

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Address: 10 Tan Trao - Tan Phu Ward - District 7 - Ho Chi Minh City

INTERIM FINANCIAL STATEMENTS

For the accounting period ended 31 March 2016

OFFICIAL

28 - 4 - 2016

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

INTERIM FINANCIAL STATEMENTS

FIRST QUARTER OF 2016

FROM 01/01/2016 TO 31/3/2016

(IN FULL)



Ho Chi Minh City, April – 2016

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Address: 10 Tan Trao - Tan Phu Ward - District 7 - Ho Chi Minh City

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VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Address: 10 Tan Trao - Tan Phu Ward - District 7 - Ho Chi Minh City

INTERIM FINANCIAL STATEMENTS

For the accounting period ended 31 March 2016

INTERIM BALANCE SHEET*(In full)**As at 31 March 2016***FORM B01a-DN***Unit : VND*

ASSETS	Code	Note	Closing balance	Opening balance
1	2	3	4	5
A- CURRENT ASSETS (100=110+120+130+140+150)	100		17,124,106,860,574	15,822,463,925,273
I. Cash and cash equivalents	110	VI.1	1,047,541,593,365	1,067,935,585,325
1. Cash	111		1,047,541,593,365	1,067,935,585,325
2. Cash equivalents	112		-	-
II. Short-term financial investments	120	VI.6	9,302,562,652,926	8,653,183,733,226
1. Trading securities	121		524,307,172,026	524,884,057,132
2. Allowance for diminution in the value of trading securities (*)	122		(71,744,519,100)	(71,700,323,906)
3. Held-to-maturity investments	123		8,850,000,000,000	8,200,000,000,000
III. Accounts receivable – short-term	130		3,003,154,162,763	2,558,257,733,837
1. Accounts receivable from customers	131	VI.2	2,500,139,069,075	2,059,022,259,461
2. Prepayments to suppliers	132		209,173,845,865	108,355,688,039
3. Intra-company receivables	133		-	-
4. Receivables on construction contracts according to stages of completion	134		-	-
5. Loans receivable	135		-	-
6. Other receivables	136	VI.3	294,152,818,848	390,914,195,337
7. Allowance for doubtful debts (*)	137		(317,912,100)	(34,409,000)
8. Shortage of assets awaiting resolution	139	VI.4	6,341,075	-
IV. Inventories	140	VI.7	3,728,856,164,889	3,467,279,028,328
1. Inventories	141		3,743,017,357,563	3,484,395,015,086
2. Allowance for inventories (*)	149		(14,161,192,674)	(17,115,986,758)
V. Other current assets	150		41,992,286,631	75,807,844,557
1. Short-term prepaid expenses	151	VI.12(a)	41,992,286,631	38,346,903,574
2. Deductible value added tax	152		-	37,460,940,983
3. Taxes and other receivables from State Treasury	153		-	-
4. Government bonds under purchase and resale agreements	154		-	-
5. Other current assets	155		-	-

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INTERIM BALANCE SHEET (continued)*As at 31 March 2016***FORM B01a-DN***Unit : VND*

ASSETS	Code	Note	Closing balance	Opening balance
1	2	3	4	5
B- LONG-TERM ASSETS (200 = 210+220+240+250+260)	200		10,520,648,347,953	10,186,083,968,354
I. Accounts receivable – long-term	210		11,969,275,773	14,238,293,770
1. Loans receivable – long-term	215		4,302,948,352	5,573,700,349
2. Other long-term receivables	216	VI.3	7,666,327,421	8,664,593,421
3. Allowance for doubtful long-term debts (*)	219			
II. Fixed assets	220		6,075,712,680,062	6,195,233,101,403
1. Tangible fixed assets	221	VI.9	5,886,712,417,993	6,002,218,183,000
- Cost	222		10,403,760,501,168	10,302,040,639,636
- Accumulated depreciation (*)	223		(4,517,048,083,175)	(4,299,822,456,636)
2. Finance lease fixed assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation (*)	226		-	-
3. Intangible fixed assets	227	VI.10	189,000,262,069	193,014,918,403
- Cost	228		296,279,437,932	296,279,437,932
- Accumulated amortisation (*)	229		(107,279,175,863)	(103,264,519,529)
III. Investment property	230	VI.11	138,511,880,747	139,722,647,798
- Cost	231		176,272,511,838	176,272,511,838
- Accumulated depreciation (*)	232		(37,760,631,091)	(36,549,864,040)
IV. Long-term work in progress	240		343,972,960,335	277,294,577,637
1. Long-term work in progress	241		-	-
2. Construction in progress	242	VI.8	343,972,960,335	277,294,577,637
V. Long-term financial investments	250	VI.6	3,668,484,720,424	3,255,627,270,385
1. Investments in subsidiaries	251		2,550,056,584,693	2,500,056,584,693
2. Investments in associates, joint-ventures	252		311,189,808,669	311,189,808,669
3. Equity investments in other entities	253		18,670,276,240	10,570,276,240
4. Allowance for diminution in the value of long-term financial investments (*)	254		(48,027,949,178)	(102,785,399,217)
5. Held-to-maturity investments	255		836,596,000,000	536,596,000,000
V. Other long-term assets	260		281,996,830,612	303,968,077,361
1. Long-term prepaid expenses	261	VI.12(b)	257,649,856,209	278,787,890,047
2. Deferred tax assets	262	VI.20(a)	24,346,974,403	25,180,187,314
3. Long-term tools, supplies and spare parts	263		-	-
4. Other long-term assets	268		-	-
TOTAL ASSETS (100+200)	270		27,644,755,208,527	26,008,547,893,627

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INTERIM BALANCE SHEET (continued)*As at 31 March 2016***FORM B01a-DN***Unit : VND*

RESOURCES	Code	Note	Closing balance	Opening balance
1	2	3	4	5
C- LIABILITIES (300 = 310 + 330)	300		5,373,724,370,592	5,650,757,468,579
I. Current liabilities	310		5,287,408,819,084	5,563,657,738,579
1. Accounts payable to suppliers	311	VI.13	1,382,024,210,560	2,118,962,866,700
2. Advances from customers	312		14,614,672,954	14,656,723,939
3. Taxes payable to State Treasury	313	VI.15	517,592,725,412	204,127,132,111
4. Payables to employees	314		104,349,446,880	439,923,313,515
5. Accrued expenses	315	VI.16	1,283,181,393,668	559,028,023,597
6. Intra-company payables	316		-	-
7. Payables on construction contracts according to stages of completion	317		-	-
8. Unearned revenue – short-term	318	VI.17	256,925,525	140,459,988
9. Other payables – short-term	319	VI.18	566,396,976,808	579,352,532,299
10. Short-term borrowings and finance lease liabilities	320	VI.14	1,242,010,000,000	1,242,010,000,000
11. Provisions – short-term	321	VI.19(a)	2,673,879,345	2,420,017,605
12. Bonus and welfare funds	322		174,308,587,932	403,036,668,825
13. Price stabilization fund	323		-	-
14. Government bonds under sale and repurchase agreements	324		-	-
II. Long-term liabilities	330		86,315,551,508	87,099,730,000
1. Long-term accounts payable to suppliers	331		-	-
2. Long-term advances from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Intra-company payables for operating capital received	334		-	-
5. Long-term intra-company payables	335		-	-
6. Long-term unearned revenue	336		-	-
7. Other payables – long-term	337		-	-
8. Long-term borrowings and finance lease liabilities	338		-	-
9. Convertible bonds	339		-	-
10. Preference shares	340		-	-
11. Deferred tax liabilities	341	VI.20(b)	-	-
12. Provisions – long-term	342	VI.19(b)	86,315,551,508	87,099,730,000
13. Science and technology development fund	343		-	-

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RESOURCES	Code	Note	Closing balance	Opening balance
1	2	3	4	5
D- EQUITY (400 = 410+430)	400	VI.21	22,271,030,837,935	20,357,790,425,048
I. Owners' equity	410		22,271,030,837,935	20,357,790,425,048
1. Share capital	411		12,006,621,930,000	12,006,621,930,000
- Ordinary shares with voting rights	411a		12,006,621,930,000	12,006,621,930,000
- Preference shares	411b		-	-
2. Share premium	412		-	-
3. Options to convert bonds into shares	413		-	-
4. Other capital	414		-	-
5. Treasury shares (*)	415		(5,388,109,959)	(5,388,109,959)
6. Differences upon asset revaluation	416		-	-
7. Foreign exchange differences	417		-	-
8. Investment and development fund	418		3,502,038,206,220	3,289,455,938,121
9. Enterprise reorganization assistance fund	419		-	-
10. Other equity funds	420		-	-
11. Retained profits	421		6,767,758,811,674	5,067,100,666,886
- Retained profits brought forward	421a		5,067,100,666,886	2,925,674,513,466
- Retained profit for the current year	421b		1,700,658,144,788	2,141,426,153,420
12. Capital expenditure fund	422		-	-
II. Non-business expenditure fund and other funds	430		-	-
1. Non-business expenditure fund	431		-	-
2. Non-business expenditure fund invested in fixed assets	432		-	-
TOTAL RESOURCES (300+400)	440		27,644,755,208,527	26,008,547,893,627

Prepared on 28 Apr 2016,

Prepared by



Nguyen Duc Dieu Tho

 Acting Executive Director – Finance
cum Chief Accountant



Le Thanh Liem



Chief Executive Officer

Mai Kieu Lien

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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INTERIM FINANCIAL STATEMENTS

For the accounting period ended 31 March 2016

INTERIM STATEMENT OF INCOME**(In full)****For the fiscal year ended 31 March 2016****FORM B02a-DN**

Unit: VND

ITEMS	Code	Note	First quarter	
			Current year	Previous year
1	2	3	4	5
1. Total revenue	01	VII.1	9,577,099,914,346	8,120,447,196,576
2. Revenue deductions	03	VII.1	26,772,939,210	45,250,419,209
3. Net revenue (10 = 01 – 03)	10	VII.1	9,550,326,975,136	8,075,196,777,367
4. Cost of sales	11	VII.2	5,499,205,941,944	5,197,053,661,143
5. Gross profit (20 = 10 – 11)	20		4,051,121,033,192	2,878,143,116,224
6. Financial income	21	VII.3	162,566,249,077	137,388,275,910
7. Financial expenses	22	VII.4	(32,770,948,101)	(8,755,688,781)
<i>In which: Interest expense</i>	23		<i>3,984,386,101</i>	<i>3,035,219,685</i>
8. Selling expenses	24	VII.7	1,560,137,250,831	1,053,759,216,810
9. General and administration expenses	25	VII.7	153,095,022,319	138,790,958,462
10. Net operating profit {30 = 20 + (21–22) – (24+25)}	30		2,533,225,957,220	1,831,736,905,643
11. Other income	31	VII.5	30,893,864,324	56,805,927,669
12. Other expenses	32	VII.6	542,681,800	4,960,770,754
13. Results of other activities (40 = 31 – 32)	40		30,351,182,524	51,845,156,915
14. Profit before tax (50 = 30 + 40)	50		2,563,577,139,744	1,883,582,062,558
15. Income tax expense – current	51	VII.8	436,921,245,847	347,643,941,063
16. Income tax expense – deferred	52	VII.9	833,212,911	(10,412,686,843)
17. Net profit after tax (60 = 50 – 51 – 52)	60		2,125,822,680,986	1,546,350,808,338

