



VINAMILK

PURE **NUTRITION** TO ENHANCE
THE GREEN FUTURE



ANNUAL REPORT 2015



VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY
Securities Code: VNM

Vietnamese name : Công ty Cổ phần Sữa Việt Nam
Abbreviated name : Vinamilk
Share capital : VND12,006,621,930,000
Headquarter : No.10 Tan Trao Street, Tan Phu Ward, District 7,
Ho Chi Minh City
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Website : <https://www.vinamilk.com.vn>
: <http://www.vuoncaovietnam.com>
: <https://www.youtube.com/user/Vinamilk>

Business registration certificate and tax code: 0300588569



ABBREVIATIONS

The Company : Vietnam Dairy Products Joint
Stock Company
Vinamilk : Vietnam Dairy Products Joint
Stock Company
AGM : Annual General Meeting

BOM : Board of Management
IC : Inspection Committee
BOD : Board of Executive Directors
IA : Internal Audit
SCIC : The State Capital Investment Corporation
HOSE : Ho Chi Minh Stock Exchange

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MISSION AND VISION

CORE VALUES

KEY FINANCIAL INFORMATION

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VISION, MISSION, CORE VALUES

Vision



To become a world grade brand in food and beverage industry, where people put all their trust in nutrient and health products.

Mission



To deliver the most valuable nutrition to community with our respect, love and responsibility.

Core Values



INTEGRITY



Integrity and transparency in actions and transactions.

RESPECT



To have self-respect, to respect colleagues. To respect the Company and partners. To cooperate with respect.

FAIRNESS



To be fair with employees, customers, suppliers and other parties.

COMPLIANCE



To comply with legal regulations, the Company's Code of Conduct and the Company's procedures and policies.

ETHICS



To respect the established ethical standards and act accordingly.



RESPONSIBILITIES

Whole hearted commitment to mission and acting with the highest responsibility are always accompanied by us.



SUSTAINABLE DEVELOPMENT

We do business on the basis of paying attention to long-term interest of customers, shareholders and relevant parties.



CREATIVITY

We have high opinion of renovation and creativity in order to improve quality, performance of all operations.



HUMAN DEVELOPMENT

We attach special importance to all activities related to development of knowledge and competence of employees.



CUSTOMER IS CENTER

We always pursue what brings true thing, good thing for customers and keep customers centered principle in every thought and action.





KEY FINANCIAL INFORMATION (Audited consolidation)

Unit: VND billion

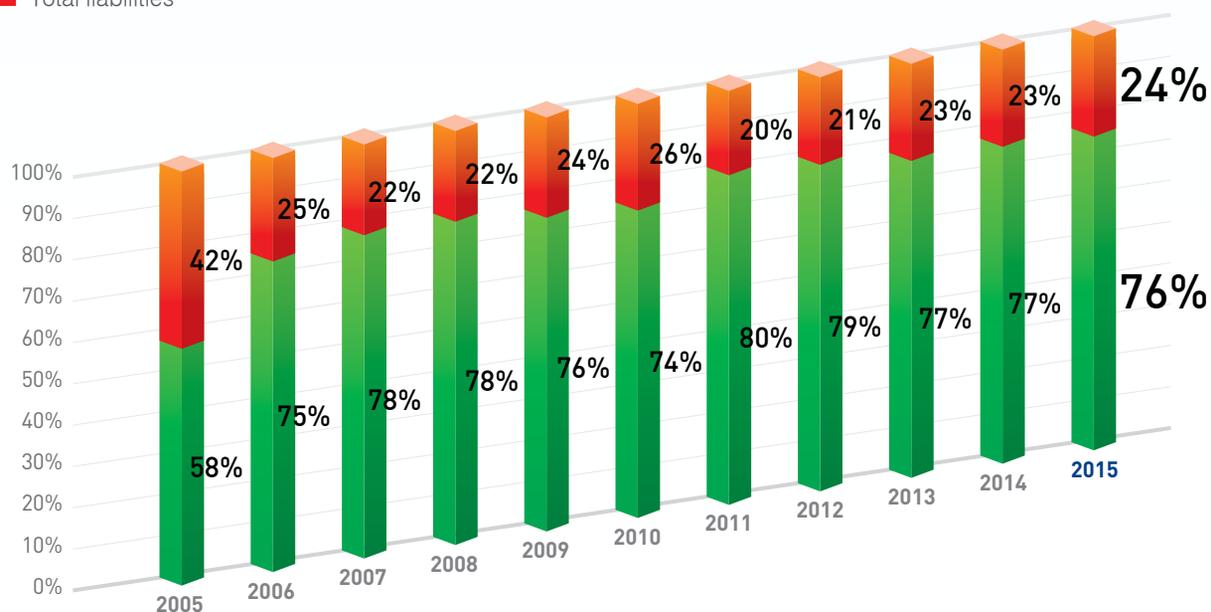
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Growth ^(*)	CAGR ^(**)
Total revenue	5,659	6,289	6,675	8,381	10,820	16,081	22,071	27,102	31,586	35,187	40,223	7.1	22%
Profit before tax	603	663	955	1,371	2,731	4,251	4,979	6,930	8,010	7,613	9,367	15.5	32%
Profit after tax	605	660	963	1,249	2,376	3,616	4,218	5,819	6,534	6,068	7,770	12.2	29%
Total assets	3,898	3,601	5,425	5,967	8,482	10,773	15,583	19,698	22,875	25,770	27,478	7.0	22%
Owners' equity	2,247	2,684	4,224	4,666	6,455	7,964	12,477	15,493	17,545	19,800	20,924	9.3	25%
Total liabilities	1,651	917	1,201	1,301	2,027	2,809	3,105	4,205	5,307	5,970	6,554	4.0	15%

(*): Growth 2015 vs 2005 (times)

(**): Compound Average Growth rate 2005-2015

OWNERS' EQUITY AND TOTAL LIABILITIES

- Owners' equity
- Total liabilities

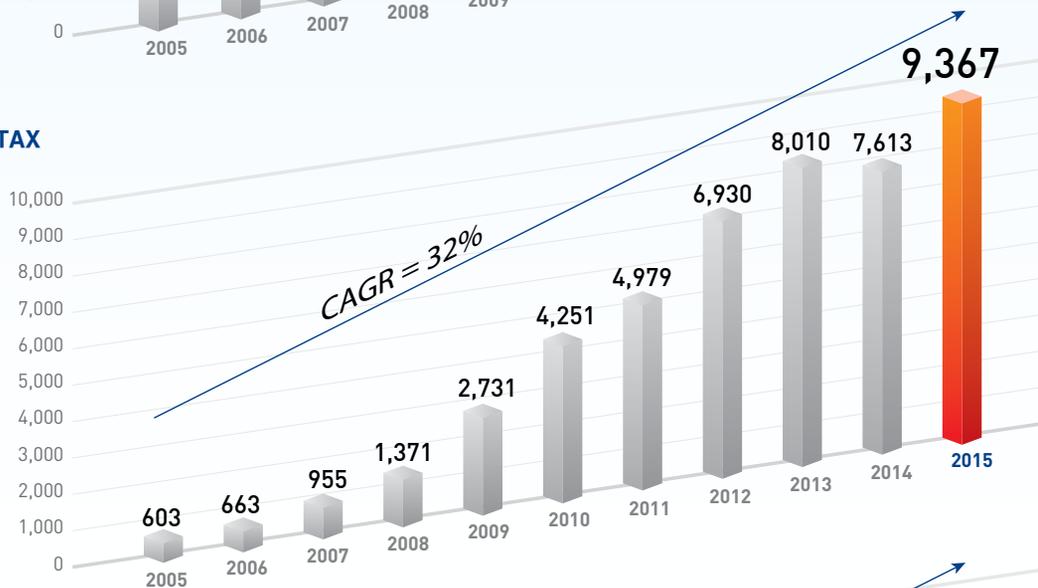


Unit: VND billion

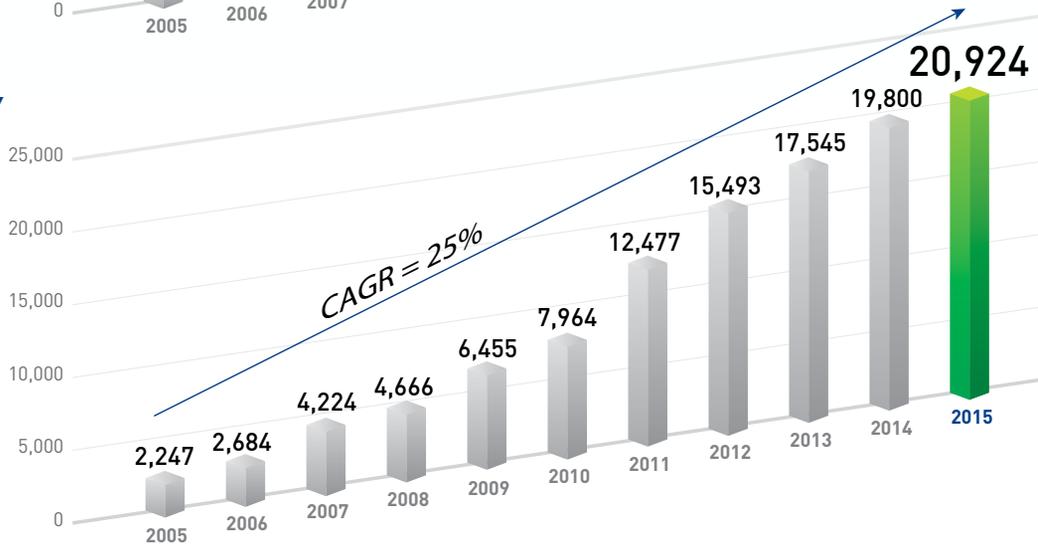
TOTAL REVENUE



PROFIT BEFORE TAX



OWNERS' EQUITY





CHAIRWOMAN'S MESSAGE

THE BOARD OF MANAGEMENT PLEDGES

to go shoulder to shoulder with Vinamilk's Board of Executive Directors team in the construction of short and long-term plans and strategies. The broad objectives are to constantly expand the company's market, diversify products and upgrade quality. For the Company to thrive in a competitive and integrated environment, the accomplishment of these goals will be based on the application of advanced technology in production and trading, the establishment of an internal management and risk management system compliant with international standards.

Dear valued clients, shareholders and the entire staff of Vietnam Dairy Products Joint - stock Company,

As the year of 2015 passed, it witnessed encouraging improvements in the economy and financial market of Vietnam. For its part, Vinamilk made a huge leap in its audited consolidated business results in 2015 after overcoming many obstacles of 2014 (milk price fluctuations, the price ceiling on milk products, etc.):

- Total revenue was VND40,223 billion, up 14% from 2014 and reaching 105% of the guidance assigned by the General Shareholder Meeting.
- Profit-before-tax was VND9,367 billion, up 23% from 2014 and realizing 114% of the guidance assigned by the General Shareholder Meeting.
- Profit-after-tax was VND7,770 billion, up 28% from 2014 and fulfilling 114% of the guidance assigned by the General Shareholder Meeting.





CHAIRWOMAN'S MESSAGE (continued)



As it strives to meet all financial targets, Vinamilk has been perseverant in its vision of sustainability and social responsibilities with the aim to ensure balanced interests of the Company and its consumers. The Company offers absolutely safe, highly nutritious and best-priced products while concentrating on the environmental aspect of corporate development and ensuring a “green” coverage from farms to factories. Vinamilk’s growth is always placed alongside the development of the communities where the Company does business.

Despite a spike in 2015’s stock market volatility, rarely did Vinamilk’s stock strayed from its growth trend. For years, the stock of Vinamilk has contributed greatly to the stability and the expansion of the market index while creating values for the State and the Company’s shareholders and employees.

Vinamilk is proud to be celebrated by domestic and overseas investors as one of Vietnam’s leading enterprises in term of firm size, operating efficiency and corporate governance. In 2015, the Company continued to receive many honors and awards from prestigious local and international organizations.

In such glory, it is the great efforts and the dedication of Vinamilk’s employees, the steady steering hands of its experienced and talented BOD and BOM, the contributions of its valued shareholders and the authorities’ consideration that altogether have placed Vinamilk at the height it is today.

The Company is sailing into the year of 2016, when Vietnam’s speeding economic reform and integration under the TPP would introduce



NOT ONLY STRIVES TO MEET ALL FINANCIAL TARGETS,
Vinamilk has been perseverant in its vision of sustainability and social responsibilities with the aim to ensure balanced interests of the Company and its consumers. The Company offers absolutely safe, highly nutritious and best-priced products to its consumers.

enterprises, including Vinamilk, to both opportunities and challenges.

Taking into account harsh and increasing competition in the dairy industry, meeting the guidance of 2016 and the five-year period of 2012-2016, that is, cementing Vinamilk's position as Vietnam's leading milk producers and bringing the Company to the world's Top 50 largest dairy producers by 2017, calls for great efforts and the highest degree of determination of Vinamilk's management and all employees.

The Board of Directors pledges to go shoulder to shoulder with Vinamilk's management team in the construction of short and long-term plans and strategies. The broad objectives are to constantly expand of the Company's market, diversify products and upgrade quality. For the Company to thrive in a competitive and integrated environment,

the accomplishment of these goals will be based on the application of advanced technology in production and trading, the establishment of an internal management and risk management system compliant with international standards and finally the fostering of human resources.

