22,520	21,360
EUR1	24,415	24,711	25,874

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

**Form B 09 – DN**

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

Below is an analysis of the possible impact on the net profit of the Company, after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at reporting date. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases:

	<b>Effect to net profit VND</b>
<b>31 December 2015</b>	
USD (5% strengthening)	10,582,721,426
EUR (6% weakening)	1,554,660,914
	<hr/>
<b>1 January 2015</b>	
USD (1% strengthening)	1,461,659,878
EUR (11% weakening)	1,115,763,242
	<hr/>

The opposite movement of the currencies would have the equal but opposite effect to the net profit of the Company.

**(ii) Interest rate risk**

The changes of interest rates would not have significant impact on the net profit after tax of the Company.

**(iii) Price risk**

The Company invests in equity investments of listed and unlisted companies and is exposed to risks of price fluctuation of these investments. The risk factors affecting the performance of these investments include financial performance and position of invested companies and market conditions. The Board manages the former factor by selecting industries and entities to invest in. The latter factor is itself affected by general economic condition of Vietnam and behaviours of investors, which are all out of the Board's control. These factors have caused conditions to be volatile in the past two years.

For investments in listed securities, if the share prices had increased/decreased by 10% with all other variables, including tax rate, being held constant, the Company's net profit after tax would have been VND29,326,752 higher/lower (2014: VND8,546,285,358).

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**41. 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 transactions with related parties during the year:

<b>Related Party</b>	<b>Relationship</b>	<b>Nature of transaction</b>	<b>2015 VND</b>	<b>2014 VND</b>
Vietnam Dairy Cow One Member Limited Company	Subsidiary	Sales of goods and fixed assets	288,309,946,472	62,463,090,774
		Purchases of goods	450,819,329,801	371,893,760,198
		Capital contribution	496,000,000,000	117,000,000,000
Lamson Dairy Products One Member Company Limited	Subsidiary	Sales of goods and fixed assets	314,472,877,488	221,935,595,529
		Purchases of goods	581,895,267,178	383,344,603,418
		Capital contribution	-	280,000,000,000
Thong Nhat Thanh Hoa Dairy Cow Company Limited	Subsidiary	Sales of goods and fixed assets	1,951,304,853	36,363,636
		Purchases of goods	-	17,000,000
		Capital contribution	56,000,000,000	13,500,000,000
Angkor Dairy Products Co., Ltd.	Subsidiary	Sales of goods and fixed assets	56,709,276,534	1,262,642,956
		Capital contribution	109,952,822,193	107,918,932,500
Driftwood Dairy Holdings Corporation	Subsidiary	Purchases of goods	1,285,710,408	246,235,695
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Subsidiary	Purchases of goods	735,340,773,581	80,574,918,038
		Capital contribution	-	9,834,270,000
Miraka Limited	Associate	Purchases of goods	456,404,881,496	282,968,330,700
		Capital contribution	80,161,500,899	-
Asia Saigon Food Ingredients Joint Stock Company	Associate	Sales of goods and services	523,158,947	11,024,603,438
Board of Management's and Board of Directors' members		Compensations	67,282,713,861	60,064,426,741
The State Capital Investment Corporation	Shareholder	Dividends declared	2,705,270,400,000	1,502,928,000,000

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

## **42. Corresponding figures**

As described in Note 3, the Company adopted prospectively Circular 200 from 1 January 2015. As a result, the presentation of certain financial statement captions have been changed. Certain corresponding figures as at 1 January 2015 and for the year ended 31 December 2014 have been reclassified to conform with the financial statement presentation under Circular 200. A comparison of the amounts previously reported and as reclassified is as follows:

### **(a) Separate balance sheet**

	<b>1/1/2015 VND (as reclassified)</b>	<b>1/1/2015 VND (as previously reported)</b>
Trading securities	703,771,306,426	-
Short-term investments	-	7,553,771,306,426
Held-to-maturity investments – short-term	6,850,000,000,000	-
Other short-term receivables	349,123,850,343	350,794,021,307
Shortage of assets awaiting for resolution	3,751,179,217	-
Other current assets	-	2,081,008,253
Long-term loans receivable	7,395,303,671	-
Other long-term receivables	8,229,988,026	7,395,303,671
Long-term work in progress	284,106,071,554	-
Investments in associates and joint-ventures	231,028,307,770	238,275,992,596
Other long-term investments	-	357,455,408,600
Equity investments in other entities	10,859,408,600	-
Held-to-maturity investments – long-term	346,596,000,000	-
Other non-current assets	-	982,303,200
Accrued expenses	603,190,794,539	607,313,677,302
Provision for severance allowance	-	77,107,794,500
Provision – short-term	4,122,882,763	-
Provision – long-term	77,107,794,500	-
Investment and development fund	2,521,718,366,944	1,550,028,784,604
Financial reserve	-	971,689,582,340

**Vietnam Dairy Products Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2015**  
**(continued)**

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

**(b) Separate statement of income**

	<b>2014 VND (as reclassified)</b>	<b>2014 VND (as previously reported)</b>
Revenue from sales of goods and provision of services	32,553,599,615,230	33,068,937,469,256
Revenue deductions	65,960,058,013	677,713,289,636
Cost of sales	21,682,211,734,796	20,669,829,791,908
Selling expenses	3,344,958,715,459	4,356,702,582,567
Other income	204,222,352,574	300,637,730,171

29 February 2016

Prepared by:



Le Thanh Liem  
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*cum Chief Accountant*

Approved by:



Mai Kieu Lien  
*Chief Executive Officer*