Prepared by


Nguyen Duc Dieu ThoActing Executive Director – Finance
cum Chief Accountant

Le Thanh Liem

Prepared on 28 Apr 2016,

Chief Executive Officer


Mai Kieu Lien

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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INTERIM STATEMENT OF CASH FLOWS*(Indirect method)***First quarter of 2016****FORM B03a-DN***Unit: VND*

ITEMS	Code	Note	Current year	Previous year
1	2	3	4	5
I. Cash flows from operating activities				
1. Profit before tax	01		2,563,577,139,744	1,883,582,062,558
2. Adjustments for				
- Depreciation and amortisation	02	VI.9 VI.10 VI.11	223,194,769,924	217,956,688,528
- Allowances and provisions	03		(55,772,126,800)	(16,550,931,595)
- Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04		4,879,483,004	21,503,375
- (Profits)/losses from investing activities	05		(152,358,661,815)	(147,840,557,418)
- Interest expense	06	VII.4	3,984,386,101	3,035,219,685
- Other adjustments			-	-
3. Operating profit before changes in working capital	08		2,587,504,990,158	1,940,203,985,133
- Change in receivables	09		(413,450,325,143)	(93,897,168,797)
- Change in inventories	10		(260,504,618,659)	(352,598,661,744)
- Change in payables (not including interest and corporate income tax payables)	11		(423,807,048,250)	391,644,034,302
- Change in prepaid expenses	12		17,516,650,781	4,922,816,170
- Change in trading securities	13		391,650,000	22,765,700,000
- Interest paid	14		-	(5,101,599,457)
- Income tax paid	15	VI.15	(102,301,936,963)	(416,189,208,897)
- Other receipts from operating activities	16		-	-
- Other payments for operating activities	17		(441,639,435,225)	(313,129,356,004)
Net cash flows from operating activities	20		963,709,926,699	1,178,620,540,706
II. Cash flows from investing activities				
1. Payments for additions to fixed assets and other long-term assets	21		(132,630,515,713)	(92,533,592,976)
2. Proceeds from disposals of fixed assets and other long-term assets	22		7,130,845,545	5,342,982,013
3. Payments for granting loans, purchase of debt instruments of other entities	23		-	(1,001,976,612,669)
4. Receipts from collecting loans, sales of debt instruments of other entities	24		1,270,751,997	-
5. Payments for investments in other entities	25		(1,008,100,000,000)	(136,780,041,375)
6. Collections on investments in other entities	26		-	-
7. Receipts of interests and dividends	27		150,315,313,681	41,235,934,524
Net cash flows from investing activities	30		(982,013,604,490)	(1,184,711,330,483)

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ITEMS	Code	Note	Current year	Previous year
1	2	3	4	5
III. Cash flows from financing activities				
1. Proceeds from shares issued, receipt of capital contributed by owners	31		-	-
2. Payments for capital refunds and shares redemptions	32		-	-
3. Proceeds from borrowings	33		-	-
4. Payments to settle loan principals	34		-	(320,400,000,000)
5. Payments to settle finance lease liabilities	35		-	-
6. Payments of dividends	36		-	-
<i>Net cash flows from financing activities</i>	40		-	(320,400,000,000)
Net cash flows during the period (20+30+40)	50		(18,303,677,791)	(326,490,789,777)
Cash and cash equivalents at the beginning of the period	60		1,067,935,585,325	1,298,826,375,540
Effect of exchange rate fluctuations	61		(2,090,314,169)	1,224,681,602
Cash and cash equivalents at the end of the period (50+60+61)	70		1,047,541,593,365	973,560,267,365

Prepared by



Nguyen Duc Dieu Tho

Acting Executive Director – Finance
cum Chief Accountant


Le Thanh Liem



Chief Executive Officer

Mai Kieu Lien

Prepared on 28 Apr 2016,

NOTES TO THE INTERIM FINANCIAL STATEMENTS

From 01 January 2016 to 31 March 2016

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

I. CORPORATE INFORMATION

1. Form of ownership:

The major milestones related to the establishment and development of Vietnam Dairy Products Joint Stock Company (“the Company”) are recognised as follows:

- + 29 April 1993: Vietnam Dairy Products Company (State-owned Enterprise) was established according to Decision No. 420/CNN/TCLD of the Ministry of Light Industry.
- + 1 October 2003: The Company was equitised from a State-owned Enterprise of the Ministry of Industry according to Decision 155/2003/QĐ-BCN.
- + 20 November 2003: The Company was registered to be a joint stock company and began operating under Enterprise Law of Vietnam and its Business Registration Certificate No. 4103001932 was issued by Ho Chi Minh City Planning and Investment Department.
- + 28 December 2005: The State Securities Commission of Vietnam issued Listed Licence No. 42/UBCK-GPYN.
- + 19 January 2006: The Company’s shares were listed on Ho Chi Minh City Stock Exchange.

The registered office is located at 10 Tan Trao - Tan Phu Ward - District 7 - Ho Chi Minh City.

2. Principal activities

According to the Business Registration Licence, the Company is allowed to operate in business activities as follows:

- a. Manufacture and distribute milk cake, soya milk, refreshment drinks, bottled milk, powdered milk, nutritious powder and other products from milk;
- b. Trade in food technology, spare parts, equipment, chemicals (excluding heavily toxic chemicals), materials;
- c. Trade in real estate, owner or leasing land use rights (according to rule no.11.3 of 2014 Real Estate Law)
- d. Trade in warehouse, yards;

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- e. Provide internal transportation by cars for manufacturing and consuming Company's products.;
- f. Manufacture, sell and distribute beverages, grocery and processing foods, roasted-ground-filtered and instant coffee (not manufacturing and processing at the head office);
- g. Manufacture and sell plastic products, packaging; (not manufacturing at the head office);
- h. Provide health care clinic services (not at the head office);
- i. Raise cattle, cultivation

3. Normal operating cycle

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

4. Company structure:

As at 31 March 2016, the Company had the following subsidiaries, associates and dependent units:

+ Subsidiaries	Principal activities	% of ownership	% of voting rights
- Lamson Dairy Products One Member Company Limited	Milk production	100%	100%
- Vietnam Dairy Cow One Member Limited Company	Dairy cow raising	100%	100%
- Thong Nhat Thanh Hoa Dairy Cow Limited Company	Milk production, cattle raising	96.11%	96.11%
- Driftwood Dairy Holdings Corporation	Milk production	70%	70%
- Angkor Dairy Products Co., Ltd.	Milk production	51%	51%
- Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Dairy raw materials and animal trading	100%	100%
+ Associates:			
- Asia Saigon Food Ingredients Joint Stock Company	Dairy raw materials production	15%	15%
- Miraka Limited	Milk production	22.81%	22.81%
+ Dependent units:			
Sales branches:			

1/ Vietnam Dairy Products Joint Stock Company's Branch in Ha Noi - 11th Floor, Tower B, Handi Resco Building, 521 Kim Ma, Ngoc Khanh Ward, Ba Dinh District, Ha Noi City.

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2/ Vietnam Dairy Products Joint Stock Company's Branch in Da Nang - 12 Chi Lang, Hai Chau II Ward, Hai Chau District, Da Nang City.

3/ Vietnam Dairy Products Joint Stock Company's Branch in Can Tho - 86D Hung Vuong, Thoi Binh Ward, Ninh Kieu District, Can Tho City.

Manufacturing factories:

1/ Thong Nhat Dairy Factory - 12 Dang Van Bi, Thu Duc District, Ho Chi Minh City.

2/ Truong Tho Dairy Factory - 32 Dang Van Bi, Thu Duc District, Ho Chi Minh City.

3/ Dielac Dairy Factory - Bien Hoa I Industrial Park, Dong Nai.

4/ Can Tho Dairy Factory - Tra Noc Industrial Park, Can Tho City.

5/ Sai Gon Dairy Factory - Tan Thoi Hiep Industrial Park, District 12, Ho Chi Minh City.

6/ Nghe An Dairy Factory - Sao Nam Street, Nghi Thu Commune, Cua Lo Town, Nghe An.

7/ Binh Dinh Dairy Factory - 87 Hoang Van Thu, Quang Trung Ward, Quy Nhon City, Binh Dinh.

8/ Vietnam Beverage Factory - My Phuoc II Industrial Park, Binh Duong.

9/ Tien Son Dairy Factory - Tien Son Industrial Park, Bac Ninh.

10/ Da Nang Dairy Factory - Hoa Khanh Industrial Park, Da Nang City.

11/ Vietnam Powdered Milk Factory - 9 Tu Do Boulevard - Vietnam-Singapore Industrial Park, Thuan An District, Binh Duong.

12/ Vietnam Dairy Factory - My Phuoc II Industrial Park, Binh Duong Province.

Warehouses:

1/ Ho Chi Minh Logistic enterprise - 32 Dang Van Bi, Thu Duc District, HCMC.

2/ Ha Noi Logistic enterprise - Km 10 Highway 5, Duong Xa Commune, Gia Lam District, Ha Noi.

Clinics:

An Khang General Clinic - 184-186-188 Nguyen Dinh Chieu, Ward 6, District 3, HCMC.

II. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

1. Annual accounting period

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

2. Accounting currency

The accounting currency is Vietnam Dong (VND).

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III. ACCOUNTING STANDARDS AND SYSTEM APPLIED

1. The accounting system

- The Company had adopted the Vietnamese Accounting System for enterprises in accordance with Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014.
- The financial information has been prepared in accordance with Vietnamese Accounting Standard No. 27 – *Interim Financial Statements*.

2. Statement of compliance with accounting standards and system

- None of newly issued or amended Vietnamese Accounting Standards are effective for the three-month period ended 31 March 2016.
- The Board of Management assured to comply completely with requirements of Vietnamese Accounting Standards and the Vietnamese Accounting System for enterprises in preparing the financial statements.

3. Accounting form

The Company applies computerised accounting form.

IV. ACCOUNTING POLICIES APPLIED

1. Basis of preparation

- The financial statements have been prepared and presented in Vietnam Dong (“VND”), in accordance with Vietnamese Accounting System for enterprises, the Vietnamese Accounting Standards and the Vietnamese Accounting Principles generally accepted in Vietnam.
- The financial statements are prepared on a historical cost basis.