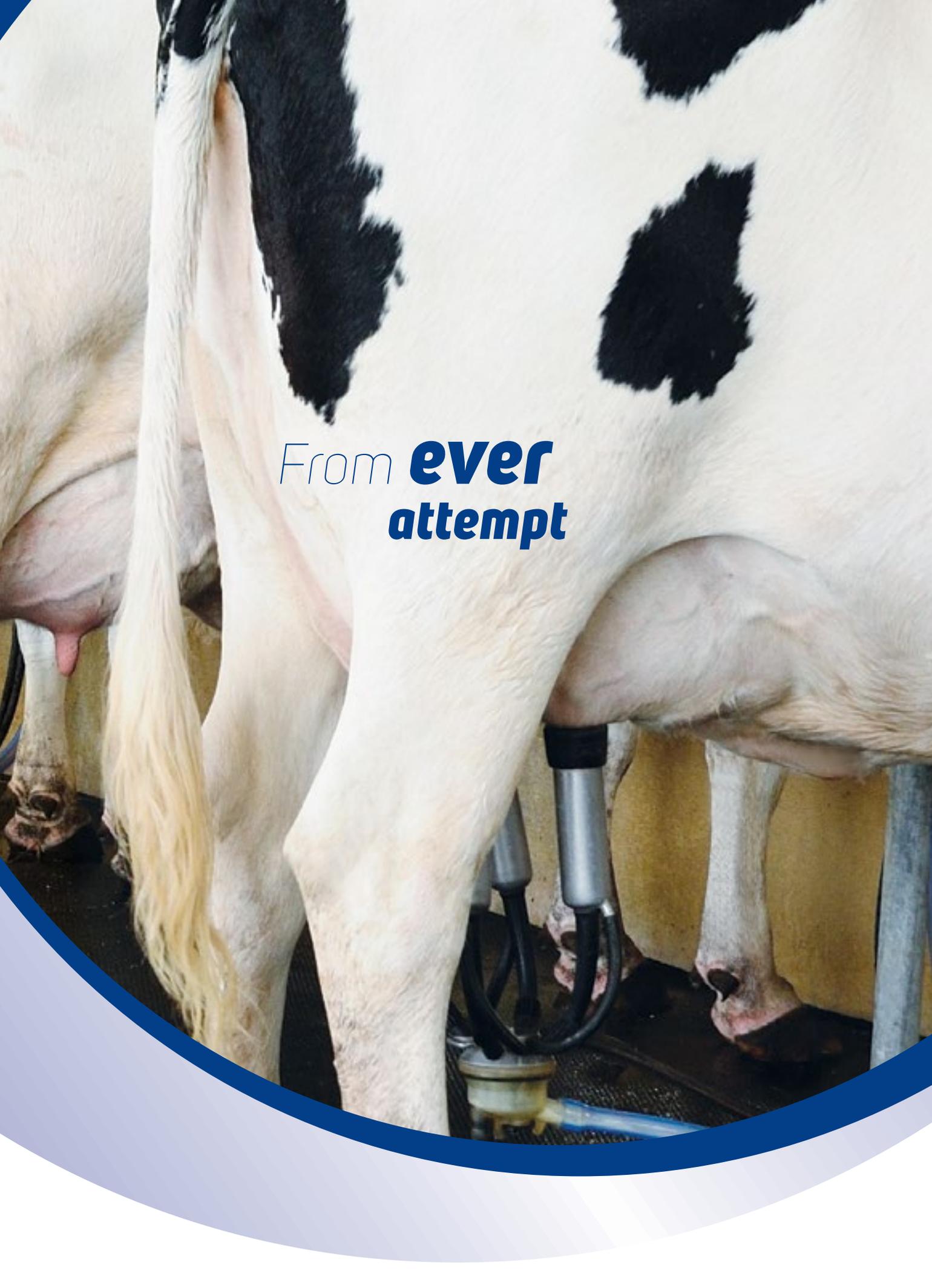
On behalf of Vinamilk's management team, I present my sincere thanks to valued clients and shareholders, who have trusted and supported Vinamilk for all these years and hope to continue receiving your contribution in the future.

With the unity of all employees and the determination of the Company's Board of Executive Directors team, we believe Vinamilk will make solid steps on the way forward while preserving and growing the value of our brand.

Chairwoman



Le Thi Bang Tam

A close-up photograph of a black and white cow in a dairy milking parlor. The cow's legs are visible, and a modern milking machine is attached to its udder. The background shows the structure of the milking parlor, including metal bars and a yellow wall. The image is framed by a blue circular border at the bottom.

From **ever**
attempt

PART 1: GENERAL INFORMATION

1. Corporate history
2. Principal business activities and localities
3. Information about corporate model, business organization and managerial apparatus
4. Development orientations
5. Risks

to agglomerating
quintessence of life





1. CORPORATE HISTORY



Our Company was founded under the name of Southern Coffee-Dairy Company, a subsidiary of the Food General Directorate and had two factories in operation, namely Thong Nhat Dairy Factory and Truong Tho Dairy Factory.

1976



Dielac Powdered Milk Factory came into operation and introduced its first batch of products to the market in Vietnam.

1989



The United Enterprises of Milk Coffee Cookies and Candies I was formally renamed Vietnam Dairy Company and came under the direct management of the Ministry of Light Industry.

1992



Binh Dinh Dairy Joint Venture Enterprise was founded as the result of our Joint Venture with Quy Nhon Frozen Joint Stock Company. Ha Noi Dairy Factory came into operation.

1996

In May 1996, Da Nang sales office was opened and responsible for sales activities in the central provinces.



Can Tho Dairy Factory was inaugurated and put into operation in the Mekong Delta.

2001

1978

The Company had more factories: Bich Chi Powder Factory, Lubico Cake Factory and Bien Hoa Coffee Factory.

The Company was transferred to the Ministry of Food Industry and the Company was renamed United Enterprises of Milk Coffee Cookies and Candies I.



1991

The "white revolution" started the development of fresh milk. The first time we launched UHT milk products and yoghurt to the Vietnam market.



1994

In the expansion plan to meet the market demand in the North, the Company built the Hanoi Dairy Factory.

On October 7th 1994, the sales office was opened and responsible for sales activities in the North provinces.



1998

Can Tho sales office was opened in order to develop sales activities in the Mekong delta provinces.



2003

The Company was formally transformed into a Joint Stock Company in November 2003 and renamed as Vietnam Dairy Products Joint Stock Co., to reflect its change in legal status.





2004

Acquired Saigon Milk Joint Stock Company and increased share capital of the Company to VND1,590 billion.



2006

Vinamilk was listed on Hochiminh City Stock Exchange (HOSE) on 19 January 2006.

In June, An Khang Clinic was opened in Ho Chi Minh City. The clinic provides nutrition advices, paediatrics and general health checks for all functions. It is the first clinic in Vietnam to be managed information by electronics.

In November, we started our cow farm development by buying Tuyen Quang cow farm with 1,400 heads. The farm was put into operation afterwards.



2008

Tien Son Dairy Factory was inaugurated and put into operation in Hanoi.



2010

The Company started its strategy of investment overseas by contributing nearly USD10 million (equivalent to 19.2% of the project's share capital) in a powdered milk project in New Zealand.

Acquired 100% shares from F&N Vietnam Limited and changed its name to Dielac Dairy One Member Co., Ltd. This is 100% new and the second powdered milk factory of Vinamilk.

Acquired the remaining shares of Lam Son Milk Joint Stock Company and changed its name to Lam Son Dairy One Member Co., Ltd.

Inaugurated and put the Beverage Factory into operation in Binh Duong.

Vinamilk was honoured by Forbes Asia for its "Top 200 Best Under A Million" in Asia 2012. This was the first and unique a Vietnamese company was honoured in the list of Forbes Asia.



2014

On January 6th 2014, the Ministry of Planning and Investment granted the investment certificate No. 667/BKHDT-DTRNN to Vinamilk for its contribution of 51% capital with a foreign partner in order to build the Joint Venture named Angkor Dairy Products Co., Ltd. with in Cambodia. The business objective is to build the dairy manufacturing factory to serve for the Cambodian market. It is expected to put the factory into its commercial operation by the end of 2015.

On May 27th 2014, the Ministry of Planning and Investment granted the investment certificate No. 709/BKHDT-DTRNN to Vinamilk for its establishment of 100% subsidiary named Vinamilk Europe Spółka Z Organizczona Odpowiedzialnoscia in Poland. Its key business activities are to trade live animals, raw materials for manufacturing dairy products, dairy products, milk related products, foodstuff and beverages.

2005

Bought our Joint Venture partner's remaining equity in Binh Dinh Dairy Products Company Ltd (which was then known as Binh Dinh Dairy Factory) and inaugurated Nghe An Dairy Factory on 30 June 2005.



2007

In September 2007, the Company acquired a controlling stake of 55% in Lam Son Milk Company Ltd., located in Le Mon Industrial Zone, Thanh Hoa province and changed its name into Lam Son Milk Joint Stock Company.



2009

In September, the cow farm in Nghe An was opened. This is the most modern farm in Vietnam with its designed size of 3,000 cows.



2012

In June 2012, Da Nang dairy factory was opened and put into commercial operation.



2013

On October 21st 2013, Thong Nhat Thanh Hoa Dairy Cow Co., Ltd. was granted business registration certificate by the Department of Planning and Investment of Thanh Hoa Province. Vinamilk holds 96.11% of share capital and becomes the parent company of this entity.

On December 6th 2013, the Company was granted the investment certificate No. 663/BKHDT-DTRNN by the Ministry of Planning and Investment regarding the acquisition of a controlling stake (70%) of Driftwood Dairy Holding Corporation, California, USA

2015

On July 6th 2015, the Ministry of Planning and Investment granted the investment license No. 201500001 which approved for Vinamilk to increase its investment at Miraka Limited from 19.3% to 22.81%.





2. PRINCIPAL BUSINESS ACTIVITIES AND LOCALITIES

a. Principal business activities

The principal activities generating revenue and profit for the Company include:

- **Processing, producing and trading** of fresh milk, packed milk, powdered milk, nutrition powder, yoghurt, condensed milk, soy milk, beverages and other dairy products.
- **Raising cattle:** Growing dairy cows. Raising cattle is for the main purpose of supplying fresh milk as raw material to manufacture the Company's dairy products.





WITH MORE THAN
200
SKUs

which are grouped into the following categories:

- Liquid milk
- Yoghurt
- Powdered milk
- Nutrition powder
- Oat-cocoa
- Condensed milk
- Ice-cream
- Cheese
- Soy milk
- Beverages

*For more information about the Company's products, please refer to:
<https://www.vinamilk.com.vn/vi/nhan-hieu>*



2. PRINCIPAL BUSINESS ACTIVITIES AND LOCALITIES (continued)

b. Business localities

The Company operates throughout the country and integrates more and more into the region and the world.

Homeland

Vinamilk has 13 factories to meet the market demand in the North, Central and South. Sales offices were also set up in Ha Noi, Da Nang and Can Tho in order to run and manage the distribution network throughout the country. Details are below:

- » **Production and logistics:**
 - ◆ **13 factories:** 3 factories in Ho Chi Minh City, 3 factories in Binh Duong province, 1 factory in Bien Hoa City, 1 factory in Can Tho City, 1 factory in Da Nang, 1 factory in Nghe An, 1 factory in Binh Dinh, 1 factory in Thanh Hoa and 1 factory in Tien Son.
 - ◆ **2 logistics enterprises** in Ho Chi Minh City and Ha Noi, to take care of warehouses and transportations of raw materials, finished goods..
- » **Sales:** 3 sales offices in Ha Noi, Da Nang and Can Tho.
- » **Development of fresh milk supplies:** *please refer to page 50 for more information.*
- » **An Khang clinic office:** 1 clinic office in Ho Chi Minh City with its objective is to provide periodical medical check for employees and to serve to the public.

Overseas

- ◆ 1 associate - Miraka Limited, produces milk powder and fresh milk in New Zealand.
- ◆ 1 subsidiary - Driftwood Dairy Holding Corporation, produces and trades dairy products in California, USA.
- ◆ 1 subsidiary - Angkor Dairy Products Co., Ltd, produces dairy products.
- ◆ 1 subsidiary - Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia in Poland, to trade live animals, raw materials for manufacturing dairy products, dairy products, milk-related products, foodstuff and beverages.

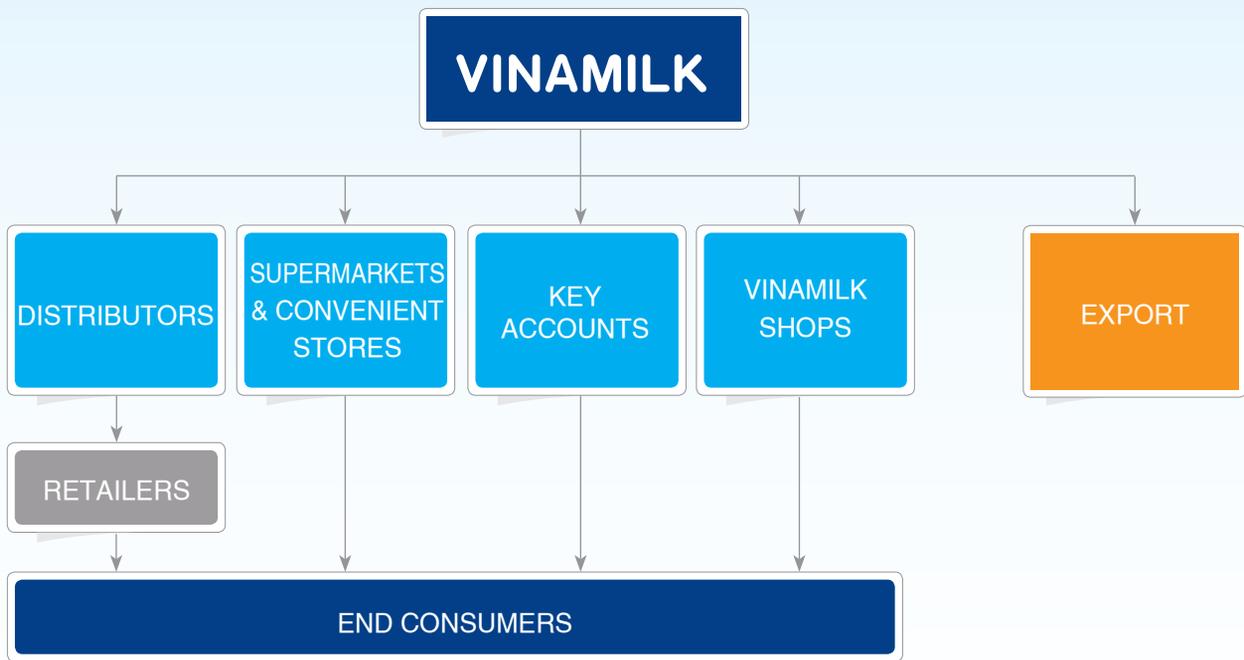
VINAMILK
HAS EXPORTED TO

40

NATIONS & REGIONS



c. Distribution network



Distributors

As at December 2015, the Company has 243 exclusive distributors nationwide. They serve directly to more than 212,000 retailers.