2. Foreign exchange rates applied in accounting

a. For foreign currency transactions:

Are translated at rates of exchange ruling at the transaction dates, foreign exchange differences arising from these transactions are recognised as financial income and expense in the statement of income.

b. For revaluation of closing balance of monetary items denominated in foreign currencies:

- At the reporting date, the Company revaluated closing balance of monetary items denominated in foreign currencies as follows:

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- + Capital in cash and loans receivable: Revalue at buying exchange rates of the commercial bank where the Company opens its accounts and has the largest outstanding balance of foreign currencies at the reporting date.
 - + Accounts payable: Revalue at selling exchange rates of the commercial bank where the Company opens its accounts has the largest outstanding balance of foreign currencies at the reporting date.
 - Foreign exchange differences from revaluation are recorded in Foreign exchange difference account, the closing balance will be transferred to financial expenses or income (in accordance with Circular 179/2012/TT-BTC).
- c. Exchange rates used for translation at the reporting date:

As at	Bank	Buying rate	Selling rate
31/12/2015	Joint Stock Commercial Bank for Foreign Trade of Vietnam – HCM Branch	22,450 VND/USD	22,520 VND/USD
31/03/2016	Joint Stock Commercial Bank for Foreign Trade of Vietnam – HCM Branch	22,260 VND/USD	22,320 VND/USD

3. Cash and cash equivalents recognition principles

a. Cash and cash equivalents recognition principles:

- Cash: comprises cash on hand, cash in banks (call deposits), cash in transit.
- The recognition principles:
 - + Cash on hand: Based on cash receipts and payment slips.
 - + Cash in banks: Based on Debit and Credit Notes from banks together with bank statements or bank confirmation at a particular point of time.
 - + Cash in transit: Based on remittance with outstanding Debit and/or Credit Notes.

b. Cash equivalents:

Are short-term investments, deposits with recoverable period or maturity of less than 3 months that are easily convertible to known amounts of cash and are subject to an insignificant risk of changes in value after purchasing at the reporting date.

4. Financial investment accounting principles

a. Trading securities

- Trading securities are those held for trading purpose (including those with maturity periods more than 12 months that are purchased for resold for making profits), such as: shares, bonds listed in the stock exchange; other securities and financial instruments;
- Trading securities are initially recognised at cost and determined at fair value of payments at the time of transaction. Trading securities shall be recorded when the Company acquires the ownership, in particular:
 - + Listed securities are recognised at the time of order matching (T+0)
 - + Unlisted securities are recognised at the time the ownership is acquired as prescribed in regulations of the law
- Allowance for diminution in value of trading securities is made for each type of listed and unlisted securities whose market values lower than their carrying amounts in accordance with the Circular No. 89/2013/TT-BTC dated 28 June 2013.

b. Held-to-maturity investments

- Including term deposits at bank (treasury bills and promissory notes), bonds, and held-to-maturity loans for the purpose of earning periodic interest and other held-to-maturity investments.
- Held-to-maturity investments are stated at costs and recognised at fair value based on the recovery of the investments.
- All investments classified as monetary items denominated in foreign currencies are revaluated at actual exchange rate at the reporting date.

c. Loans receivable

- Are loans receivable under an agreement between parties but are not being traded in the market as securities.
- Allowance for doubtful loans is made for each doubtful debts based on overdue days in payment of principals according to initial debt commitment (exclusive of the debt rescheduling between contracting parties), or based on estimated possible loss may arise.

d. Equity investments in other entities:

- Including investments in subsidiaries; joint ventures, associates and other long-term holding equity investments. Investments are stated at cost.

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▪ Subsidiaries

- Subsidiaries are those entities in which the Company has control over the financial and operating policies, generally accompanied with holding more than half of voting rights. In assessing control, potential voting rights that presently are exercisable are taken into account.
- Acquisition accounting method is used by the Company to account for subsidiary acquisition. Cost of the acquisition is recognized at fair value of exchanged assets, issued equity instruments and liabilities incurred or recognized at the date of exchange, plus expenses directly related to acquisition. Identifiable assets, liabilities and contingent liabilities that are recognized at the time of business combination are determined firstly at fair value at acquisition date excluding minority interests. Cost of goodwill represents the excess of the cost of the acquisition over the buyer's interest in the net value of asset. When the buyer's interest in the net fair value of assets is larger than cost of the acquisition, the difference is recognised immediately in the statement of income.

▪ Associates

- Associates are entities in which the Company has significant influence, but not control, normally by holding 20% to 50% of voting rights in these entities. Investments in associates are initially stated at cost and accounted using the equity method in the consolidated financial statements. The Company's investments in associates comprise goodwill arising from investment, less accumulated impairment losses.
- Allowance for diminution in value of investments in subsidiaries, joint ventures, associates is made when the investees suffer losses to the extent that the investor may lose its equity investments or allowance for diminution in value of investments to these (except where such a loss was anticipated by the Group's management before making the investment). Allowance is made corresponding to the Group's equity portion in the economic organisations according to the Circular 89/2013/TT-BTC dated 28 June 2013.
- Allowance for diminution in value of investments in other entities (fair value of the investments cannot be determined at the reporting date) is based on losses of the investees.
- When disposing an investment, difference between net proceeds and carrying amount of the investment is recognised in financial income (for profit) or financial expenses (for loss).

5. Accounts receivable accounting principles

- The accounts receivable are monitored in detail of receivable terms, receivable parties, kind of currency and other factors upon the Company's managerial requirements.
- The accounts receivable including trade and other receivables are recognised as follows:
 - + Accounts receivable from customers include trade receivables arising from buying-selling transactions such as: Receivables of sales of goods, provision of services, disposal of assets (fixed

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assets, investment property, investments) between the Company and buyers (those independent with the sellers, including receivables between parent company and subsidiaries, joint ventures, associates). The receivables also include receivable from export sales from trustors through trustess. Trade receivables are recognised in accordance with revenue accounting standard on revenue on recognition timing based on invoices and supporting documents.

- + Other receivables include non-trade receivables, not related to buying-selling transactions, such as:
 - Financial income receivables such as: interest income from loans and deposits, dividends and share profits;
 - Receivables from paid on behalf of third parties; Receivables by export entrustees on behalf of entrustors;
 - Non-trade receivables such as assets lending, fine receivables, compensatory receivables, shortage of assets awaiting resolution.
- Other receivables are recognised based on reviewed/approved invoices and supporting documents.
- Receivables are classified as Short-term and Long-term in the Balance sheet based on the remaining period of the receivables at the reporting date.
- Allowance for doubtful debts: is made for each doubtful debt based on overdue days in payment of principles according to initial debt commitment (exclusive of debts rescheduling between contracting parties), or based on estimated loss may arise in accordance with guidance of Circular No. 89/2013/TT-BTC dated 28 June 2013.

6. Inventory recognition principles

a. Inventory recognition principles:

- Inventories are stated at cost which includes purchasing price, processing expenses and all related costs incurred to bringing the inventories to their present location and condition.
- In case the net realisable value is lower than the cost, inventories are stated at the lower (the net realisable value is determined by estimated selling price of inventories less estimated costs of completion and selling expenses).
- In the case of goods produced, cost includes all directly attributable costs and manufacturing overheads at a normal operating level.

b. Inventory valuation method:

- Raw materials, fuel, spare parts, finished goods, tools and supplies, merchandise inventories are determined on a weighted average basis.
- Inventories imported during the period are recognised using the actual exchange rate at the time of transaction, the arising exchange rate differences are recognised in financial income and expense. The

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import tax payables are determined on import tax rate calculated by the custom authorities under the law regulations.

- Movements of inventories during the period through internal transfer are recognised using the accounting price (transferring price); differences between the accounting price and the average price will be recognised in an account of differences. At the end of the period, the differences are transferred to inventories or cost of goods sold (depending on exporting nature of these inventories).

c. Inventory accounting method:

Perpetual method.

d. Allowance for inventories:

The Company makes allowance for inventories in accordance with the guidance of Circular No. 89/2013/TT-BTC, dated 28 June 2013 issued by the Ministry of Finance.

7. Fixed asset recognition and depreciation principles

The Company manages, uses and depreciates its fixed assets in accordance with guidance of Circular 45/2013/TT-BTC dated 25 April 2013.

a. Principles of tangible and intangible fixed assets recognition:

▪ **Tangible fixed assets:**

- Tangible fixed assets are stated at: Cost less accumulated depreciation.
- Cost of tangible fixed assets comprises all costs incurred to bring the asset to its working condition for its intended use.
- Cost of imported fixed assets is recognised using the actual exchange rate at the time of transaction, foreign exchange rate differences arising from purchasing fixed assets are recognised in financial income and expense. Expenditure incurred after initial recognition of tangible fixed assets is capitalised if it has resulted in an improvement from the use of tangible fixed assets beyond their originally assessed standard of performance. The expenditure which does not meet the above criteria is recognised as expenses in the period.
- When fixed assets are sold or disposed, the cost and accumulated depreciation are written off and any gains or losses arising from disposal are recognised in other income or other expenses in the period.

▪ **Intangible fixed assets:**

- Land use rights comprise all actual costs that the Company has paid out, directly relating to the land use area, including: purchase price, cost of compensation, site clearance, leveling and registration fees, etc
- Land use rights comprise:

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- + those granted by the State for which land use payments are collected;
- + those acquired in a legitimate transfer;
- + rights to use leased land obtained before the effective date of Land Law 2003 for which land rental have been prepaid for a period over 5 years and land use right certificate was issued by authority of competent jurisdiction.
- 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.
- Software is all costs that the Company has pay out til the completion stage of testing and the software is put into use.

b. Depreciation method:

- Tangible fixed assets are depreciated on a straight-line basis. The useful lives (relating to depreciation rate) are as follows:

Category	Time (years)
Buildings and structure	10 – 50
Machinery and equipment	8 – 15
Motor vehicles, transmission	10
Tools and equipment	3 – 10

- Intangible fixed assets that are land use rights with definite period are amortised on a straight-line basis over the valid term of land use rights certificate. Intangible fixed assets that are land use rights with indefinite period are stated at cost and not amortised.
- Intangible fixed asset that is software is amortised over 6 years.

8. Investment property recognition principles

- Investment property includes land use rights, buildings, or part of buildings or land with buildings, infrastructure held by the Company in order to gain income from leasing or held for price appreciation other than using for manufacturing, providing goods or services, using for management purposes or selling in a normal operation period.
- The cost of an investment property comprise the expenses (cash or cash equivalents) that the Company paid out or fair value of the exchanging amount to obtain the investment property from the time of purchasing and finish constructing of that investment property.

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- Expenses relating to the investment property after the initial recognition should be recorded as manufacturing and operating expenses during the period, unless these expenses possibly help the investment property to generate economic benefits in the future more than the initial assessment, the expenses are capitalised to the cost of the investment property.
- Depreciation: Investment property held to earn rental is depreciated on a straight-line basis to reduce its cost of asset over the estimated useful lives. Investment property held for price appreciation is not amortised.
- Disposal: Gains and losses from disposal of investment property are determined by the difference between net proceeds from disposal and carrying amount of the investment property and are recognised as income or expenses in the statement of income.

9. Deferred income tax accounting principles

- Deferred income tax assets: are income tax refundable in the future based on deductible temporary differences.
- Deferred tax assets are recognised when it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reassessed at the reporting date and reduced to the extent that future taxable profit will be available against which part or all of deferred tax assets therefrom can be utilised.
- Deferred tax assets determined at the estimated tax rate applied for the year of realisation or settlement of assets and liabilities using the tax rates enacted at the end of reporting year.

10. Prepaid expenses recognition principles

- Prepaid expenses represented actual expenses incurring relating to the manufacturing and operating results of a number of accounting periods and the transfers of these expenses into the manufacturing and operating expenses of the subsequent accounting periods.
- Prepaid expenses: are recognised at cost and classified into short term and long term expenses in the Balance sheet based on prepayment period of each contract.
- Amortisation method of prepayments complies with the following principles:
 - + Based on determined useful lives: This method is applied to prepaid housing/land rental.
 - + Based on estimated useful lives: This method is applied to advertising expenses, overhaul expenses, amortised tools and supplies, etc.

11. Payable liabilities recognition principles

- Payable liabilities is monitored in details by terms, suppliers, kind of currency and other factors depending on the Company's managerial demand.
- Accounts payable to suppliers, loans payable and other payables are payable that are determined probably in value and timing and recognised at actual obligation incurred in accordance with the principles:
 - + Account payables to suppliers: include trade payables arising from transaction of trading goods, services and assets between the Company and suppliers (which are independent units to the Company, including payables between the parent company and subsidiaries, joint ventures and associates). These payables include import payables through the entrustees (in the entrusted import transactions)
 - + Other payables include non-trade payables which not relating to trading activities such as:
 - Payables related to financial expenses, such as: interest payables, dividends and shared profits payable, payables for investment activities;
 - Payables on behalf of third parties; payables from entrustors to defined parties in entrusted im-export transactions;
 - Non-trade payables such as paybles of borrowed assets, penalty payables, compensations payables, shortage of assets awaiting resolution, social insurance, health insurance, severance allowance, trade union, etc.
- Accounts payable are classified as Short-term and Long-term in the Balance sheet based on the remaining maturity period of these payables at the reporting date.

12. Borrowing and finance lease liabilities recognition principles

- Including borrowings, finance lease liabilities, excluding borrowings in form of bonds issuance or preference shares with a compulsory term that issuers have to repurchase these securities at a particular point of time in the future
- The Group monitor its borrowings and finance lease liabilities in detail by loan owners and classification of short-term and long-term period to settle.
- Expenses directly related to the borrowings are recognized in financial expenses, except those incurred from separate borrowings for the purpose of investing, constructing or manufacturing work in progress are capitalised.

13. Accrued expense recognition principles

- Including accrued expenses for goods, services received from sellers or provided to buyers in the reporting period but not yet actually paid due to lack of receipts or accounting documents, are recorded to manufacturing and operating expense of the reporting period.
- The Company recognises accrued expenses under main categories as follows:
 - Promotional expenses: accrued on progress of sales promotion campaign (mainly based on revenue targets).
 - Advertising expenses: accrued on progress of advertising programme and duration of advertising contracts.
 - Housing and land rental: accrued on the timing stated in contracts.
 - Other expenses: accrued on contracts' terms.

14. Provision recognition principles and methods

- Provisions are recognized based on the most appropriate estimates of the amount paying out to settle the obligations at the end of the accounting period.
- The Company recognised provisions under main categories as follows:
 - + Severance allowances regulated in Social Insurance Laws and current guidance documents
 - + Regular fixed assets maintenance and repair allowances (technical demand)
 - + Other provisions

15. Unearned revenue recognition principles

- Unearned revenue includes: revenue received in advance (such as: advances received from customers for leasing assets and infrastructures in many accounting periods, interest received in advance in granting capital or purchasing of debt instruments); and other unearned revenue (such as: differences in sales prices between deferred payment and immediate payment, revenue corresponding to value of goods, service or sales discounts for customers in traditional customer programme, etc); excluding: advances received from customers that the Group has not yet provided goods, merchandises, services; revenue not yet received from leasing assets or providing the services in a number of periods.
- Revenue received in advance is amortised on the straight-line basis based on the number of periods of cash collection.

16. Equity recognition principles

The Company's equity includes:

- Share capital: Based on actual contributed capital from shareholders.
 - + Share capital is represented the par value and monitored in details of ordinary shares with voting rights and preference shares. Currently, the Group only has the ordinary shares with voting rights.
 - + Capital surplus: is the difference between contributed capital at par value and at share issued price; difference between buying price of treasury shares and their re-issued price.
- Other capital: is appropriated from operating results or being gifted, donated, sponsored and assets revaluation.
- The Company's profit after tax is appropriated 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 profits. The official dividends will be declared and paid in the following annual period from the retained profit upon approval by Shareholders at the Company's Annual General Meeting.
- Equity funds appropriated based on the Company's Charter are as follows:
 - Investment and development fund is appropriated from 10% of profit after tax.
 - Bonus and welfare fund is appropriated from 10% of profit after tax.
- The utilisation of the above funds must be approved by Shareholders, the Board of Management or Chief Executive Officer, depending on the nature and scale of the transactions defined in the Charter and Company's Financial regulations.

17. Revenue recognition principles and methods

- For merchandise inventories, finished goods: Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer and there are not significant uncertainties regarding payment and related expenses or the possible return of goods.
- For services: Revenue is recognised when there are no significant uncertainties regarding payment of cash or related expenses. In case the services are rendered in a number of accounting periods, revenue amount for each period is determined in proportion to the stage of completion of services at the end of the period.
- For interest, dividends and shared profits: Income is recognised when the Company is able to receive the economic benefits from these activities and the benefits are determined reliably.
 - + Interest: Income is recognised based on duration and interest rate in each period.

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- + Dividends and shared profits: Income is recognised when the Company is entitled to receive dividends or shared profits from capital contribution..

18. Revenue deduction accounting principles

- Revenue deductions included:
 - Sales discounts: are discounts listed for customers who purchase in bulk, excluding sales discounts for customers presented in the VAT or sales invoices.
 - Sales allowances: is deduction for customers who purchase defect products, low-quality and deteriorated goods or goods with incorrect specification as stated in economic contracts; excluding sales discounts for customers presented in VAT or sales invoices.
 - Sales returns: due to violations of commitments, economic contracts, low quality or incorrect types and specifications.
- In case goods sold or services provided in the previous year/period but sales discounts, sales allowances, sales returns incur in the following year/period, the Company recognises as the following principles:
 - + If incurred before issuance of financial statements: reducing revenue in the financial statements of the reporting period.
 - + If incurred after issuance of financial statements: reducing revenue of the occurrence period.

19. Cost of sales accounting principles

- Including the cost of products, goods, services, investment property sold during the period (including depreciation; repair; expenses for investment property leasing transaction, expenses for transfer and disposal of investment property, etc.) is recorded corresponding to revenue of the period.
- For cost of direct raw materials consumed which is over the normal level, labour cost, manufacturing overheads not allocated to finished goods are recorded directly into the cost of sales (after deducting compensations, if any) even if products and goods are not yet determined to be consumed.

20. Financial expenses accounting principles

- Losses relevant to financial investment activities:
 - + Losses from outside investment capital: Recorded on actual incurred basis.
 - + Losses on securities investments: Made for each of the listed and unlisted securities whose market prices lower than their carrying amounts.
- Borrowing cost: Recorded monthly on loan principles, interest rates and number of actual borrowing days.

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- Expenses on capital contribution in joint ventures, associates and securities transfer: on actual incurred basis.
- Foreign exchange losses: recorded when there is a difference between actual transaction rate and accounting rate and when there is a loss in revaluation of monetary items denominated in foreign currencies.

21. Current and deferred income tax recognition principles and method

- Corporate income tax expenses (or corporate income tax income): is total current and deferred income tax expenses (or total current and deferred tax) in determining profit or loss of a period.
 - + Current income tax expenses: is corporate income tax payable calculated on taxable profit during the year and current corporate income tax rate. Current income tax is calculated on taxable income and applicable tax rate during the tax period. Difference between taxable income and accounting profit is from adjustment of differences between accounting profit and taxable income in accordance with current tax policies.
 - + Deferred income tax expenses: is corporate income tax payable in the future arising from: recognising deferred income tax payable during the year; reversing deferred tax assets recognised in previous years/periods; not recognising deferred tax assets or deferred tax liabilities arising from transactions that directly recorded to equity.
- The Company has an obligation to pay income tax at rates ranging from 15% to 22% of taxable profits, depending on principle activities of its factories.

22. Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Company's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Company classifies its financial instruments as follows:

a. Financial assets

➤ Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by management as held for trading. A financial asset is considered as held for trading if:
 - It is acquired principally for the purpose of selling it in the near term;
 - There is evidence of a recent pattern of short-term profit-taking; or

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- A derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Company as at financial assets at fair value through profit or loss.

➤ **Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Company has the positive intention and ability to hold to maturity, other than:

- Those that the Company upon initial recognition designates as at fair value through profit or loss;
- Those that the Company designates as available-for-sale; and
- Those that meet the definition of loans and receivables.

➤ **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- That the Company intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- That the Company upon initial recognition designates as available-for-sale; or
- For which the Company may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

➤ **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that are not classified as:

- Financial assets at fair value through profit or loss;
- Held-to-maturity investments; or
- Loans and receivables.

b. Financial liabilities

➤ **Financial liabilities at fair value through profit or loss**

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by management as held for trading. A financial liability is considered as held for trading if:

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- It is incurred principally for the purpose of repurchasing it in the near term;
 - There is evidence of a recent pattern of short-term profit-taking; or
 - A derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Company as financial liabilities at fair value through profit or loss.

➤ **Financial liabilities carried at amortised cost**

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

V. **FINANCIAL RISK MANAGEMENT:**

Financial risk factors:

- The Company assesses the following risks from its use of financial instruments:
 - Market risk
 - Liquidity risk
 - Credit risk
- The Board of Management has overall responsibility for the establishment and oversight of the risk management principles. The Board of Management has established policies 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.

1. **Market risk**

- Market risk is the risk that fair value or future cash flows of a financial instrument will be affected by the volatility of market price. Market risk includes 3 types of risk: currency risk, interest rate risk and other market price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.
 - a. **Currency risk**
- The Company is exposed to currency risk on sales and purchases that are denominated in currencies other than VND. These currencies are mainly USD and EUR (other currencies have insignificant transactions).