Supermarkets and convenient stores

Vinamilk products are present in 1,609 small and big supermarkets and more than 575 convenient stores throughout the country.

Export

Export sales contribute about 13% of the total consolidated revenue. At the end of 2015, the Company has exported to more than 40 nations and regions. In 2015, the Company maintains exports to its traditional markets in Middle East and South East Asia and explores to potential markets in Africa and especially high-end markets like Japan, Canada.

243

EXCLUSIVE DISTRIBUTORS
NATIONWIDE

212,000

RETAILERS

1,609

SMALL AND BIG
SUPERMARKETS

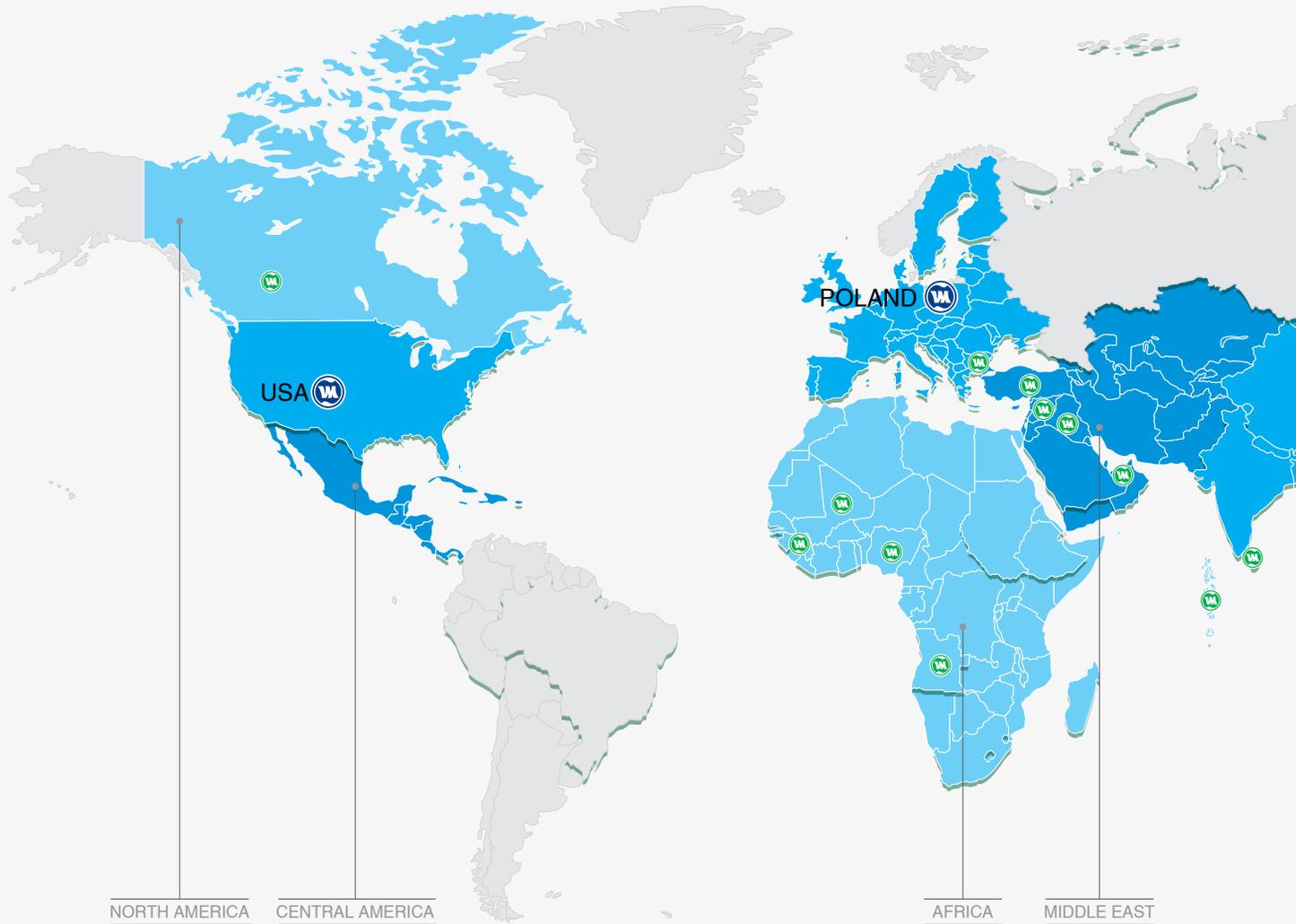
575

CONVENIENT STORES



2. PRINCIPAL BUSINESS ACTIVITIES AND LOCALITIES (continued)

Principal business activities and localities



Vinamilk Head office



Vinamilk factories



Sales offices



Logistics Enterprises



Health care clinic



Dairy farms



Ha Noi

VIETNAM

CAMBODIA

SOUTH EAST ASIA

NEW ZEALAND

Hochiminh City

Hoang Sa Islands

Trung Sa Islands

Phu Quoc Island

Con Dao Island

 Export markets



3. INFORMATION ABOUT CORPORATE MODEL, BUSINESS ORGANIZATION AND MANAGERIAL APPARATUS

a. Group model



Subsidiaries

No.	Company name	% of ownership	% of voting rights
1	Vietnam Dairy Cow One Member Co., Ltd.	100%	100%
2	Lam Son Dairy One Member Co., Ltd.	100%	100%
3	Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	100%	100%
4	Thong Nhat Thanh Hoa Dairy Cow Co., Ltd	96.11%	96.11%
5	Driftwood Dairy Holdings Corporation	70%	70%
6	Angkor Dairy Products Co., Ltd.	51%	51%

Associates

No.	Company name	% of ownership	% of voting rights
7	Asia Saigon Food Ingredients Joint Stock Company (AFI)	15%	15%
8	Miraka Limited	22.81%	22.81%



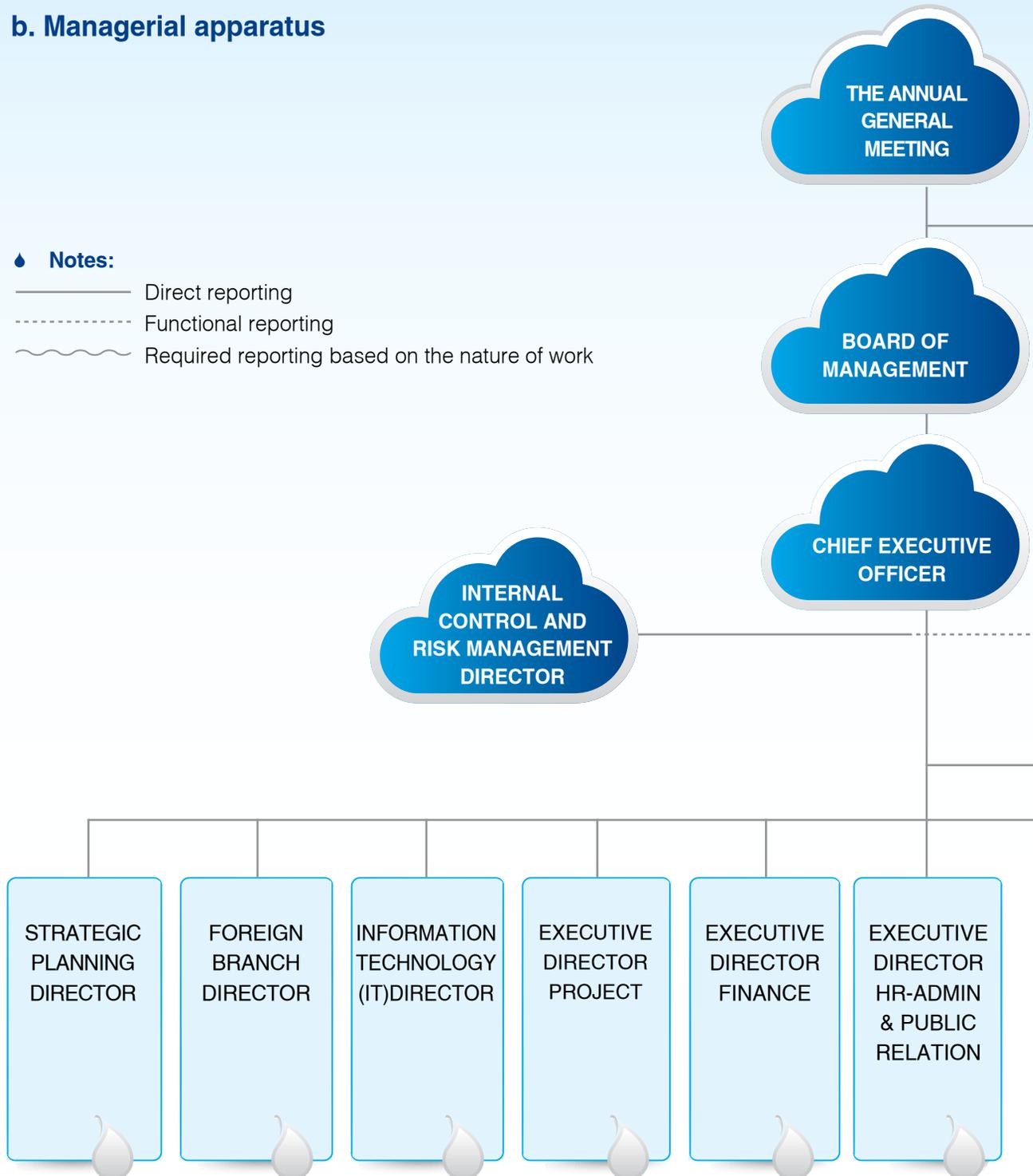


3. INFORMATION ABOUT CORPORATE MODEL, BUSINESS ORGANIZATION AND MANAGERIAL APPARATUS (continued)

b. Managerial apparatus

◆ **Notes:**

- Direct reporting
- - - Functional reporting
- ~ Required reporting based on the nature of work





**INSPECTION
COMMITTEE**

**INTERNAL AUDIT
DIRECTOR**

CHIEF OPERATION OFFICER

**EXECUTIVE
DIRECTOR
RAW MATERI-
ALS DEVEL-
OPMENT**

**EXECUTIVE
DIRECTOR
MARKETING**

**RESEARCH
& DEVELOP-
MENT (R&D)
DIRECTOR**

**EXECUTIVE
DIRECTOR
PRODUCTION**

**EXECUTIVE
DIRECTOR
SALES**

**EXECUTIVE
DIRECTOR
SUPPLY
CHAIN**



THE BOARD OF MANAGEMENT

The Resolution of the Annual General Meeting in 2013 approved the Board composition of 7 members. However, the Board currently has 6 members in place because the vacancy has not been fulfilled.

▶	MS. LE THI BANG TAM Chairwoman, Independent Board member
▶	MS. MAI KIEU LIEN Board member and Chief Executive Officer
▶	MR. LE SONG LAI Non- Executive Board member
▶	MR. LE ANH MINH Non- Executive Board member
▶	MR. NG JUI SIA Non- Executive Board member
▶	MS. NGO THI THU TRANG Board member and Executive Director - Project

Changes of the Board in the year:

In order to conform to the best practice of corporate governance, the Board has approved the Resolution about the separation of Chairperson and Chief Executive Officer. Ms. Le Thi Bang Tam was elected to be the Chairwoman and replaced Ms. Mai Kieu Lien from July 25th 2015.



MS. LE THI BANG TAM

Chairwoman, Independent Board member

Born in 1947. Being acting as an Independent Board member since April 2013. She was elected to be the Chairwoman from July 2015.

- ◆ From 1969 to October 1974: Lecture of Hanoi University of Finance and Accounting.
- ◆ From 1974 to 1982: Staff, Vice Division Head of Financial Balance Division - Ministry of Finance.

- ◆ From 1982 to 1984: Student of Economic Management Faculty in University of Leningrad - Soviet Union.
- ◆ From 1984 to 1985: Vice Division Head of Financial Balance Division - Ministry of Finance.
- ◆ From 1985 to 1987: Vice Department Head of Official Organisation and Training Department.
- ◆ From 1987 to 1989: Scholarship of University of Leningrad - Soviet Union.
- ◆ From 1989 to 1995: Vice Department Head, Department Head and then General Director of the State Treasury.
- ◆ From 1995 to 2006: Deputy Minister - Member of Official Division - Ministry of Finance. She is a member of the State Securities Commission, the National Monetary Policy Council, the Committee of International Economic Cooperation, Steering Committees on ODA, Foreign Investment and key projects of the Government.
- ◆ From 2006 to 2008: Chairwoman of SCIC. Upon retirement, she worked as a senior advisor for financial institutions.
- ◆ From March 15th 2010 to June 11th 2010: Member of HDBank.
- ◆ From June 12th 2010 up to now: Chairwoman of HDBank.

Professional qualifications:

- ◆ Bachelor in Finance and Accounting from Hanoi University of Finance and Accounting.
- ◆ PhD in Economy from Leningrad Finance University, Soviet Union.
- ◆ Certificate of International Finance from North University London, United Kingdom.

Her positions at other entities:

- ◆ Chairwoman of HDBank.
- ◆ Financial advisor for some insurance and investment companies.



THE BOARD OF MANAGEMENT (continued)



MS. MAI KIEU LIEN

Board member and Chief Executive Officer

Born in 1953. She joined Vinamilk since the establishment of the Company in 1976 and right after her graduation from University in Russia.