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- The Company's exposure to currency risk is managed by retaining the exposure at an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term over-exposures and planning a payment schedule of foreign currencies with the highest possible accuracy. During the year, the Board of Management decided to use USD buying forward contract to settle USD loans when they fall due, in order to hedge the interest rate fluctuations.
- Exposures to currency risk of the Company from USD and EUR is as follows:

As at 31 Mar 2016

	Foreign currencies		VND equivalent	
	USD	EUR	USD	EUR
Financial assets				
Cash on hand and cash at banks	28,078,733.84	32,616.88	625,032,615,278	821,423,506
Trade and other receivables	31,894,883.11	-	709,980,098,038	-
	<u>59,973,616.95</u>	<u>32,616.88</u>	<u>1,335,012,713,316</u>	<u>821,423,506</u>
Financial liabilities				
Trade and other payables	(7,342,015.09)	(1,319,145.97)	(163,873,776,742)	(33,578,860,666)
Currency risk exposure	<u>52,631,601.86</u>	<u>(1,286,529.09)</u>	<u>1,171,138,936,574</u>	<u>(32,757,437,160)</u>

As at 31 Dec 2015

	Foreign currencies		VND equivalent	
	USD	EUR	USD	EUR
Financial assets				
Cash on hand and cash at banks	22,791,962.78	19,731.04	511,679,564,411	481,733,342
Trade and other receivables	13,886,927.06	-	311,761,512,394	-
	<u>36,678,889.84</u>	<u>19,731.04</u>	<u>823,441,076,805</u>	<u>481,733,342</u>
Financial liabilities				
Trade and other payables	(24,515,508.23)	(1,363,804.93)	(552,089,245,340)	(33,700,983,625)
Currency risk exposure	<u>12,163,381.61</u>	<u>(1,344,073.89)</u>	<u>271,351,831,465</u>	<u>(33,219,250,283)</u>

Major exchange rates applied during the period are as follows:

	31/3/2016		31/12/2015	
	VND		VND	
	Selling rate	Buying rate	Selling rate	Buying rate
USD	22,320	22,260	22,520	22,450
EUR	25,455	25,184	24,711	24,415

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- As at 31 March 2016, if VND weakens/strengthens by 1% against USD, while all other variables remain constant, profit after tax of the year is lower/higher by 9,369,111,493 VND, mainly due to foreign exchange losses/gains in translating trade receivables and payables denominated in USD.
- As at 31 March 2016, if VND weakens/strengthens by 3% against the EUR, while all other variables remain constant, profit after tax of the year is lower/higher by 786,178,492 VND, mainly due to foreign exchange losses/gains in from translating the trade receivables and payables denominated in EUR.

b. Price risk

- The Company has equity investments to listed and unlisted companies and is exposed to risk from price fluctuation of these investments. Risk factors impacting these investments' results include operating result and financial position of investees and market conditions. The Board manages risk related to operating result and financial position by selecting industries and entities to invest in. Risk factors related to market conditions are itself impacted by general economic condition of Vietnam and investors' behaviours, which are out of the Board's control. These factors have caused market conditions to be volatile in recent years.

c. Interest rate risk

Interest rate fluctuation does not have any significant impact on the Company's net profit after tax.

2. 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 and investments in debt securities.

- Exposure to credit risk:

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

	31/3/2016	31/12/2015
Cash and cash equivalents	1,046,644,197,760	1,067,056,620,801
Held to maturity investment	9,686,596,000,000	8,736,596,000,000
Trade and other receivables	2,767,214,566,127	2,410,343,450,979
	<u>13,500,454,763,887</u>	<u>12,213,996,071,780</u>

- 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.

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- Held to maturity investments

- Held to maturity investments include corporate bonds and term deposits. 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
- The Company's exposure to credit risk from investing in bonds is influenced by individual characteristics of the instrument issuer. In managing this risk, the Company management analyses the creditworthiness of the issuer before buying. Management assessed that the issuers had good track records and believe that credit risk on those instruments is low.
- There was no allowance for diminution in value of held to maturity investments during the period.

- Trade and other receivables

- The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.
- The Company's management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Credit purchase limit is established for each customer, which represents the maximum amount without requiring approval from the Board of Directors. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.
- The Company makes allowance for diminution in value to represent estimated losses from trade and other receivables and investments. Main components of the allowance are specified losses relevant to the specific major losses to each customer and the overall losses of similar financial assets, which are determined when these risks could have been incurred but not identified. The overall losses are determined on statistic data of historical payment of the similar financial assets.

a. Financial assets neither past due nor impaired:

- Cash in banks and investments in bonds that are neither past due nor impaired is bank deposits and bond investments with high credit rating in Vietnam. Trade and other receivables that are neither past due nor impaired are mainly from companies with good collection history with the Company.
- Trade and other receivables of the Company that are neither past due nor impaired amount to 2,769,043,494,378 VND (2015: 2,389,555,218,048 VND)

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b. Financial assets overdue and/or impaired:

- There are no other financial assets which are overdue and/or dilutive but receivables.
- Receivables past due but not impaired are as follows:

	31/3/2016	31/12/2015
Past due 1 to 30 days	28,386,102,958	57,414,492,023
Past due 31 to 60 days	3,483,808,695	10,589,984,629
Past due 61 to 90 days	13,460,000	-
Past due more than 90 days	48,429,979	1,006,944,519
	31,931,801,632	69,011,421,171

- Carrying amounts of impaired receivables and related allowance for doubtful debts are as follows:

	31/3/2016	31/12/2015
Gross amount	982,919,334	34,409,000
Less: Allowance for dilution in value	(317,912,100)	(34,409,000)
	665,007,234	-

	31/3/2016	31/12/2015
Opening balance	34,409,000	2,507,733,503
Increase in allowance	283,503,100	(1,336,062,129)
Written off bad debts	-	(1,137,262,374)
Closing balance	317,912,100	34,409,000

3. 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 policy is frequently oversight current and future liquidity to enable the Company always have sufficient cash reserve to meet its short-term and long-term liquidity. Cash hold and net cash flows generated from operation of the Company are sufficient to pay its due liabilities in the next fiscal year.
- Below is analysis of the Company's financial liabilities with fixed or determined payments according to relevant maturities based on the remaining period from the reporting date to their contractual maturity dates.

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- The amounts stated in the below table are undiscounted contractual cash flows.

	Carrying amount	Contractual cash flows	Within 1 year
As at 31 Mar 2016			
- Accounts payable – trade	1,382,024,210,560	1,382,024,210,560	1,382,024,210,560
- Payables to employess	104,349,446,880	104,349,446,880	104,349,446,880
- Accrued expenses	1,283,181,393,668	1,283,181,393,668	1,283,181,393,668
- Other short-term payables	566,396,976,808	566,396,976,808	566,396,976,808
- Borrowings	1,242,010,000,000	1,246,624,250,914	1,246,624,250,914
	<u>4,577,962,027,916</u>	<u>4,582,576,278,830</u>	<u>4,582,576,278,830</u>
As at 31 Dec 2015			
- Accounts payable – trade	2,118,962,866,700	2,118,962,866,700	2,118,962,866,700
- Payables to employess	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
- Borrowings	1,242,010,000,000	1,250,658,738,352	1,250,658,738,352
	<u>4,939,276,736,111</u>	<u>4,947,925,474,463</u>	<u>4,947,925,474,463</u>

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4. Fair values measurement

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	Note	31/3/2016		31/12/2015	
		Carrying amount	Fair value	Carrying amount	Fair value
Categorised as financial assets at fair value through profit or loss:					
- Short-term investments in listed equity instruments held-to-maturity	(ii)	-	-	-	-
Categorised as held-to-maturity investments:					
- Short-term deposits	(i)	8,850,000,000,000	8,850,000,000,000	8,200,000,000,000	8,200,000,000,000
- Long-term deposits	(i)	346,596,000,000	346,596,000,000	46,596,000,000	46,596,000,000
- Short-term Corporate bonds	(v)	-	Note (v)	-	Note (v)
- Long-term corporate bonds	(v)	490,000,000,000	Note (v)	490,000,000,000	Note (v)
Categorised as loans and receivables:					
- Cash and cash equivalents	(i)	1,046,644,197,760	1,046,644,197,760	1,067,056,620,801	1,067,056,620,801
- Trade and other receivables	(i)	2,767,214,566,127	2,767,214,566,127	2,410,343,450,979	2,410,343,450,979
Categorised as available-for-sale:					
- Short-term investments in listed equity instruments available-for-sale	(ii)	47,410	117,200	576,932,516	376,108,200
- Short-term investments in unlisted equity instruments available-for-sale	(iii)	82,307,124,616	10,562,605,516	82,307,124,616	10,807,701,816
- Other short-term investments	(v)	-	Note (v)	-	Note (v)
- Long-term investments in investment funds	(iv)	10,270,276,240	2,788,385,926	10,270,276,240	5,530,149,292
- Other long-term investments	(v)	-	Note (v)	-	Note (v)
Categorised as liabilities at amortised cost:					
- Trade and other payables	(i)	4,577,962,027,916	4,577,962,027,916	4,939,276,736,111	4,939,276,736,111

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i. Cash and cash equivalents, term deposits, trade and other receivables, trade and other payables

Carrying amounts of these financial assets and financial liabilities approximate their respective fair values due to the short-term maturity of these instruments.

ii. Short-term investments in listed equity securities

Market value of equity securities listed on the Ho Chi Minh Stock Exchange is based on the closing prices of the last official trading date of the period/year at the Ho Chi Minh Stock Exchange.

iii. Short-term investments in unlisted equity securities

Market value of unlisted equity securities is based on the average of trading prices provided by 3 securities companies.

iv. Long-term investments in investment funds

Market value of investment funds is based on net asset value of funds portfolio which is verified by the appointed security company and supervising bank.

v. Short-term corporate bonds, other short-term investments, long-term corporate bonds and other long-term investments

The Company has not determined fair values of these financial assets and liabilities for disclosure in accordance with Article 28 of Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance because (i) quoted prices in active market are not available for these financial assets and liabilities; and (ii) Vietnamese Accounting Standards and the Vietnamese Accounting System for enterprises do not provide guidance on measurement of fair values in the case where quoted prices in active market are not available. Fair values of these financial instruments may be different from their carrying values.

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VI. SUPPLEMENT INFORMATION TO ITEMS DISCLOSED IN THE INTERIM**BALANCE SHEET:****1. Cash and cash equivalents**

	<u>Closing balance</u>	<u>Opening balance</u>
- Cash on hand	897,395,605	878,964,524
- Cash in banks	1,046,644,197,760	1,067,056,620,801
- Cash in transit	-	-
- Cash equivalents	-	-
• <i>Deposits with maturity of less than 3 months</i>	-	-
• <i>Bonds, treasury bill, promissory note</i>	-	-
Total	<u>1,047,541,593,365</u>	<u>1,067,935,585,325</u>

2. Accounts receivable

	<u>Closing balance</u>	<u>Opening balance</u>
Short-term accounts receivable from customers		
- Abdulkarim Alwan Foodstuff Trading (LLC)	637,961,579,888	203,761,695,760
- Other accounts receivable from customers	1,862,177,489,187	1,855,260,563,701
Total	<u>2,500,139,069,075</u>	<u>2,059,022,259,461</u>

In which, accounts receivable from customers who are related parties:

Subsidiaries	10,748,259,961	121,397,987,653
- Vietnam Dairy Cow One Member Limited Company	354,068,224	97,026,738,987
- Lamson Dairy Products One Member Company Limited	931,492,730	7,905,186,000
- Thong Nhat Thanh Hoa Dairy Cow Limited Company	81,401,507	83,711,375
- Angkor Dairy Products Co, Ltd	9,381,297,500	16,382,351,291
- Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	-	-
Joint ventures, associates	-	-
- Asia Saigon Food Ingredients Joint Stock Company	-	-
Total	<u>10,748,259,961</u>	<u>121,397,987,653</u>

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3. Other receivables

	Closing balance		Opening balance	
	Cost	Allowance	Cost	Allowance
a. Short-term	294,152,818,848	(317,912,100)	390,914,195,337	(34,409,000)
– Interest income from deposits	204,784,774,397	-	212,049,612,558	-
– Interest income from bonds, loans	25,539,041,074	-	16,252,054,779	-
– Receivables from employees	648,222,614	-	845,323,856	-
– Advances for employees	1,704,746,436	-	1,643,057,113	-
– Deposits	227,000,000	-	127,000,000	-
– Import tax refundable	36,375,716,419	-	51,308,507,620	-
– Rebates receivable from suppliers	16,344,540,352	-	54,213,539,996	-
– Expenditures on behalf of third party	-	-	38,110,188,937	-
– Others	8,528,777,556	(317,912,100)	16,364,910,478	(34,409,000)
b. Long-term	7,666,327,421	-	8,664,593,421	-
– Deposits	1,415,540,595	-	1,416,908,595	-
– Others	6,250,786,826	-	7,247,684,826	-
Total	301,819,146,269	(317,912,100)	399,578,788,758	(34,409,000)