- From August 1976 to August 1980: She was an engineer in charge of condensed milk production at Truong Tho Dairy Factory.
- From September 1980 to February 1982: She was a technology engineer in Technical Department of the United Enterprises of Milk Coffee Cookies and Candies I.
- From February 1982 to June 1983: She worked as a Vice Technical Director in charge of production at Thong Nhat Dairy Factory.
- After finishing her training at Economic University of Leningrad in the former Soviet Union (currently Russia), in 1984, she was appointed Deputy Chief Executive Officer of the United Enterprises of Milk Coffee Cookies and Candies I.
- In December 1992: She was promoted to Chief Executive Officer of Vietnam Dairy Products Company.
- From 1996 - 2001: She was a member of the Central Committee of the Vietnamese Communist Party.
- On November 14th 2003: She was elected the BOM's Chairwoman and thereafter appointed as Chief Executive Officer of Vinamilk for three consecutive terms: 2003 - 2007; 2007 - 2011 and 2012 - 2016.

Professional qualifications:

- Bachelor/Engineer in Meat and Milk Processing, Moscow University.
- Certificate of Leningrad Economic Management from University of Economy, Russia.
- Certificate of Government Management from National Political Institute, Vietnam.

She honorably granted certain awards from the Government of Vietnam:

- 2001: The Labour Medal II.
- 2005: The "Hero of Labour in the novation period".
- 2006: The Labour Medal I.

And she also honorably received other local and international awards:

- February 2012: "Top Asia's 50 Most Powerful Businesswomen", by Forbes Asia.
- May 2012: "Top 51 Excellent Businesswoman in Asia 2012", by Corporate Governance Asia Journal.
- January 2013: "The 2012 Asian Excellence Recognition Award in Investor Relations", by Corporate Governance Asia Journal.
- March 2013: "Top 50 for Achievement in Asia's Businesswomen in The Mix", by Forbes Asia (2nd time).
- January 2014: "The Best CEOs in Vietnam", by the Business Review.
- March 2014: "Top Asia's 50 Most Powerful Businesswomen", by Forbes Asia (3rd time).
- September 2014: "The Asian Excellence Recognition Awards", by Corporate Governance Asia Journal.
- January 2015: "Top 50 CEOs - Mark of Respect", by the Business Review.





MR. LE SONG LAI

Non- Executive Board member

Born in 1968. Board member since March 2012.

- ◆ From August 1994 to October 1996: Lawyer, Freshfields Law firm, Ha Noi branch.
- ◆ From October 1996 to November 2003: Officer at Insurance Department, Ministry of Finance
- ◆ From November 2003 to August 2006: Vice Department Head of Insurance Department, Ministry of Finance.
- ◆ From August 2006 up to now: Deputy General Director of SCIC

His positions at other entities:

- ◆ Member of the BOM - Bao Minh Joint Stock Corporation.
- ◆ Chairman of the BOM - Vietnam National Reinsurance Joint Stock Corporation.
- ◆ Member of the BOM - FPT Joint Stock Company.
- ◆ Chairman of the BOM - Trang Tien Investment and Trading Co., Ltd.
- ◆ Chairman of the BOM - SCIC Investment One Member Co., Ltd.

Professional qualifications:

Master in Laws from Cambridge University - United Kingdom.

- ◆ February 2015: “The Cultural Businessman for National Building and Development”, by the Cultural Businessman Center.
- ◆ February 2015: “Top Asia’s 50 Most Powerful Businesswomen”, by Forbes Asia (4th time).
- ◆ March 2015: “Business Woman in ASEAN 2015”, by VCCI - Vietnamese Business Woman Council.
- ◆ April 2015: “Business Woman for Quality of Life”, by Ministry of Health - Foodstuff Safety Division
- ◆ May 2015: “Asia Nikkei Award”, by Nikkei, a leading media corporations.
- ◆ November 2011: “New Zealand - ASEAN Award ” - by New Zealand.

Her positions at other entities:

- ◆ Chairwoman of Vietnam Dairy Association 2010 - 2015.
- ◆ Board member of Miraka Limited.
- ◆ Board member of Driftwood Dairy Holdings Corporation.
- ◆ Chairwoman of Vietnam Dairy Cow One Member Co., Ltd.
- ◆ Chairwoman of Thong Nhat Thanh Hoa Dairy Cow Co., Ltd.
- ◆ Chairwoman of Lam Son One Member Co., Ltd..
- ◆ Owner’s representative of Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia.



THE BOARD OF MANAGEMENT (continued)



MR. LE ANH MINH

Non- Executive Board member

Born in 1969. Board member since March 2012.

- ◆ 1991: He started working for Peregrine Capital Vietnam under the financial institutions group. He was credited for the successful acquisition of Dai Nam Bank, a first case for Vietnam and restructured the bank within one year.
- ◆ From 1994 - 1996: He was the Deputy CEO of Dai Nam Bank, managing the Business Development and Credit portfolio. Then he became the Chief Finance Officer in Coca Cola Southeast Group for 4 years, in charge of the company's activities in Indochina.
- ◆ 2002: He joined Dragon Capital Group Limited and held the position of Deputy General Director and undertook the corporate financial activities.
- ◆ Beside his corporate financial activities, he is currently a member of the Investment Council of several investment funds and securities companies.

Professional qualifications:

- ◆ Bachelor from Vietnam's University of Banking.
- ◆ Master of Business Administration from Wharton Business School, University of Pennsylvania, USA.
- ◆ Postgraduate of Fulbright Program (1996 - 1998).
- ◆ Member of CPA - Australia.

- ◆ From 1989 to 1995: He was the Executive Director in charge of Asia - Pacific region of CarnaudMetalbox, South China Region.
- ◆ From 1995 to 1999: He was the General Manager of F&N Coca Cola Singapore.
- ◆ From 1999 to 2006: He was the Managing Director of F&N Coca Cola (Malaysia) Sdn Bhd.
- ◆ From 2006 to 2010: He was a Board member of Cocoaland Holding and Malaysia Smelting Corporation Bhd. Before that, he was the General Director of Times Publishing Ltd, under Fraser & Neave.

- ◆ From 2010: He is the General Director of Fraser & Neave Holdings Bhd. He has intensive management experience in Hong Kong, China, South Asia, Malaysia and Singapore.

Professional qualifications:

- ◆ Bachelor of Business Administration from the National University of Singapore.
- ◆ Member of the Associate of Institute of Chartered Accountants in England and Wales since 1981.

His position at other entities:

- ◆ Board member of Malaysia Smelting Corporation Bhd.Bhd.



MR. NG JUI SIA

Non- Executive Board member

Born in 1952. Board member since May 2013.



- ◆ On December 24th 2015: She was rotated to Executive Director Project.

Professional qualifications:

- ◆ Bachelor in Finance - Accounting.
- ◆ Master of Business Administration.

Her position at other entities:

- ◆ Board member of Bao Viet Joint Stock Commercial Bank.



MS. NGO THI THU TRANG

Board member and Executive Director Project

Born in 1963. She joined Vinamilk in 1985 and became a Board member since November 2003.

- ◆ From 1985 to 1994: She worked as a financial analyst.
- ◆ From 1995 - 1997: She became a Vice Manager in the Accounting - Statistics Department of the Company.
- ◆ From 1997 to February 1998: She was the Head of the Accounting - Statistic Department.
- ◆ From February 1998 to March 2005: She was the Chief Accountant in charge of Accounting Department of the Company.
- ◆ From March 2015: She was the Deputy General Director and Financial Director. From August 20th 2009, her position was renamed to Executive Director Finance.



THE INSPECTION COMMITTEE



MR. NGUYEN TRUNG KIEN

Head of the IC

Born in 1976. Member of the IC since March 2009.

- ◆ From 2001 to 2002: He was an analyst on the corporate finance and M&A team at Credit Suisse First Boston, Singapore.
- ◆ From 2002 to 2004: He was a manager on the structured finance team at Commonwealth Bank of Australia, New York branch, USA.
- ◆ From 2004 to 2005: He was Assistant Vice President, Corporate Development Department at OCBC Bank, Singapore where he helped with the analysis and execution in the M&A activities for the bank.
- ◆ From 2005 to 2007: He joined the investment team at Temasek Holdings, Singapore as an Associate Director.
- ◆ From 2008 to 2011: He was the founder and Managing Director of TNK Capital in Vietnam.
- ◆ From 2011 to now: He is currently the Director of MDKT Co., Ltd.

Professional qualifications:

- ◆ Bachelor of Applied Finance from Macquarie University, Australia.
- ◆ Master of Business Administration from University of Chicago, USA.



MR. NGUYEN DINH AN

Member

Born in 1981. Member of the IC since April 2014.

- ◆ From 2003 to 2006: He was a specialist of Vietcombank Securities Company.
- ◆ From 2006 to now: He is currently a specialist of Investment Capital Management Unit No.3 of SCIC.

His positions at other entities:

- ◆ Board member of Khanh Hoa Mineral Water JSC.
- ◆ Board member of Ninh Thuan Salt JSC.
- ◆ Head of the IC of Khanh Hoa Mineral and Investment JSC.

Professional qualifications:

- ◆ Bachelor of Economics (in Banking - Finance) from National Economic University.
- ◆ Master of Economics from Staffordshire University, United Kingdom.



MS. NGUYEN THI TUYET MAI

Member

Born in 1969. She was reappointed as IC member in April 2013. She used to be an IC member and then Head of IC for the period 2007 - 2011.

- ◆ From 1993 to 1997: She held the position of Head of International Trade Finance Department and Head of Corporate Banking Department at ANZ Bank - Hanoi Branch.
- ◆ From 1999 to 2003: She was a credit specialist in the Corporate Banking Department and then Head of Credit in the Commodity and Structured Trade Finance Division of ANZ Investment Bank in Singapore, where she was in charge of credit relationship management and trade finance products structuring for international corporations in Asia - Pacific.
- ◆ From 2004 to May 2007: She was a senior manager at the representative office of Openasia Consulting (Vietnam) Ltd. in Ho Chi Minh City.
- ◆ In June 2007 up to now: She was appointed as Director of Corporate Finance, in charge of consulting services at Vinaconnect Co. Ltd., a member of Openasia Group.

Professional qualifications:

- ◆ Bachelor in English from Hanoi University of Foreign Studies.
- ◆ Master degree in Business Administration from the University of Melbourne, Australia.



MR. VU TRI THUC

Member

Born in 1976. Member of the IC since April 2013.

- ◆ From 1999 to 2007: He was an auditor and then Audit Manager of Vietnam Auditing Company - a member firm of Deloitte Vietnam.
- ◆ From 2007 to 2008: He was an analyst of the Finance and Accounting Department of SCIC.
- ◆ From 2008 to 2011: He was Deputy Director of Finance and Accounting Department of SCIC.
- ◆ From 2001 to now: He is the Head of Finance and Accounting Department of SCIC.

His positions at other entities:

- ◆ Board member of Trang Tien Investment and Trading Co., Ltd.
- ◆ Deputy General Director of Vietnam - Oman Investment Joint Stock Company.

Professional qualifications:

- ◆ Bachelor in Economy (major in accounting) from Hanoi University of Finance and Accountancy (now is Hanoi Academy of Finance).
- ◆ Master of Business Administration from Vietnam French Center for Management Training (CFVG) - Ha Noi.
- ◆ CPA certificate awarded by the Ministry of Finance.
- ◆ Chief Accountant certificate from Hanoi Academy of Finance.
- ◆ Member of Vietnam Association of Certified Public Accountants (VACPA).



THE COMPANY SECRETARIAT



MR. NGUYEN THANH TU

Company Secretariat (since 2005)
Head of Administration Division

Born in 1954. He joined Vinamilk in July 1992 as a Deputy Head of Administration Division.

- ◆ November 1992: He was promoted to the Head of Administration Division.
- ◆ 2003: He was appointed as the Manager of General Information and Administration Department when the Company became a joint stock company.
- ◆ In January 2011: He was appointed back to the Head of Administration Division and held this position up to now.

Professional qualifications:

- ◆ Bachelor of History in 1981 from Ho Chi Minh City University.
- ◆ Bachelor of Law - major in Economics, from Ha Noi University of Laws in 2001.

Honorable awards:

- ◆ The Resistance Medal II.
- ◆ The Labour Medal III.
- ◆ The Honorable Soldier Medal III.



MS. LE QUANG THANH TRUC

Company Secretariat (since 2005)
Director of Foreign Subsidiaries Management

Born in 1975. She joined Vinamilk in 2005.

- ◆ From 2000 to 2003: Advisory Specialist, then promoted to Deputy Manager of Advisory Department of Sai Gon Securities Joint Stock Company (SSI).
- ◆ From 2003 to 2005: Director of Projects, then General Director of I.C Investment Joint Stock Company.
- ◆ From 2005 to 2006: Financial Analyst at Vinamilk.
- ◆ From 2006 to 2007: Manager of Investor Relations at Vinamilk.
- ◆ From 2007 to 2011: Manager of Financial Investment at Vinamilk.
- ◆ From 2011 to 2015: Director of Investment at Vinamilk.
- ◆ Since August 2015: She holds the position of Director of Foreign Subsidiaries Management.

Professional qualifications:

- ◆ Master of Science in Economics for Development (2000), a program designed in cooperation between The International Institute of Social Studies of Erasmus University (The Netherlands) and The University of Economics of Ho Chi Minh City.
- ◆ Bachelor of English Language (1999) - The University of Social Sciences and Humanities.
- ◆ Bachelor of Business Administration specialized in Foreign Trade (1998) - The University of Economics of Ho Chi Minh City.



INTERNAL AUDIT



MR. NGUYEN TRUNG

Company Secretariat (since 2012)
Executive Director Strategic Planning

Born in 1973. He joined Vinamilk in 1994 and be the Company Secretariat from April 2012. He is also the Company's representative at Asian Corporate Governance Association (ACGA).

- From 1994 to 2003: He joined Vinamilk as accounting clerk in charge of assets, materials and construction in progress.
- From 2003 to 2007: He was a General Accountant - responsible for preparing financial statements.
- From 2007 to 2014: He was promoted to Internal Control and Risk Management Director. This position also takes care of the Legal Division.
- From 2014 to now: He is the Executive Director Strategic Planning Director.

Professional qualifications:

- Master in Business Administration (Executive MBA) from the Université du Québec à Montréal.
- Bachelor in Accounting from Ho Chi Minh City University of Accounting and Auditing.



MS. TA HANH LIEN

Internal Audit Director
and IC's Secretariat

Born in 1980. She joined Vinamilk in 2007.

- From 2002 to 2005: She was an auditor and then Audit Senior at KPMG Limited.
- From 2006 to 2007: Financial Analyst at Shell Vietnam Limited.
- June 2007: Joined Vinamilk as Financial Analysis Supervisor.
- From 2008 to 2010: Manager - Planning & Budget Control.
- June 2010: Coordinator for the project "Establish the Internal Audit Function". She then received the international audit methodology transferred from KPMG Vietnam Limited (the consulting firm) and set up the Internal Audit Department in Vinamilk.
- January 2011: Acting Internal Audit Director and then officially appointed as Internal Audit Director since February 2012.
- From March 2014: Additional appointment as the IC's Secretariat.

Professional qualifications:

- Bachelor of Economics - Major in Accounting and Auditing from Ho Chi Minh City University of Economics.



THE BOARD OF EXECUTIVE DIRECTORS



MS. MAI KIEU LIEN
Chief Executive Officer

(Please refer to "The Board of Management", page 30-31)

Changes of the BOD in the year:

(i) The Board has appointed Mr. Mai Hoai Anh, Executive Director Sales, to be the Chief Operation Officer with a time-limit effectively from August 1st 2015. This position is newly set up in order to assist the Chief Executive Officer in management of Marketing, Research & Development, Production, Sales and Supply Chain.

(ii) The appointments and rotations of management effectively from December 24th 2015:

- To rotate and appoint with a time - limit Mr. Nguyen Quoc Khanh, from Executive Director Production to Executive Director Research & Development.
- To rotate and appoint with a time - limit Mr. Tran Minh Van, from Executive Director Project to Executive Director Production.
- To rotate and appoint with a time - limit Ms. Ngo Thi Thu Trang, from Executive Director Finance to Executive Director Project.
- To appoint with a time - limit Mr. Le Thanh Liem, from Chief Accountant to Acting Executive Director Finance and Chief Accountant.



MR. MAI HOAI ANH
Chief Operation Officer
and Executive Director Sales

Born in 1970. He joined Vinamilk in February 1996.

- ◆ From February 1996 to April 2001: He was a clerk in Import - Export Department.
- ◆ From May 2001 to December 2003: He was the Vice Department Head of Import - Export Department.
- ◆ From January 2004 to December 2004: He was the Head of Import - Export Department.
- ◆ From January 2005 to May 2012: He was the Import - Export Director.
- ◆ From May 2012 to July 2015: He was appointed as the Executive Director Sales.

Professional qualifications:

- ◆ Bachelor of Economics, Ho Chi Minh City Economics University.
- ◆ Master of Business Administration, Bolton University, United Kingdom.



THE BOARD OF EXECUTIVE DIRECTORS (continued)



MR. TRINH QUOC DUNG

Executive Director Raw Materials Development

Born in 1962. He joined Vinamilk in 2005.

- ◆ From February 2005 to July 2012: He was the Director of Nghe An Dairy Factory.
- ◆ From August 2012 to October 2012: He was the Head of Receiving Committee in order to receive the Vietnam Dairy Factory.
- ◆ From November 2012 to December 2014: He was the Director of Vietnam Dairy Factory.
- ◆ December 2014: He was appointed as Executive Director Raw Materials Development and held that position up to now.

Professional qualifications:

- ◆ Engineer of Energy and Automation from Odessa University (under the former Soviet Union).



MS. NGUYEN THI THANH HOA

Executive Director Supply Chain

Born in 1955. She joined Vinamilk in 1983.

- ◆ From September 1978 to June 1983: She was a lecturer at the Ho Chi Minh Polytechnic University.
- ◆ In 1983: she later joined Vinamilk as a Process Engineer at Truong Tho Dairy Factory. She was the Deputy Director and then Director of Truong Tho Dairy Factory from July 1991 to 1999.
- ◆ In December 1999: She was appointed Deputy General Director of our Company. From August 20th 2009, her title was changed into Executive Director Supply Chain, in charge of planning, import - export, customer services departments, supply chain and logistics enterprises of our Company.
- ◆ From September 2013: she was rotated to Executive Director Production and R&D and was back to Supply Chain from January 2015.

Professional qualifications:

- ◆ Bachelor in milk processing technology, Moscow University of Meat and Milk Processing Technology (now called Moscow National General University of Applied Biology Technology).



MS. BUI THI HUONG

Executive Director HR - Admin and Public Relation

Born in 1962. She joined Vinamilk in August 2005.

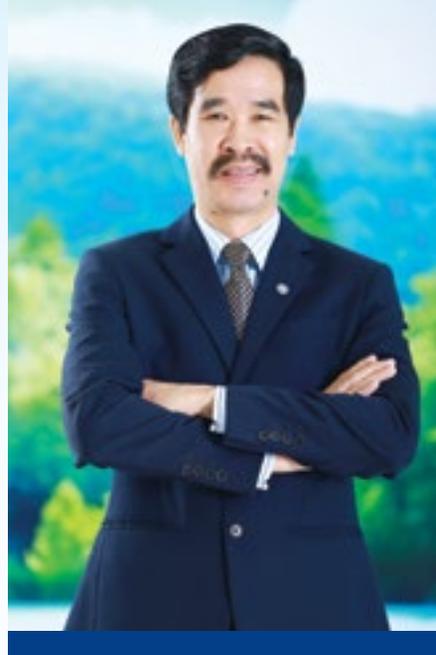
- ◆ Prior to joining Vinamilk, Ms. Huong has been working more than 17 years in Dien Quang Light bulb Company. She used to be the Deputy Head of Planning Office of Supplies, and Head of Sales Department, Executive Director Sales, then Vice President of Sales.
- ◆ From August 2005 to November 2008: She joined Vinamilk as Operation Manager of Foreign Affairs.
- ◆ From December 2008 to July 2014: She was the Public Relation Director.
- ◆ From August 2014: She was appointed Executive Director HR - Admin and Public Relation.

Professional qualifications:

- ◆ Bachelor in Russian language.
- ◆ Bachelor in Economics.

Professional qualifications:

- ◆ Bachelor, major in Chemical Technique and Foods, Ho Chi Minh City Polytechnic University.
- ◆ Bachelor of Business Administration from Ho Chi Minh City University of Economics.
- ◆ Bachelor in English from Ho Chi Minh City University of Social Science and Humanity.



MR. NGUYEN QUOC KHANH

Executive Director Research & Development

Born in 1964. He joined Vinamilk in January 1988.

- ◆ In January 1988: he joined Vinamilk as KCS clerk in Quality control Department, Thong Nhat Dairy Factory.
- ◆ In 1996: He was appointed as Deputy Production Manager, then was the Production Manager at Thong Nhat Dairy Factory in 1998.
- ◆ In 2003: Mr. Khanh was promoted to the position of Acting Director of Can Tho Dairy Factory. In 2004, he was appointed Director of Can Tho Dairy Factory and held this position until September 2009.
- ◆ Then, Mr. Khanh was appointed Executive Director Production and R&D where he was in charge of the Company's factories and Research & Development Centre and Food Safety until September 2013.
- ◆ In September 2013, he was rotated to the position of Executive Director Supply Chain and is back to Production from January 2015.
- ◆ From December 24th 2015: He was rotated to Executive Director Research & Development.



THE BOARD OF EXECUTIVE DIRECTORS (continued)



MR. LE THANH LIEM

Acting Executive Director Finance and Chief Accountant

Born in 1973. He joined Vinamilk in September 1994.

- ◆ In September 1994: He joined Vinamilk as an accounting clerk at Accounting Department.
- ◆ From January 2003: He was appointed as the Deputy Head of Accounting Department.
- ◆ From February 2005: He was appointed as the Chief Accountant.
- ◆ From December 24th 2015: He was appointed as the Acting Executive Director Finance and Chief Accountant.

Professional qualifications:

- ◆ Bachelor in Economics, major in Enterprise Financial Accounting.
- ◆ Master of International Commerce and Finance.



MR. PHAN MINH TIEN

Executive Director Marketing

Born in 1970. He joined Vinamilk in May 2014 as the Executive Director Marketing.

- ◆ Prior to joining Vinamilk, Mr. Tien had 17 years of experience in marketing field and brand development for Fast Moving Consumers Goods (FMCG) products in large multinational corporations such as Unilever and Samsung. In which, at Unilever Vietnam he held the position of Deputy CEO in charge of food sector, while at Samsung Vietnam, he served as Director of Marketing.

Professional qualifications:

- ◆ Bachelor, Moscow Management Institute, Russia.



MS. NGO THI THU TRANG
Executive Director Project

(Please refer to “The Board of Management”, page 33)



MR. TRAN MINH VAN
Executive Director Production

Born in 1960. He joined Vinamilk in June 1981.

- ◆ From 1990 to July 1994: He was a Deputy Director of Thong Nhat Dairy Factory.
- ◆ From August 1994 to June 2006: He was appointed as the Director of the Thong Nhat Dairy Factory.
- ◆ He was appointed Deputy General Director in charge of the Project Department of our Company in July 2006.
- ◆ From August 20th 2009: position of Mr. Van has been changed to Executive Director Project
- ◆ From December 24th 2015: He was rotated to Executive Director Production.

Professional qualifications:

- ◆ Bachelor in Engineering, Ho Chi Minh City Polytechnic University.
- ◆ Bachelor of Business Administration, Ho Chi Minh City University of Economics.
- ◆ Bachelor of Law with major in commercial laws from Ha Noi University of Laws.
- ◆ Master of Business Administration from Ha Noi Polytechnic University.



4. DEVELOPMENT ORIENTATIONS

The Company has approved the following key objectives:

Objectives:

- Be always the No. 1 dairy company in Vietnam market at least for the next 5 years.
- Revenue from international operations will account for 50% as compared with domestic revenue in the next 5 years.
- Besides, the Company will diversify its business lines on the base of current competitive advantages in the next 2-3 years.

Mid-term and long-term strategies:

- The Company will set up its specific business models which are suitable to its domestic and overseas operations.
- Core strategies will be set up clearly for each business segment.
- For mid-term: A strong development in Research & Development Department will ensure that the Company shall have a diversified product portfolio, which is strong for competition both in domestic and overseas markets. The whole value chain will apply the best practice as well as forms of integration in front and rearwards in order to ensure the better efficiency and competitive position. One program including different projects on human resource development will be implemented to enhance the capability of sales force for the respective target markets.
- For long-term: Business segments will be clearly defined to improve its specialization suitably time to time. Forms of co-operations, merger and acquisitions will also be carried in accordance with their plans. A semi-centralized model of organization and management will be set up in the future.

Sustainable development:

- The Company will build a sustainable development policy to harmonize all benefits. To meet the harmony of stakeholders by implementing the responsibility policy to consumers will enable a better working environment and with a higher satisfaction.
- The Company commits to have a control for contributions to the government and community such as taxes, other obligations and other social activities. The Company always ensures that its business development will be in balance with the requirement to protect the environment and explore reasonably natural resources.



5. RISKS

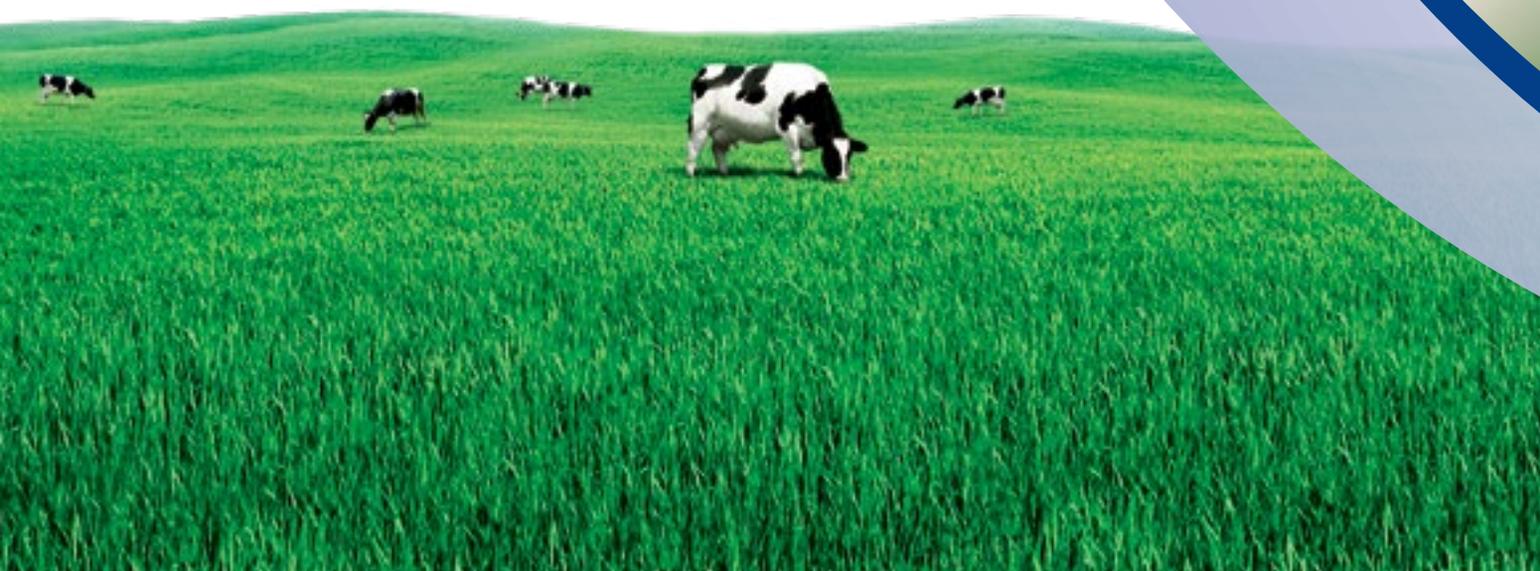
Please see details at pages 104 - 107 (Part V, Article 4 “Risk management report”) and at pages 170 -175 (Notes to the financial statements, note No. 43 “Financial risk management” of the financial statements).