4. Shortage of assets awaiting resolution

	Closing balance		Opening balance	
	Quantity	Cost	Quantity	Cost
– Inventories	-	6,341,075	-	-
Total	-	6,341,075	-	-

5. Bad debts

	Closing balance		Opening balance	
	Cost	Recoverable amount	Cost	Recoverable amount
Total value of receivables, loans that are overdue or not pass due but hardly recoverable	982,919,334	-	34,409,000	-

In which:

	Overdue from 1 to 30 days	Overdue from 31 to 60 days	Overdue from 61 to 90 days	Overdue more than 90 days
– Nguyen Cao Son	-	-	-	950,010,334

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6. Financial investments**a. Trading securities**

	Closing balance			Opening balance		
	Cost	Fair value	Allowance	Cost	Fair value	Allowance
- Total value of shares						
in which :	82,307,172,026	10,562,722,716	(71,744,519,100)	82,884,057,132	11,183,810,016	(71,700,323,906)
+ An Binh Commercial Joint Stock Bank (ABB)	82,283,660,000	10,539,140,900	(71,744,519,100)	82,283,660,000	10,784,237,200	(71,499,422,800)
+ Other shares	23,512,026	23,581,816	-	600,397,132	399,572,816	(200,901,106)
- Total value of bonds	-	-	-	-	-	-
- Others	442,000,000,000	442,000,000,000	-	442,000,000,000	442,000,000,000	-
+ Bao Viet Joint Stock Commercial Bank	442,000,000,000	442,000,000,000	-	442,000,000,000	442,000,000,000	-
Total	524,307,172,026	452,562,722,716	(71,744,519,100)	524,884,057,132	453,183,810,016	(71,700,323,906)

Movements in the allowance for diminution in value of short-term investments during the period are as follows:

	Current year	Previous year
- Opening balance	(71,700,323,906)	(139,208,371,400)
- Allowance made	(245,096,300)	(13,688,180,000)
- Written back	15,666,000	3,986,858,900
- Allowance utilised	185,235,106	3,711,139,017
Closing balance	(71,744,519,100)	(145,198,553,483)

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b. Investments in other entities

	% of		Closing balance			Opening balance		
	Equity owned	Voting rights	Cost	Fair value (*)	Allowance	Cost	Fair value (*)	Allowance
Investments in subsidiaries			2,550,056,584,693	-	(40,546,058,864)	2,500,056,584,693	-	(98,045,272,269)
- Vietnam Dairy Cow One Member Limited Company	100.00%	100.00%	1,720,000,000,000	-	(40,546,058,864)	1,670,000,000,000	-	(98,045,272,269)
- Lamson Dairy Products One Member Company Limited	100.00%	100.00%	370,800,000,000	-	-	370,800,000,000	-	-
- Thong Nhat Thanh Hoa Dairy Cow Limited Company	96.11%	96.11%	73,800,000,000	-	-	73,800,000,000	-	-
- Driftwood Dairy Holdings Corporation	70.00%	70.00%	157,750,560,000	-	-	157,750,560,000	-	-
- Angkor Dairy Products Co, Ltd	51.00%	51.00%	217,871,754,693	-	-	217,871,754,693	-	-
- Vinamilk Europe	100.00%	100.00%	9,834,270,000	-	-	9,834,270,000	-	-
Investments in joint ventures, associates			311,189,808,669	-	-	311,189,808,669	-	-
Investments in associates			311,189,808,669	-	-	311,189,808,669	-	-
- Asia Saigon Food Ingredients Joint Stock Company	15.00%	15.00%	18,000,000,000	-	-	18,000,000,000	-	-
- Miraka Limited	22.81%	22.81%	293,189,808,669	-	-	293,189,808,669	-	-
Investments in other entities			18,670,276,240	-	(7,481,890,314)	10,570,276,240	-	(4,740,126,948)
- Vietnam Growth Investment Fund (VF2)			10,270,276,240	-	(7,481,890,314)	10,270,276,240	-	(4,740,126,948)
- An Khang Clinic			300,000,000	-	-	300,000,000	-	-
- APIS Joint Stock Company			8,100,000,000	-	-	-	-	-
Total			2,879,916,669,602	-	(48,027,949,178)	2,821,816,669,602	-	(102,785,399,217)

(*) At the reporting day, fair value of this investment was not available

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Movements in the allowance for diminution in value of long-term investments are as follows

	Current year	Previous year
– Opening balance	(102,785,399,217)	(119,386,972,960)
– Allowance made	(2,741,763,366)	(5,094,289)
– Written back	57,499,213,405	25,727,847,200
– Allowance utilised	-	2,344,435,544
Closing balance	(48,027,949,178)	(91,319,784,505)

c. Held to maturity investments

	Closing balance		Opening balance	
	Cost	Carrying amount	Cost	Carrying amount
<i>Short-term</i>	8,850,000,000,000	8,850,000,000,000	8,200,000,000,000	8,200,000,000,000
– Term deposits	8,850,000,000,000	8,850,000,000,000	8,200,000,000,000	8,200,000,000,000
– Bonds	-	-	-	-
– Others investments	-	-	-	-
<i>Long-term</i>	836,596,000,000	836,596,000,000	536,596,000,000	536,596,000,000
– Term deposits	346,596,000,000	346,596,000,000	46,596,000,000	46,596,000,000
– Bonds	490,000,000,000	490,000,000,000	490,000,000,000	490,000,000,000
– Others investments	-	-	-	-
Total	9,686,596,000,000	9,686,596,000,000	8,736,596,000,000	8,736,596,000,000

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7. Inventories

	Closing balance		Opening balance	
	Cost	Allowance	Cost	Allowance
- Goods in transit	204,346,775,669	-	649,191,603,779	-
- Raw materials, fuel, technical materials	2,595,239,396,803	(3,264,154,931)	1,858,017,844,797	(4,540,567,450)
- Tools and supplies	289,170,883	-	336,435,996	-
- Work in progress	30,239,137,801	-	14,456,785,004	-
- Finished goods	853,238,630,597	(10,897,037,743)	887,430,081,420	(12,575,419,308)
- Merchandise inventories	51,095,092,041	-	46,500,127,191	-
- Goods on consignment	8,569,153,769	-	28,462,136,899	-
Total	3,743,017,357,563	(14,161,192,674)	3,484,395,015,086	(17,115,986,758)

Movements in the allowance for inventories are as follows:

	Current year	Previous year
- Opening balance	(17,115,986,758)	(12,977,886,653)
- Allowance made	(677,214,221)	(1,811,424,778)
- Written back	2,204,824,382	3,405,405,612
- Allowance utilised	1,427,183,923	312,957,539
Closing balance	(14,161,192,674)	(11,070,948,280)

8. Construction in progress

	Current year	Previous year
- Opening balance	277,294,577,637	284,106,071,554
- Additions	152,858,357,422	91,510,481,273
- Other increases	-	2,583,796,307
- Transfer to tangible fixed assets	(85,481,813,619)	(11,552,043,132)
- Transfer to intangible fixed assets	-	(8,114,665,490)
- Transfer to investment property	-	-
- Transfer to inventories	-	(173,421,789)
- Transfer to long-term prepayments	(24,000,000)	-
- Disposals	-	-
- Other decreases	(674,161,105)	(5,025,595,966)
Closing balance	343,972,960,335	353,334,622,757

Major constructions in progress are as follows:

	Closing balance	Opening balance
Machinery and equipment – Tien Son Dairy Factory	69,146,115,271	63,141,526,426

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	<u>Closing balance</u>	<u>Opening balance</u>
Machinery and equipment – Lam Son Dairy Factory	123,967,633,728	123,805,377,889
Office building project – Can Tho Branch	52,101,510,922	52,101,510,922
Machinery and equipment – Da Nang Dairy Factory	67,582,884,430	77,888,576

9. Movements of tangible fixed assets

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Motor vehicles</u>	<u>Office equipment</u>	<u>Total</u>
Cost					
+Opening balance	1,830,141,862,984	7,424,513,052,750	610,284,431,816	437,101,292,086	10,302,040,639,636
+Additions					
-Purchases	2,249,255,957	7,840,159,611	3,937,487,273	2,954,865,072	16,981,767,913
-Transfer from construction in progress	(1,812,799,240)	82,950,964,477	3,175,782,727	1,167,865,655	85,481,813,619
-Reclassification	11,744,362,577	(7,920,376,172)	-	(3,823,986,405)	-
+Decreases					
-Transfer to investment property	-	-	-	-	-
-Disposals	-	-	(743,720,000)	-	(743,720,000)
-Other decreases	-	-	-	-	-
+Closing balance	1,842,322,682,278	7,507,383,800,666	616,653,981,816	437,400,036,408	10,403,760,501,168
Accumulated depreciation					
+Opening balance	435,048,402,582	3,325,789,125,304	258,894,095,218	280,090,833,532	4,299,822,456,636
+Additions					
-Charged for the year	20,862,208,168	169,047,438,901	13,734,152,534	14,325,546,936	217,969,346,539
-Reclassification	2,473,695,355	1,371,650,006	-	(3,845,345,361)	-
+Decreases					
-Transfer to investment property	-	-	-	-	-
-Disposals	-	-	(743,720,000)	-	(743,720,000)
-Other decreases	-	-	-	-	-
+Closing balance	458,384,306,105	3,496,208,214,211	271,884,527,752	290,571,035,107	4,517,048,083,175
Net book value					
+Opening balance	1,395,093,460,402	4,098,723,927,446	351,390,336,598	157,010,458,554	6,002,218,183,000
+Closing balance	1,383,938,376,173	4,011,175,586,455	344,769,454,064	146,829,001,301	5,886,712,417,993

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10. Movements of intangible fixed assets

	Land use rights	Copyrights, patent	Trademark	Software	Total
Cost					
+Opening balance	166,507,249,624	-	-	129,772,188,308	296,279,437,932
+Additions					
-Purchases	-	-	-	-	-
-Transfer from construction in progress	-	-	-	-	-
-Increase from business combination	-	-	-	-	-
-Other increases	-	-	-	-	-
+Decreases					
-Disposals	-	-	-	-	-
-Other decreases	-	-	-	-	-
+Closing balance	166,507,249,624	-	-	129,772,188,308	296,279,437,932
Accumulated amortisation					
+Opening balance	26,543,438,045	-	-	76,721,081,484	103,264,519,529
+Additions					
-Amortisation	544,623,423	-	-	3,470,032,911	4,014,656,334
-Other increases	-	-	-	-	-
+Decreases					
-Disposals	-	-	-	-	-
-Other decreases	-	-	-	-	-
+Closing balance	27,088,061,468	-	-	80,191,114,395	107,279,175,863
Net book value					
+Opening balance	139,963,811,579	-	-	53,051,106,824	193,014,918,403
+Closing balance	139,419,188,156	-	-	49,581,073,913	189,000,262,069