PART II: BUSINESS OPERATIONS IN THE YEAR

1. Overall business operations
2. Investment activities, projects implementation
3. Financial situation
4. Shareholders' structure, change in the owners' equity
5. Investor relations activities

From ample
MATERIAL SUPPLY





to generate pure
FRESH MILK



1. OVERALL BUSINESS OPERATIONS

a. Overall

The Company achieved its growth in both revenue and profits:

Details are below:

VND billion	2015	2014	Growth vs 2014	Exceeded the AGM's target
Total revenue	40,223	35,187	14%	5%
Profit before tax	9,367	7,613	23%	14%
Profit after tax	7,770	6,068	28%	14%

The Company business performance in 2015 was influenced by a number of factors, which included:

Market demand: Demand and consumption of dairy products in the domestic market have been expanding continuously. Vietnam's per-capita consumption of dairy products is well below the global average and that of other countries in the region. As it follows the trend of the world's market, Vietnam's dairy industry has experienced a period of steady growth.

Raw milk prices: A downturn of world's raw milk prices contributed largely to the enhancement of the Company's gross margin in 2015. While the years 2013 and 2014 saw a sharp increase in raw milk prices, a tactical expansion of material inventory by Vinamilk when prices reached for historical lows added greatly to the Company's profit growth in 2015. Gross profit margin widened from 32% in 2014 to 40% in 2015, a big leap for the period of just one year.

Competition: Competition among dairy producers has become fiercer than ever and such pressure has caused a marked increase in the expenses for marketing, promotions, etc. Selling expenses as part of total sales stood at 10% in 2014 but rose to 16% in 2015 and exhibited a growth rate of 70% in the absolute figure. The incremental expenses, however, allowed the Company to protect and even increase its market shares. Last year, Vinamilk's share in the market for liquid milk added 2% and that in powdered milk increased 1%; market shares in condensed milk and yogurt were firmly held.

Corporate income tax: Thanks to a cut in the corporate income tax rate, the effective tax rate on the Company's profit dropped from 20% in 2014 to 17% in 2015.



b. Research and development

Aiming to enhance Vinamilk's competitiveness, many innovations have been introduced by the Company's R&D team to create new products that not only meet market demand but are also optimal for the physique of Vietnamese children.

Some new products:

A new line of Optimum Gold powdered milk with a formula to aid absorption and a 20-percent increase in DHA derived from pure microalgae and combined with Lutein for cognitive and physical development.



Various lines of ready-to-drink nutrition milk, i.e. Dielac Grow, Dielac Alpha Gold, Dielac Grow Plus and Optimum Gold, developed as a convenient way to provide children with all necessary nutrients.



Ozé, a flavoured iced juice product targeting at young consumers.



Four-season Twin Cows ice cream, a new line of flavour-rich ice cream for the high-end market.





1. OVERALL BUSINESS OPERATIONS (continued)

c. Milk farm development

ESTABLISHING A NETWORK OF DAIRY FARMS

with cutting edge technologies in order to meet the demand for safe, quality raw milk as the main input for the Company's diversified products.



Vinamilk's main strategy for the development of raw milk supply is "Establishing a network high-technology dairy farms in order to meet the demand for safe, quality raw milk as the main input for the Company's diversified products; refining the purchasing system to ensure raw milk sales for farmers across the country on top of the development of industrial milk farms".

Not only do industrialized farms supply Vinamilk's factories with raw input, they also serve as geographic sites to demonstrate techniques and technology and breed support centers for cow farmers in the surrounding region. These farms could also provide day jobs, for example, growing feeding plants (e.g. corn and grass), from which local farmers can earn extra income. Under

offtake agreements signed with Vinamilk, farmers/affiliated farms would have to strictly follow hygiene requirements to ensure material quality. Not only were these suppliers offered prices equivalent to those of the Company's owned farms, but they also had access to supporting policies and advanced farming equipment so as to catch up with the level of industrial, hi-tech farming.

Vinamilk's cow herd, including the herd by owned Company and that of contracted farmers, now totals over 110,000 cattle and has the ability to

supply nearly 600 tons of raw milk each day. With an expansion plan already in the pipeline, the Company would bring its herd to 140,000 animals by 2017 and 160,000 -180,000 by 2020. As a result, raw milk production would have doubled by the year 2020 to 1,000 – 1,200 tons a day, an ample supply for both domestic consumption and exports. Under this plan, domestic supply of raw milk would also increase 30 - 40% over the next five years, significantly reducing the country's reliance on imported raw milk.

Purchase of raw fresh milk

In 2015, Vinamilk purchased 216,485 tons of raw milk, 178,890 tons of which was from farming households, an increase of 15.83% from to 2014 (154,440 tons). The farms under the management of Vietnam Dairy Cow One-Member Co., Ltd., a subsidiary of Vinamilk, also supplied 37,596 tons, up 27.56% from the previous year (29,472 tons).

While nurturing the development of family-run cow farms, Vinamilk has been actively working with cattle companies to invest in facilities as large as 100-200 cows with modern shed design and advanced technologies. These partnerships are set to play a strategic role in securing the Company's material supply.





1. OVERALL BUSINESS OPERATIONS (continued)

Upgrade and refinement of Vinamilk's raw fresh milk purchase system for the period of 2012 - 2016

In 2015, Vinamilk made great strides in upgrading its purchasing system as the Company was able to build a professional image of hi-tech milk transit stations that can ensure the best material quality during collection and preservation. In 2015, 48 out of 91 transit stations across the country went through an upgrade. The process will be completed in 2016.

Push up the know-how transfer to farmers in order to improve the quality of raw fresh milk and the farming household income

The main objective of Vinamilk's agriculture extension staffs is building farmer's skills and knowledge and in the long term, raising the quality of the Company's material supply and cow farm productivity. Last year, Vinamilk held 35 training workshops on "Milk quality improving techniques for farming households", which attracted a great number of attendants. During the year, hundreds to thousands of on-site training and hoof trimming sessions were performed by Vinamilk's agriculture extension staffs. These activities also received very positive receptions from the cow farmer community.

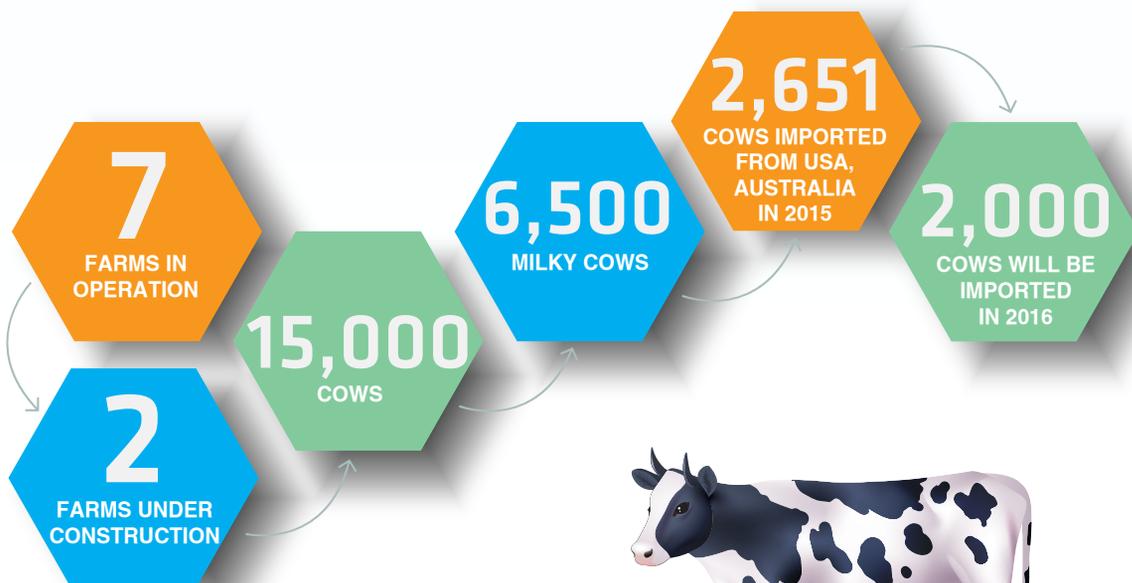


A seminar on improving milk quality

Develop a network of dairy farms and Vinamilk's premium "organic" milk

By the end of 2015, Vinamilk had 7 operating cow farms and 2 under construction in the provinces of Tuyen Quang, Thanh Hoa (2 farms), Nghe An, Ha Tinh, Binh Dinh and Lam Dong with a combined herd of 15,000 cattle, 6,500 of which were being milked. In 2016, several large-scale facilities will be set up in Thong Nhat (Thanh Hoa) and Tay Ninh. Vinamilk imported 2,651 breeding cows from the US and Australia last year and will buy another 2,000 for its farms this year. In addition, the Company will construct an organic cow farm in Lam Dong in 2016 and launch its own line of made-in-Vietnam premium organic milk in the second half of the year.

2015 marked a turning point in the development of Vinamilk's cow farms. The application of advanced technologies and farming techniques such as farm cooling, plant substitution (i.e. replacing low-quality grass with more nutritionally balanced types), ration improvement, etc. showed positive results on cattle yield and strength. Though many farms had only been running for a short time, Vietnam Cow Limited Company reported upbeat earnings results in 2015 and production cost in certain facilities even equalized the global average (i.e. USD0.45/kg). This is evidence that appropriate utilization of technology in cow farming could add tremendous economic values and is a promising direction not only for Vinamilk but also for Vietnam's dairy cow farming industry.





1. OVERALL BUSINESS OPERATIONS (continued)

Technological progress profoundly enhanced farm productivity in 2016.

Cow heat stress has been one of the most important factors that affect herd productivity in tropical regions. By installing advanced cooling systems, Vinamilk was able to effectively manage the condition therefore raising the average yield of its herd to over 1.5kg/cow/days in 2015.



Direct cooling system in Nhu Thanh cow farm



Cattle barn wired with an advanced cooling system in Ha Tinh



Vinamilk's Da Lat farm from above

With the substitution of low-quality grass with more nutritious feeds such as Seedmix and Mombasa grass, it is now possible to completely diminish reliance on imported hay, which would improve productivity while lowering production costs.



Grass field in Vinamilk's Da Lat farm

In order to expand the size of its herd, diversify breed sources and maintain a strong herd of pure-breed HF cows, Vinamilk continued to import thousands of cattle from the US and Australia in 2015. Last year was also the first time Vinamilk had imported HF cows from the US (over 1,400 cows).

In 2015, Vinamilk's cow farms were able to obtain several certifications, such as the ISO 9001:2008 Certification by Bureau Veritas (France), the Global Gap Certification for dairy farming practice by Control Union (Netherlands). Vietnam Dairy Cow One-member Limited Company also received the Certification of "Advanced Technology Application in Agricultural Production" from the Minister of Agriculture and Rural Development.



Green fodder field in Lam Dong



Selection of US-imported young cows



1. OVERALL BUSINESS OPERATIONS (continued)



d. Human Resources

High efficiency in Vinamilk human resource practices in 2015 resulted in the Company being recognized by third-party rating organizations as Most Preferred Recruiter and Company with Highest Employee Satisfaction.

Recruitments were channelled to both external and inside sources to meet the Company's manpower demand.

Vinamilk carried out many training programs at the company level in order to upgrade the skills of managing staffs and apply new management practices. Aside for scheduled programs, many on-demand training sessions were also held in response to business needs at each point of time.

Training plans for prospective candidates in the Succession Planning Program and Management Trainee Program were carried in accordance with the Company's schedule.

e. Information technology

The new Saleonline system was installed and implemented countrywide, replacing the entire Soloman platform.

In order to enhance security of system, a good number of IT solutions were installed and implemented during the year.

f. Operations of overseas subsidiaries, branches and affiliated companies

Driftwood Dairy Holdings Corporation

In December 2013, Vinamilk acquired 70% of Driftwood Dairy Holdings Corporation, one of the leading and most established dairy product manufacturers in South California, US.

Driftwood currently runs a diversified product portfolio. Its key products are fresh milk and fruit juice that are sold in many South California schools. The firm also sells into restaurants and through distributors among other sale channels. In 4Q2015, Driftwood's yogurt products made a debut in several schools in the region.

In 2015, Driftwood reported sales of USD119 million or VND2,600 billion, 6.5% of Vinamilk's consolidated revenue.

Angkor Dairy Products Co., Ltd.

On January 6th 2014, Vinamilk was accepted Investment Certificate No. 667/BKHDT-DTRNN from the Ministry of Planning and Investment, which allowed the Company to invest across borders and take 51% of stakes in Angkor Dairy Products, a Cambodia-based joint venture.

The production line of Angkor Dairy is already operating in the commercial phase and the company has been supplying fresh UHT milk and yogurt into the market since October 2015. In November 2015, Angkormilk introduced two brands of condensed milk, i.e. Bestcow and Captain.

Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia

On May 27th 2014, the Ministry of Planning and Investment issued Investment Certificate No.709/BKHDT-DTRNN, granting Vinamilk the right to establish a wholly-owned subsidiary in Poland.



The main purpose of this subsidiary is purchasing raw milk for the production needs of the parent company and other subsidiaries. This subsidiary exported 18 thousand tons of milk powder and reported USD33 million of sales in 2015.

Miraka Limited

Formed in 2010 as Vinamilk's first overseas project, Miraka came into operation in August 2011. Last year, Vinamilk raised its stakes in this affiliated company from 19.3% to 22.81%.

Not only has it been contributing to the Vinamilk's consolidated profits in the form of cash dividends, Miraka is also a supplier of milk powder for Vinamilk and its subsidiaries. Miraka now operates 2 production lines for powdered milk and fresh UHT milk and also has an expansion plan in the pipeline.

In the fiscal year of 2015 (ended July 31st), Miraka produced over 32 thousand tons of full-cream milk powder and reported revenue of NZD158 million and net income of NZD7.5 million. In December, Vinamilk received NZD684 thousand of after-tax dividends from Miraka.



1. OVERALL BUSINESS OPERATIONS (continued)

g. Honours and Awards received in 2015

No.	Time	Award	Organization
1	Jan/2015	Vietnam Trusted Brand Award, the 11 th time, 2015	Vietnam Union Of Science And Technology Associations – Viet Brand Magazine
2	Jan/2015	Top Vietnamese Companies in Business Index, 2014	Vietnam Business Forum
3	Jan/2015	Vietnam's Top 10 Outstanding Brands in 2014	Industry and Trade Review
4	Jan/2015	CEO Award: Top 50 Business Leaders Salute - Mark of Respect, 2014	The Business Review
5	Jan/2015	Ranked 2 nd in Top 500 Vietnamese Companies, 2014	VNR 500
6	Feb/2015	CEO Award: Cultural Woman Entrepreneur for National Building and Development	Vietnam Entrepreneur Culture Center
7	Feb/2015	Cultural Company with Outstanding Social Contributions	Vietnam Entrepreneur Culture Center
8	Feb/2015	Top Companies with Excellent Investor Relation, 2014	Vietstock
9	Feb/2015	Certificate of Vietnam's High-quality Products, 2015	Association of Vietnam's High-Quality Producers & Center of Business Studies and Assistance
10	Feb/2015	Asia's Power Businesswomen, 2015	Forbes Magazine
11	Mar/2015	Ranked 2 nd in Top 100 Places to Work in Vietnam, 2014	Nielsen & Anphabe.com
12	Mar/2015	CEO Award: ASEAN Woman Entrepreneur, 2015 (AWEF)	VCCI – Vietnam Women Entrepreneur Council
13	Apr/2015	Vietnam's Golden Food Brand, 2014: Top 20 - Vinamilk UHT fresh milk	Ministry of Health – Department of Food Safety
14	Apr/2015	Vietnam's Golden Food Brand, 2014: Top 100 - Su Su Apple - Banana Flavoured Yogurt and Dielac Alpha Gold	Ministry of Health – Department of Food Safety
15	Apr/2015	CEO Award: Entrepreneur for Life Quality, 2014	Ministry of Health – Department of Food Safety

16	May/2015	Golden Cup of Food Hygiene and Safety, 2015 for Non-sugar UHT Fresh Milk	Vietnam Union Of Science and Technology Associations –Center of Food Science and Technology
17	May/2015	Vietnam's Top 10 Golden Products for WTO Integration, 10 th time, 2015	Vietnam Union Of Science and Technology Associations –Center of Food Science and Technology
18	May/2015	CEO Award: Nikkei Asia Prize	Nikkei Inc - Japan
19	May/2015	Company of Sustainable Growth, 2011-2014	The Business Review
20	May/2015	Vietnam's Top 50 Most Efficient Companies	The Business Review
21	Jun/2015	Truong Tho Milk Factory - Vietnam Environment Award 2015	Ministry of Natural Resources and Environment
22	Jul/2015	Ranked 1 st in Top 10 Most Creditable Listed Companies in Media	VNR 500
23	Jul/2015	Top 10 Best Annual Reports	Vietnam Investment Review and Hochiminh City Stock Exchange
		2 nd place: Best Corporate Governance Content in Annual Reports	
		2 nd place: Sustainability Reports	
24	Aug/2015	Vietnam's Top 50 Best Listed Companies	Forbes Vietnam
25	Oct/2015	Vietnam's Top 50 Most Valuable Brand	Brand Finance (Ranking table)
26	Nov/2015	Top 100 Trust and Use Brands	Vietnam Economic Times
27	Nov/2015	New Zealand - ASEAN Award	New Zealand
28	Nov/2015	Vietnam - ASEAN Best Corporate Governance Award (Manila - the Philippines)	The ASEAN and the Securities Commission of the Philippines
29	Nov/2015	Top 100 ASEAN - Top 300 Asia	Nikkei Asian Review
30	Nov/2015	V1000 - 2015 Ranking Table for 1000 companies that pay the highest taxes in Vietnam	V1000
31	Dec/2015	Top 10 of Vietnam's 500 Largest Private Company, 2015	VNR 500
32	Dec/2015	Consumers' most favorite Vietnamese Products - Vinamilk Fresh milk - Ong Tho condensed milk.	Hanoi Radio and Television Broadcasting



1. OVERALL BUSINESS OPERATIONS (continued)

g. Honours and Awards received in 2015 (continued)



TOP 50

VIETNAM'S TOP 50 MOST EFFICIENT COMPANIES



TOP 10

VIETNAM'S TOP 10 GOLDEN PRODUCTS FOR WTO INTEGRATION



GOLDEN CUP

OF FOOD HYGIENE AND SAFETY



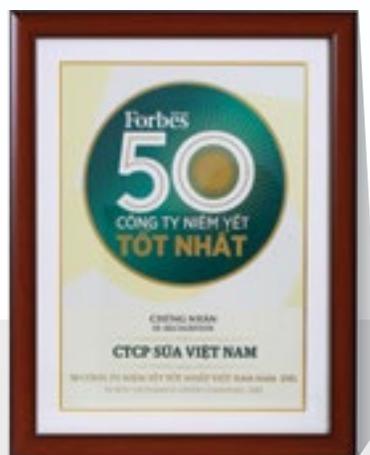
TOP 10
VIETNAM TRUSTED BRAND AWARD



TOP 10
MOST CREDITABLE LISTED COMPANIES IN MEDIA



TOP 500
VIETNAMESE COMPANIES



TOP 50
VIETNAM'S TOP 50 BEST LISTED COMPANIES



2. INVESTMENT ACTIVITIES, PROJECT IMPLEMENTATION

THE DISBURSEMENT FOR INTERNAL CAPITAL INVESTMENT AND CAPITAL CONTRIBUTION

to subsidiaries in 2015 was VND905 billion, equivalent to 38% of the total budget (VND2,382 billion)The undisbursed value will be carried forward to the following years. This investment budget has been included in the total budget approved by the AGM on the 27th April 2015.

The disbursement of investment capital during the year was slowed by the stretched progress of very large milk farm projects, which required extra time for evaluation and research.

The most sizable projects included the construction of milk factory in Cambodia as well as some milk farm and capacity expansion projects. Below are the progress at selected projects:

- **The Cambodia joint-venture milk factory (Angkor Dairy Products Co., Ltd., a 51-percent subsidiary of Vinamilk):** Construction is finished and commercial fresh milk and yogurt have been put into production since September 2015 and condensed milk since November 2015.
- **Dairy cow farms of Vietnam Dairy Cow One-member Limited Company (a wholly-owned subsidiary of Vinamilk):**



One of Vinamilk's farms



Ha Tinh dairy cow farm:

Designed to accommodate a herd of up to 2,000 cattle, the project has been operating since January 2015. The farm now has 1,820 cows and will have reached 2,000 cows by March 2016.

Ha Tinh farm has received standard certification by Control Union (the Netherlands) along with ISO, Global GAP and environmental certifications.

Tay Ninh dairy cow farm:

Tay Ninh farm will serve for a herd as large as 8,000 cattle.

The project is in the final stage and will have been put into operation by February 2016.

- **Hi-tech dairy farm complex** (Thong Nhat Dairy Cow Limited Company, a subsidiary with 96.11% owned by Vinamilk). With a design capacity of 16,000 cattle, this is Vinamilk largest farm to date. The project is in under construction.
- In 2015, investment was also made to expand the capacity of liquid milk, yogurt, ice cream and condensed milk at several of Vinamilk factories, namely Tien Son, Da Nang, Can Tho, Thong Nhat and Lam Son.



Cows drinking from an automatic water dispenser at one of Vinamilk farms



An automatic cow scratcher



3. FINANCIAL SITUATION

a. Financial situation

Vinamilk experienced positive growth in all measures as compared to 2014 where Total assets grew at the lowest rate (7% YoY) while Net profit after tax expanded the most at 28% YoY.

Unit: VND billion	2015	2014	% increase/ (decrease)
Total assets	27,478	25,770	7%
Net revenue	40,080	35,072	14%
Operating profit	9,271	7,464	24%
Profit before tax	9,367	7,613	23%
Profit after tax	7,770	6,068	28%



27,478

VND BILLION/ TOTAL ASSETS

40,080

VND BILLION/ NET REVENUE

9,271

VND BILLION/ OPERATING PROFIT

9,367

VND BILLION/ PROFIT BEFORE TAX

7,770

VND BILLION/ PROFIT AFTER TAX

b. Basic financial ratios

Ratios	2015	2014	Note
1. Liquidity			
- Current ratio	2.79	2.83	(times)
- Quick ratio	2.12	2.16	(times)
2. Capital structure			
- Liabilities/ Total assets	24%	23%	
- Liabilities/ Equity	31%	30%	
3. Operating efficiency			
- Inventory turnover	6.4	7.0	(times)
- Receivables turnover	19.1	18.1	(times)
- Net revenue/ Total assets	1.51	1.44	(times)
4. Profitability			
- Profit after tax/ Net revenue	19%	17%	
- Profit after tax/ Equity	38%	32%	
- Profit after tax/ Total assets	29%	25%	
- Operating profit/ Net revenue	23%	21%	

In general, the Company was able to maintain a healthy financial status, supported by encouraging improvements in all financial measures as compared to 2014. In addition to the growth in business results, the Company also spent a lot of focus in ensuring efficient management of its many financial aspects.



4. SHAREHOLDERS' STRUCTURE, CHANGE IN THE OWNERS' EQUITY

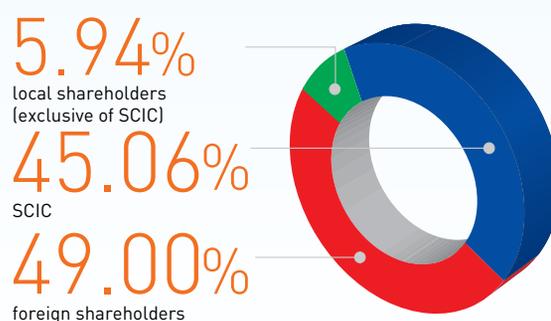
a. Share capital

Details of the Company's share capital as of 31/12/2015 are:

Chartered capital:	VND12,006,621,930,000
Par value per share:	VND10,000
Total listed shares:	1,200,662,193 shares
Total outstanding shares:	1,200,139,398 shares
Treasury shares:	522,795 shares

b. Shareholder structure

According to the shareholder book as of 07/08/2015 (including the number of new shares issued during the year), the Company's shareholder structure had no changes from 2014. The State Capital Investment Corporation, One-member Limited Company (SCIC) continued to hold 45.06%, foreign shareholders had 49% and local shareholders 5.94% of Vinamilk's share capital.



	Number of shareholders	Number of shares owned	% of chartered capital
Outstanding shares	11,960	1,200,139,398	99.96%
Treasury shares	1	522,795	0.04%
	11,961	1,200,662,193	100.00%

In which:

Local shareholders	10,831	612,296,437	51.00%
◆ Institutional	99	549,106,370	45.74%
◆ Individual	10,732	63,190,067	5.26%
Foreign shareholders	1,130	588,365,756	49.00%
◆ Institutional	241	584,168,234	48.65%
◆ Individual	889	4,197,522	0.35%

LIST OF MAJOR SHAREHOLDERS

Based on the latest shareholder listing on the 7th August 2015 (inclusive of bonus issue in the year), the Company has 2 major shareholders as follow:

No.	Shareholder name	Country	Number of shares	% of chartered capital
1	The State Capital Investment Corporation, Limited Company (SCIC)	Vietnam	541,054,080	45.06%
2	F&N Dairy Investment Pte Ltd	Singapore	132,490,778	11.03%

c. Changes in the owners' equity

Details on changes in owners' equity are presented under the Financial Statement disclosures on page 160-161.

d. Transactions in treasury shares

No transaction in treasury shares occurred during the year. The Company had 522,795 treasury shares as of 31/12/2015





5. INVESTOR RELATIONS ACTIVITIES

Vinamilk is committed to performing its investor relations function with the best efficiency and comply with all legal requirements in information disclosure. The Company has a specialized staff for the investor relations function.

The Company has always taken an active approach in the investor relations by maintaining effective communication channels that allows easy communication between the Company and its investors, for example: email, telephone, fax and on-site meetings.



Main investor relations activities during the year included:

Greeting of investors visiting the Company's headquarter

In 2015, the Company welcomed 125 investors to its headquarter, organized 10 field trips to the milk factory and received over 100 phone calls from overseas investors wishing to understand or update on Vinamilk's business operations.

Active participation in local and overseas conferences

- In March:** Attended "Vietnam Access Day" by Viet Capital Securities Company in Ho Chi Minh City.
- In May:** Attended the Investor conference by Maybank – Kim Eng Securities Company in Ho Chi Minh City.
- In July:** Vinamilk's CEO met with investors in the Ho Chi Minh Stock Exchanges Investor Conference.
- In August:** Attended the investor conference in Singapore. This was the annual investor conference jointly held by the HOSE and Daiwa Group. Vinamilk has joined them in previous years.
- In October:** Met investors in United States, in different states and cities such as Chicago, New York, Boston, Salt Lake City and San Francisco. During these events, Vinamilk met with 34 professional institutional investors, many of whom were the Company's shareholders.
- In November:** Attended the investor conference in London. At this event, Vinamilk met 38 institutional investors, and many of them are Vinamilk's shareholders.





5. INVESTOR RELATIONS ACTIVITIES (continued)

Annual Report Award Poll

The Company took part in this event with the purpose to enhance the quality of the corporate governance content toward the common, advanced practices in the region and the world. The ranked among the Top 10 companies with Best Annual Reports for the eighth consecutive time in 2015. This was also the third year in a row Vinamilk ranked in Vietnam's Top 3 Best Sustainable Development Reports.