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11. Investment property

	Land use rights	Buildings	Infrastructure	Total
Cost				
+Opening balance	82,224,238,170	87,584,055,107	6,464,218,561	176,272,511,838
+Additions				
-Purchases	-	-	-	-
-Transfer from construction in progress	-	-	-	-
-Transfer from fixed assets	-	-	-	-
-Other increases	-	-	-	-
-Reclassification	-	-	-	-
+Decreases				
-Disposals	-	-	-	-
-Other decreases	-	-	-	-
+Closing balance	82,224,238,170	87,584,055,107	6,464,218,561	176,272,511,838
Accumulated amortisation				
+Opening balance	1,851,632,773	30,753,247,520	3,944,983,747	36,549,864,040
+Additions				
-Amortisation	198,389,226	850,772,364	161,605,461	1,210,767,051
-Other decreases	-	-	-	-
+Decreases				
-Disposals	-	-	-	-
+Closing balance	2,050,021,999	31,604,019,884	4,106,589,208	37,760,631,091
Net book value				
+Opening balance	80,372,605,397	56,830,807,587	2,519,234,814	139,722,647,798
+Closing balance	80,174,216,171	55,980,035,223	2,357,629,353	138,511,880,747

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12. Prepayments*a. Short-term prepayments*

	Opening balance	Additions	Amortised to expenses during the period	Other decreases	Closing balance
- Prepaid software deployment and network maintenance expenses	4,312,079,769	7,645,638,920	4,703,363,070	-	7,254,355,619
- Prepaid advertising expenses	4,448,905,912	620,439,782	1,898,295,836	-	3,171,049,858
- Prepaid consultancy expenses	-	-	-	-	-
- Prepaid tools and supplies for selling	-	-	-	-	-
- Prepaid operating lease expenses	15,894,422,496	4,971,658,797	7,689,610,587	-	13,176,470,706
- Prepaid materials, tools and supplies expenses	6,453,467,173	8,994,460,738	6,371,013,298	-	9,076,914,613
- Prepaid revonation, major repair expenses	5,036,642,188	4,220,296,970	3,243,411,306	-	6,013,527,852
- Others	2,201,386,036	16,014,132,827	14,915,550,880	-	3,299,967,983
Total	38,346,903,574	42,466,628,034	38,821,244,977	-	41,992,286,631

b. Long-term prepayments

	Opening balance	Additions	Amortised to expenses during the period	Other decreases	Closing balance
- Leased land and infrastructure	117,987,380,387	76,090,709	1,251,279,114	-	116,812,191,982
- Tools and supplies	106,651,744,871	5,267,237,589	13,244,858,602	-	98,674,123,858
- Others	54,148,764,789	757,793,048	12,743,017,468	-	42,163,540,369
Total	278,787,890,047	6,101,121,346	27,239,155,184	-	257,649,856,209

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13. Accounts payable - trade

	Closing balance		Opening balance	
	Value	Amount within payment capacity	Value	Amount within payment capacity
a. Short-term accounts payable to suppliers	1,382,024,210,560	1,382,024,210,560	2,118,962,866,700	2,118,962,866,700
– Dai Tan Viet Joint Stock Company	156,928,503,795	156,928,503,795	59,894,295,062	59,894,295,062
– Lamson Dairy Products One Member Company Limited	176,338,343,240	176,338,343,240	140,420,664,436	140,420,664,436
– Other suppliers	1,048,757,363,525	1,048,757,363,525	1,918,647,907,202	1,918,647,907,202
 b. Accounts payable to suppliers who are related parties	 204,139,439,537	 204,139,439,537	 301,546,559,787	 301,546,559,787
<i>Subsidiaries</i>	<i>204,139,439,537</i>	<i>204,139,439,537</i>	<i>226,861,974,947</i>	<i>226,861,974,947</i>
– Vietnam Dairy Cow One Member Limited Company	14,138,673,397	14,138,673,397	15,618,162,511	15,618,162,511
– Lamson Dairy Products One Member Company Limited	176,338,343,240	176,338,343,240	140,420,664,436	140,420,664,436
– Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	13,662,422,900	13,662,422,900	70,823,148,000	70,823,148,000
<i>Joint ventures, associates</i>	<i>-</i>	<i>-</i>	<i>74,684,584,840</i>	<i>74,684,584,840</i>
– Miraka Limited	-	-	74,684,584,840	74,684,584,840

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14. Borrowings and finance lease liabilities :

	Closing balance		Movement during the year		Opening balance	
	Carrying value	Repayable amount	Increase	Decrease	Carrying value	Repayable amount
Short-term borrowings	1,242,010,000,000	1,242,010,000,000	-	-	1,242,010,000,000	1,242,010,000,000
- The Bank of Tokyo-Mitsubishi UFJ Ltd.	564,550,000,000	564,550,000,000	-	-	564,550,000,000	564,550,000,000
- Joint Stock Commercial Bank for Foreign Trade of Vietnam	677,460,000,000	677,460,000,000	-	-	677,460,000,000	677,460,000,000
Long-term borrowings	-	-	-	-	-	-
Total	1,242,010,000,000	1,242,010,000,000	-	-	1,242,010,000,000	1,242,010,000,000

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15. Taxes payable to State Treasury

	<u>Opening balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Closing balance</u>
- VAT of domestic goods sold	109,163,146,287	266,419,573,312	257,026,341,400	118,556,378,199
- VAT on import goods	3,803,571,776	93,976,370,875	97,779,942,651	-
- Withholding VAT	-	799,923,418	799,923,418	-
- Import-export tax	1,113,500,048	23,320,728,811	24,140,325,927	293,902,932
- Corporate income tax	59,458,847,685	436,921,245,849	102,301,936,965	394,078,156,569
- Withholding corporate income tax	-	2,042,962,236	2,042,962,236	-
- Personal income tax	30,553,012,885	214,550,405,461	240,473,983,974	4,629,434,372
- Natural resource tax	35,053,430	108,691,310	108,891,400	34,853,340
- Land tax	-	1,110,018	1,110,018	-
- Land rental charges	-	1,748,440,247	1,748,440,247	-
- Other taxes	-	36,159,302	36,159,302	-
- Fees, charges and other payables to State Treasury	-	49,523,932	49,523,932	-
Total	204,127,132,111	1,039,975,134,771	726,509,541,470	517,592,725,412

16. Accrued expenses

	<u>Closing balance</u>	<u>Opening balance</u>
- Promotion, sales incentives	670,874,336,812	303,369,638,660
- Rentals of docks, shelves, light box and exhibition stand	7,489,830,113	740,454,553
- Advertising expenses	359,066,012,344	54,006,437,728
- Transportation expenses	64,722,566,406	58,991,919,668
- Repairs and maintenance expenses	79,527,223,515	47,714,730,252
- Interest expense	11,398,302,711	7,413,916,610
- Fuel expenses	12,648,193,097	13,355,140,533
- Expenses for outsourced employees	35,726,603,086	34,667,035,675
- Others	41,728,325,584	38,768,749,918
Total	1,283,181,393,668	559,028,023,597

17. Unearned revenue

	<u>Closing balance</u>	<u>Opening balance</u>
- Short-term advanced revenue	256,925,525	140,459,988
Total	256,925,525	140,459,988

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18. Other payables

	<u>Closing balance</u>	<u>Opening balance</u>
- Social insurance, health insurance, unemployment insurance	197,433,800	492,228,528
- Trade union fees	234,138,000	20,991,998
- Short-term deposits received	61,868,423,023	63,454,967,568
- Other payables from financial investments	448,007,419,155	448,007,419,155
- Dividends payables	-	-
- Import duty payables	45,278,416,363	58,076,772,374
- Other payables	10,811,146,467	9,300,152,676
Total	<u>566,396,976,808</u>	<u>579,352,532,299</u>

19. Provisions

	<u>Closing balance</u>	<u>Opening balance</u>
a. Short-term provision		
- Fixed asset maintenance and repair	2,673,879,345	2,420,017,605
b. Long-term provision		
- Severance allowance	86,315,551,508	87,099,730,000
Total	<u>88,989,430,853</u>	<u>89,519,747,605</u>

20. Deferred tax assets and liabilities**a. Deferred tax assets**

	<u>Closing balance</u>	<u>Opening balance</u>
- Income tax rate used to determine value of deferred tax assets	20%	20%
- Deferred tax assets related to deductible temporary differences	24,346,974,403	25,180,187,314
- Offset with deferred tax liabilities		
Total	<u>24,346,974,403</u>	<u>25,180,187,314</u>

b. Deferred tax liabilities

	<u>Closing balance</u>	<u>Opening balance</u>
- Income tax rate used to determine value of deferred tax liabilities	20%	22%
- Deferred tax liabilities arising from taxable temporary differences	-	-
- Offset with deferred tax liabilities	-	-
Total	<u>-</u>	<u>-</u>

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21. Owners' equity:

Items	Share capital	Share premium	Treasury shares	Investment and development fund	Retained profits	Total
A	1	2		3	6	9
Opening balance in previous year	10,006,413,990,000	-	(5,388,109,959)	2,521,718,366,944	6,926,119,661,466	19,448,863,908,451
- Additions	2,000,207,940,000	-	-	-	(2,000,207,940,000)	-
- Purchase of treasury shares	-	-	-	-	-	-
- Net profit for the year	-	-	-	-	7,677,375,711,774	7,677,375,711,774
- Appropriation to equity funds	-	-	-	767,737,571,177	(1,535,475,142,354)	(767,737,571,177)
- Other additions	-	-	-	-	-	-
- Dividends	-	-	-	-	(6,000,711,624,000)	(6,000,711,624,000)
Opening balance in current year	12,006,621,930,000	-	(5,388,109,959)	3,289,455,938,121	5,067,100,666,886	20,357,790,425,048
- Additions	-	-	-	-	-	-
- Purchase of treasury shares	-	-	-	-	-	-
- Net profit for the year	-	-	-	-	2,125,822,680,986	2,125,822,680,986
- Appropriation to equity funds	-	-	-	212,582,268,099	(425,164,536,198)	(212,582,268,099)
- Other additions	-	-	-	-	-	-
- Dividends	-	-	-	-	-	-
- Other decreases	-	-	-	-	-	-
Closing balance	12,006,621,930,000	-	(5,388,109,959)	3,502,038,206,220	6,767,758,811,674	22,271,030,837,935

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Details of owners' equity

	<u>Closing balance</u>	<u>Opening balance</u>
- The State's capital	5,410,183,841,658	5,408,983,179,465
- Other shareholders' capital	6,596,438,088,342	6,597,638,750,535
- Treasury shares	(5,388,109,959)	(5,388,109,959)
Total	12,001,233,820,041	12,001,233,820,041

Capital transactions with shareholders and appropriation of profits and dividends

	<u>Closing balance</u>	<u>Opening balance</u>
Shareholders' capital	12,006,621,930,000	10,006,413,990,000
- Opening balance	12,006,621,930,000	10,006,413,990,000
- Increased during the period	-	2,000,207,940,000
- Decreased during the period	-	-
- Closing balance	12,006,621,930,000	12,006,621,930,000
- Dividends shared	-	-

Shares

	<u>Closing balance</u>	<u>Opening balance</u>
Registered shares	1,200,662,193	1,200,662,193
Issued shares	1,200,662,193	1,200,662,193
- Ordinary shares	1,200,662,193	1,200,662,193
- Preference shares (classified as equity)	-	-
Purchased shares (treasury shares)	(522,795)	(522,795)
- Ordinary shares	(522,795)	(522,795)
- Preference shares (classified as equity)	-	-
Shares in circulation	1,200,139,398	1,200,139,398
- Ordinary shares	1,200,139,398	1,200,139,398
- Preference shares (classified as equity)	-	-

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VII. SUPPLEMENT INFORMATION TO ITEMS DISCLOSED IN STATEMENTS OF INCOME:**1. Revenue**

	<u>Current year</u>	<u>Previous year</u>
Total revenue	9,577,099,914,346	8,120,447,196,576
• Sales of merchandise inventories	341,814,675,771	152,929,129,019
• Sales of finished goods	9,207,035,000,543	7,939,635,481,496
• Service rendered	7,575,232,601	5,472,091,731
• Real estate trading activities	3,812,803,848	2,973,672,564
• Others	16,862,201,583	19,436,821,766
Less sales deductions:	26,772,939,210	45,250,419,209
• Sale discounts	-	-
• Sales rebates	-	-
• Sale returns	26,772,939,210	45,250,419,209
Net revenue	9,550,326,975,136	8,075,196,777,367
<i>In which:</i>		
• Sales of merchandise inventories and finished goods	9,538,938,938,687	8,066,751,013,072
• Service rendered	11,388,036,449	8,445,764,295

In which revenue with related parties was as follows:

	<u>Current year</u>	<u>Previous year</u>
Subsidiaries	91,076,623,613	57,263,456,533
- Vietnam Dairy Cow One Member Limited Company	2,047,540,267	18,405,035,441
- Lamson Dairy Products One Member Company Limited	72,787,066,810	29,713,500,837
- Thong Nhat Thanh Hoa Dairy Cow Company Limited	427,716,750	547,572,038
- Angkor Dairy Products Co, Ltd	15,814,299,786	8,597,348,217
Joint ventures, associates	127,348,524	128,378,524
- Asia Saigon Food Ingredients Joint Stock Company	127,348,524	128,378,524
Total	91,203,972,137	57,391,835,057

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2. Cost of goods sold

	Current year	Previous year
- Cost of merchandise inventories sold	276,477,950,380	126,819,977,359
- Cost of finished goods sold	5,221,500,757,445	5,066,188,202,545
- Cost of services rendered	836,271,829	661,191,994
- Cost of real estate trading activities	1,918,572,451	2,033,277,900
- Inventories losses	-	-
- Under-capacity costs	-	2,944,992,179
- Allowance for inventories	(1,527,610,161)	(1,593,980,834)
Total	5,499,205,941,944	5,197,053,661,143

3. Financial income

	Current year	Previous year
- Interest income from deposits	143,050,475,520	124,523,649,517
- Interest income from bonds	9,286,986,295	5,917,808,220
- Dividends	-	-
- Gains on disposal of securities	-	-
- Foreign exchange gains	10,228,787,262	6,946,818,173
- Others	-	-
Total	162,566,249,077	137,388,275,910

4. Financial expenses

	Current year	Previous year
- Interest expense on loans from banks and other organisations	3,984,386,101	3,035,219,685
- Interest income on deposits received	437,937,521	366,214,237
- Transaction fee for trading securities	783,300	45,531,400
- Foreign exchange losses	17,333,964,716	4,091,793,126
- Allowance for diminution in value of short-term investments	229,430,300	9,701,321,100
- Allowance for diminution in value of long-term investments	(54,757,450,039)	(25,722,752,911)
- Payment discounts	-	(273,015,418)
Total	(32,770,948,101)	(8,755,688,781)

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5. Other income

	Current year	Previous year
- Proceeds from disposals of fixed assets	21,200,000	5,350,709,286
- Proceeds from disposals of construction in progress	-	-
- Income from penalties and compensations	663,454,395	8,494,268,698
- Rebate income from suppliers	29,252,000,000	25,438,335,468
- Collection from written-off doubtful debts	2,000,000	1,000,000
- Tax refunds by state treasury	-	-
- Others	955,209,929	17,521,614,217
Total	30,893,864,324	56,805,927,669

6. Other expenses

	Current year	Previous year
- Book value of fixed assets disposed	-	4,960,770,754
- Expense incurred relating to disposal of fixed assets	-	-
- Cost of construction in progress disposed	-	-
- Book value of construction in progress disposed	7,903,632	-
- Tax from penalties	-	-
- Others	534,778,168	-
Total	542,681,800	4,960,770,754

7. Production and business costs by element

	Current year	Previous year
- Materials costs	4,058,738,859,820	4,530,479,937,741
- Labour and staff costs	298,295,624,337	263,104,423,259
- Fixed assets depreciation	223,194,769,924	217,956,688,528
- Outside services expenses	394,938,133,747	346,287,905,615
- Other expenses	2,208,341,470,870	1,174,086,776,305
Total	7,183,508,858,698	6,531,915,731,448

In which:

Production costs:

	Current year	Previous year
- Materials costs	4,049,079,529,294	4,516,451,998,645
- Labour and staff costs	175,240,613,089	148,149,354,233
- Fixed assets depreciation	200,105,431,267	195,938,661,740
- Outside services	153,766,417,211	129,604,159,272

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	Current year	Previous year
- Other expenses	892,084,594,687	349,221,382,286
Total	5,470,276,585,548	5,339,365,556,176

Selling expenses

	Current year	Previous year
- Labour and staff costs	67,505,073,746	61,237,271,593
- Materials costs	7,269,768,660	10,115,691,760
- Tools and supplies expenses	16,683,136,155	6,583,347,836
- Fixed assets depreciation	6,312,022,474	6,021,295,963
- Maintenance expenses	4,942,701,590	4,042,230,922
- Transportation expenses	116,295,899,492	113,133,144,691
- Other outside services expenses	72,257,105,828	64,069,747,258
- Advertising expenses	358,464,642,838	256,236,506,173
- Market research expenses	7,691,492,320	7,089,885,319
- Promotion expenses	1,863,061,064	1,182,277,299
- Product display expenses	195,714,697,389	84,175,424,258
- Support and commission expenses for domestic and export distributors	705,137,649,275	439,872,393,738
Total	1,560,137,250,831	1,053,759,216,810

General and administration expenses

	Current year	Previous year
- Labour and staff costs	55,549,937,502	53,717,797,433
- Materials costs	2,389,561,866	3,912,247,336
- Office supplies	1,382,282,377	3,984,233,716
- Fixed assets depreciation	16,777,316,183	15,996,730,825
- Taxes, fees and charges	1,662,406,891	1,122,537,656
- Allowance expenses	283,503,100	1,064,481,049
- Transportation for internal transfers of goods	9,505,549,294	8,532,990,764
- Outside services expenses	43,113,161,922	30,947,863,630
- Loading expenses	4,823,042,912	3,618,066,762
- Per-diem allowances	7,625,371,254	5,716,712,700
- Bank charges	1,017,969,500	873,592,106
- Other expenses by cash	8,964,919,518	9,303,704,485
Total	153,095,022,319	138,790,958,462

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8. Current tax expense

	<u>Current year</u>	<u>Previous year</u>
- Income tax expense calculated on taxable income of the current year	427,588,486,199	347,643,941,063
- Adjustment of income tax expense of previous years/periods into income tax expense of current year/period	9,332,759,648	-
Total	<u>436,921,245,847</u>	<u>347,643,941,063</u>

9. Deferred tax expense

	<u>Current year</u>	<u>Previous year</u>
- Deferred tax expense arising from taxable temporary differences	833,212,911	711,347,455
- Deferred tax expense arising from reversal of deferred tax assets	-	1,828,096,910
- Deferred tax income arising from deductible temporary differences	-	(12,952,131,208)
Total	<u>833,212,911</u>	<u>(10,412,686,843)</u>

VIII. OTHER INFORMATION**1. Significant transactions with related parties:**

The biggest shareholder of Company is The State Capital Investment Corporation (“SCIC”), which owns 45.06% of the Company’s chartered capital. SCIC is controlled by the Government of The Social Republic of Vietnam.

a. Transactions with related parties

During the period, following transactions were made with related parties:

i) Purchases of goods and services:

	<u>Current year</u>	<u>Previous year</u>
Subsidiaries		
- Vietnam Dairy Cow One Member Limited Company	154,574,863,473	132,412,794,396
- Lamson Dairy Products One Member Company Limited	191,953,940,834	101,439,921,232
- Driftwood Dairy Holdings Corporation	-	1,285,710,408
- Vinamilk Europe Sp,zo,o	128,565,966,025	230,476,190,994
Associates:		
- Miraka Limited	24,586,164,960	290,089,239,956
	<u>499,680,935,292</u>	<u>755,703,856,986</u>

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

Address: 10 Tan Trao - Tan Phu Ward - District 7 - Ho Chi Minh City

INTERIM FINANCIAL STATEMENTS

For the accounting period ended 31 March 2016

ii) Purchases of fixed assets and construction in progress:

	<u>Current year</u>	<u>Previous year</u>
Subsidiaries		
- Lamson Dairy Products One Member Company Limited	3,612,823,529	-
	3,612,823,529	-

iii) Selling fixed assets and construction in progress:

	<u>Current year</u>	<u>Previous year</u>
Subsidiaries		
- Vietnam Dairy Cow One Member Limited Company	-	7,727,273
- Lamson Dairy Products One Member Company Limited	-	3,486,968,444
	-	3,494,695,717

iv) Capital contribution to related parties

	<u>Current year</u>	<u>Previous year</u>
Subsidiaries		
- Vietnam Dairy Cow One Member Limited Company	50,000,000,000	82,170,000,000
- Angkor Dairy Products Co, Ltd	-	76,644,798,490
	50,000,000,000	158,814,798,490

v) Payments for key management personnel

	<u>Current year</u>	<u>Previous year</u>
Compensation and other gross benefits of Board of Management's and Board of Directors' members	45,328,708,190	27,862,333,561

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2. Segment information

ITEMS	First quarter Year 2016		First quarter Year 2015	
	Domestic	Export	Domestic	Export
1, Revenue on goods sold and service rendered	8,091,024,877,271	1,486,075,037,075	6,913,057,019,120	1,207,390,177,456
2, Revenue deductions	26,772,939,210	-	45,250,419,209	-
3, Net revenue on goods sold and service rendered (10 = 01 - 03)	8,064,251,938,061	1,486,075,037,075	6,867,806,599,911	1,207,390,177,456
4, Cost of sales	4,942,660,848,686	556,545,093,258	4,475,106,069,923	721,947,591,220
5, Gross profit on goods sold and service rendered (20 = 10 - 11)	3,121,591,089,375	929,529,943,817	2,392,700,529,988	485,442,586,236

Prepared by


Nguyen Duc Dieu ThoActing Executive Director – Finance
cum Chief Accountant

Le Thanh Liem

Chief Executive Officer

Mai Kieu Lien

Prepared on 28 Apr 2016,