According to the polls, Vinamilk won the following awards:

- **Top 10:** The Best Annual Reports
- **2nd place:** Annual Report with the Best Corporate Governance Content
- **2nd place:** Sustainable Development Report



For further information about Vinamilk's investor relations, please contact:

- Mr. Tran Chi Son • Title: Investor Relations Manager
- Tel: +84 (08) 541 55555 (Ext.: 108401) • Email: tcson@vinamilk.com.vn

PART III: REPORT AND ASSESSMENT OF BOM

1. Assessment of operating results
2. Financial situation
3. Improvements in organization structure, policies, management
4. Development plans in the future
5. Sustainable development report

From *THE PINNACLE* **technology**





MÓN QUÀ

SỨC KHỎE
TỪ THIÊN NHIÊN

mới



*To the PERFECT
quality*



1. ASSESSMENT OF OPERATING RESULTS

ALTHOUGH 2015 WAS A CHALLENGING YEAR FOR THE ECONOMY, Vinamilk experienced encouraging growth in sales and profits thanks to great efforts from its entire staff. Picking up speed after two years falling short of the annual revenue growth target, 2015's revenue growth exceeded the target by 5%. Actual profit growth surpassed the target by a wide margin of 14% and was even higher than the Company's own achievements in the previous years (1-5% a year).

Actual figures indicated a growth rate of 14% in total revenue, 23% in profit before tax and 28% in profit after tax in 2015 as compared to 2014. A sharp decline in the cost of inputs, especial imported raw milk contributed largely to the jump in profitability.

	Unit: VND billion				+/- Year on year		
	2012	2013	2014	2015	2013	2014	2015
AGM's targets							
Total revenue	26,480	32,500	36,298	38,424	23%	12%	6%
Profit before tax	5,625	7,830	7,531	8,229	39%	-4%	9%
Profit after tax	4,690	6,230	5,993	6,830	33%	-4%	14%
Actual results							
Total revenue	27,102	31,586	35,187	40,223	17%	13%	14%
Profit before tax	6,930	8,010	7,613	9,367	16%	-5%	23%
Profit after tax	5,819	6,534	6,068	7,770	12%	-7%	28%
Actual results vs AGM's targets							
Total revenue	1%	-4%	-3%	5%			
Profit before tax	23%	2%	1%	14%			
Profit after tax	24%	5%	1%	14%			



2. FINANCIAL SITUATION

a. Assets

Total asset at year-end 2015 grew 7%, or VND1,708 billion from 2014. Details are as follow:

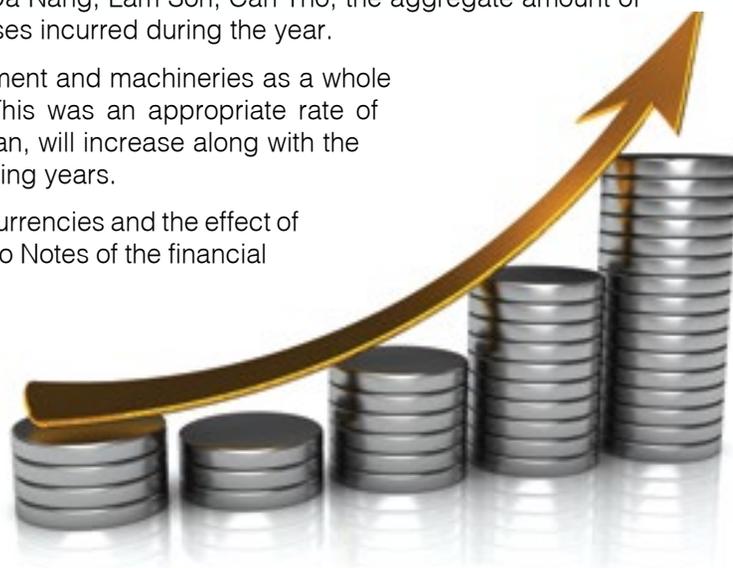
Description	VND billion		+/-Year on year	
	2015	2014	Value	%
Short-term assets	16,732	15,458	1,274	8%
- Cash and cash equivalents	9,573	8,431	1,142	14%
- Accounts receivable	2,685	2,777	(92)	-3%
- Inventory	3,810	3,555	255	7%
Long-term assets	10,746	10,312	434	4%
Total assets	27,478	25,770	1,708	7%

The assets increase mostly converted into cash and cash equivalents. The Company has managed its accounts receivable well. Thus, the accounts receivable balance dropped 3% although the revenue grew 14%. The balance of overdue accounts as part of accounts receivables was only 5%. Overdue receivables, common items arising during the normal course of business, were to full collected without any depreciation in value; bad debts added only VND3.2 billion (~0.1%) in 2015. With only modest increases during the year, inventory continued to be managed efficiently, ensuring a sufficient supply for the Company's production plan and market consumption.

Long-term assets grew particularly in the investments of new dairy farms and the expansion of capacity in a number of existing farms, i.e. Tien Son, Da Nang, Lam Son, Can Tho, the aggregate amount of which were deducted by depreciation expenses incurred during the year.

For the utilization rate, the Company's equipment and machineries as a whole was operated at 65% of design capacity. This was an appropriate rate of utilization and in the Company's long-term plan, will increase along with the expansion of market demand over the upcoming years.

For receivable items denominated in foreign currencies and the effect of foreign exchange rate changes, please refer to Notes of the financial statements at item (i) from page 174-175.





2. FINANCIAL SITUATION (continued)

b. Liabilities

Total liabilities accounted for 24% and the owners' equity accounted for 76% of the Company's total assets. Details are as below:



This is an evidence of the Company's solid liquidity. For other measure of liquidity, please refer to "Financial ratios" on page 65.

For liabilities denominated in foreign currencies and the effect of foreign exchange rate changes, please refer to Notes of the financial statements at item (i) from page 174-175.





3. IMPROVEMENTS IN ORGANIZATION STRUCTURE, POLICIES, MANAGEMENT

a. Organizational structure

In 2015, Vinamilk pushed forward the improvement in its organizational structure in order to optimize operations and facilitate the Company's expansion in overseas markets. Notable activities included:

- Setting up the Chief Operation Officer ("COO"), who is responsible for the entire process of Sales – Marketing – Research & Development – Supply chain and Production, to connect the Company's various operations and push innovative projects.
- Restructuring the Export Department into the International Sales Department as a measure to promote abroad sales;
- Upgrading and improving R&D activities to raise the efficiency in product research and development and quality control.
- Filling all positions in the Board of Management and completing the appointments of managers who reports directly to the CEO to manage of implementation of policies and decisions in all aspects of the business.

b. Policies and management

Enhancing the strategy implementation capability

With the aim to increase the efficiency in managing the execution of the strategic agenda while upgrading managers' capability in implementing strategies, Vinamilk has launched its Balanced Scorecard (BSC) project by:

- Making clear and specifying the Company's strategic vision.
- Conveying and connecting strategic goals and their measurements.
- Planning, setting objectives and linking strategic innovations.

Sales system

- Finishing the launch of the Sale Online system on the national scale;
- Broadening the use of tablets by the sales team in the supermarket and key accounts to improve the effectiveness of sales management.

Operating process upgrading projects

- Launching the Sales & Operating Planning project to upgrade competencies for development and service quality.
- Adopting the Hyperion application as a tool for automatic planning and plan execution monitoring.
- Adopting the Business Intelligence tool to enhance the quality of corporate governance report analyses.

Quality management system

In 2015, Vinamilk succeeded in the maintaining compliance to international standards, including the ISO 9001:2008 in Quality Management, the FSSC 22000 in Food Safety, ISO 14001 in Environment, ISO 50001 in Energy, ISO 17025 in Laboratory Quality in all of Vinamilk's farms. In addition, the Company continued to upgrade its quality management system in various aspects:

- Implementation of the Global GAP system in all 7 farms, as compared to only 5 farms in 2014.
- Adoption of the Occupational Safety and Health - Environment Management System in compliance with standard PAS 99.
- Construction and implementation of the Occupational Safety and Health – Environment Rules and Assessment Program.



4. DEVELOPMENT PLANS IN THE FUTURE

Vigorous investment in the product portfolio to ensure a high level of competitiveness.

Considering the expansion of business operations.

Adoption of an advanced model for the operation of the Research and Development Department.

Search and evaluation of vertical integration opportunities.

Constructing a comprehensive policy for Corporate Social Responsibility that extends to all business aspects.

Accelerating market expansion in developing economies.

Developing a customized business structure appropriate for each segment.

Assessment and optimization of the product portfolio.

Wide-ranging and in-depth implementation of the Talent Management Program.





5. SUSTAINABLE DEVELOPMENT REPORT

THE TERM “SUSTAINABLE DEVELOPMENT”

appeared for the first time in the 1980 World Preservation Strategy (published by the International Union for Conservation of Nature and Natural Resources – IUCN) in a very simple concept: “Human beings, in their quest for economic development and enjoyment of the riches of nature, must come to terms with the reality of resource limitation and the carrying capacities of ecosystems.”



The concept of sustainable development became widely known in 1987 thanks to the Brundtland Report (or called Our Common Future Report) of the World Commission on Environment and Development (now the Brundtland Commission). The report said: Sustainable development is **“Development that meets the needs of the present without compromising the ability of future generations to meet their own needs...”** In other words, sustainable development ensure economic development, social equality and the environment being protected and preserved. For this to become reality, all socio-economic parties, the government, social institutions, etc. must act together for the harmonization of the three core aspects: economy - society - environment.

As one of the leading enterprises in Vietnam, Vinamilk is fully aware of its impact on the communities and the sustainable development of

the society. We understand that the success of a business is more than the number of revenue showed on its annual reports but also the exception and lasting values which brings to the people.

For its justified cause and practical actions, Vinamilk has always been remembered as a “Brand for The Community”.

Vinamilk has made long strides in its development to become one of the largest companies in Vietnam. The Company is working to conquer the global market and secure a place among the world’s Top 50 largest dairy companies. Apparently, the growth of Vinamilk positively relates to the impact on social development, especially in Vietnam. With the acknowledgment of our influence on the society and many challenges it is facing, Vinamilk’s business philosophy is identified as the harmony between corporate goals and social responsibilities in the advance toward sustainable development.

Vinamilk’s orientation in sustainable development focuses on 5 areas:





5. SUSTAINABLE DEVELOPMENT REPORT (continued)

Commitments to stakeholders:

	CONSUMERS	Providing safe and top quality products Diversifying products and creating values in products for the improvement of consumers' health Producing products with reasonable prices
	SHAREHOLDERS	Ensuring an safe investment with sustained profitability for shareholders
	GOVERNMENT	Complying to the policies, laws and regulations of the Vietnamese government and those of the countries where Vinamilk is doing business
	EMPLOYEES	Ensuring the satisfaction of all employees in terms of working environment, self-development opportunities and compensation
	PARTNERS	Cooperating on the basis of mutual benefits, transparency and social responsibilities
	COMMUNITY	Upholding responsibilities, sharing values and participating in the development of communities



With those commitments, in 2015, Vinamilk continued to cooperate, develop and worked ceaselessly to create values for all stakeholders in its mission and vision of sustainable development.

Economic

Values created for stakeholders in 2015:

Stakeholder	Value	
Shareholders	Dividends	VND6,002 billion
Government	Total tax paid	VND3,945 billion
Suppliers	Transaction value	VND26,557 billion
Customers	Transaction value	VND40,223 billion
Community	Social supports	VND25 billion

Environment- energy

An amount of VND102 billion, or 21.36% of the guidance on energy consumption was saved.

The year 2015 was a turning point in Vinamilk's Safety - Health - Environment Management System as the Company obtained the PAS 99 Integrated Management System Certification for all of its factories. Truong Tho Factory was the first to be certified for this system. Inheriting the foundation of ISO 14001, ISO 9001, the OHSAS 18001 System was integrated for more comprehensive management in all aspects. This is Vinamilk's message to our shareholders and other stakeholders: **"We will fulfill our responsibilities and strive to create increasing values for all of our stakeholders."**

Furthermore, Vinamilk was in constant search of new solutions and innovation for energy saving and efficient energy consumption, including the use of biomass and CNG, employment of advanced technologies in production, exhaust control and treatment, raising staff and community awareness of environment protection.

For such efforts, Vinamilk received a number of encouragements from the government.

Saigon Factory	Ministry of Natural Resources and Environment	Certification of positive contribution in the "Forum of innovations and development toward a green economy" held by The Natural Resources and Environment Newspaper
Truong Tho Factory	Ministry of Natural Resources and Environment	Vietnam Environmental Award 2015
Dielac Factory	Dong Nai Department of Industry and Trade	Honor of "Achievement in energy conservation 2015"
Thong Nhat Factory	Liberated Saigon Newspaper	Green Enterprise Award



5. SUSTAINABLE DEVELOPMENT REPORT (continued)

Vinamilk has a policy in place for the development of professional cow farms that are compliant with international standards and Vietnamese regulation. The Company makes sure to bring to the market only safe, high quality and competitively priced products that near the global average cost of production. The production and distribution activities of Vinamilk so far have showed many practical socio-economic effects. All of the Vinamilk's dairy farms are now certified for the ISO 9001:2008 and Global Gap standards. The success for Vinamilk's farm was materialized in a number of awards and honors in 2015.

- Certification of Advanced Technology Application in Agriculture.
- Certification of Disease-free Farm.
- Certification of Asean Famous Brand 2015.

Furthermore, the Company continued to create values for the community by a program to provide processed cattle feed to dairy farms and farming households and strict control of milk quality and production cost.

- Long-term contracts to purchase raw, green feed that support farmers in the areas surrounding the Company's farms with additional income.



Society

It is also worth to mention a number of action programs performed by Vinamilk in 2015:

For employees

The Company upholds all its commitments relating to working conditions and healthcare while striving to develop a diverse, discrimination-free environment where everyone has an opportunity to growth, where their differences are respected, their rights protected and contributions recognized. 2015 was the second year Vinamilk ranked among the Top of "The best places to work". According to the people who took the survey, an ideal place to work is where that offers employees with opportunities career development along with a diversity and equality in the working environment. Salaries, bonuses and other financial compensations are also important but not the top criteria for selecting a place to work. At Vinamilk, we not only offer the best policies to our employees but also ensure that the people working for our partners in the supply chain receive the benefits they deserve in a contracted manner.

In late 2015, with the success in the implementation of the PAS 99 Integrated Management System, Vinamilk launched for the first time the Internal



Occupational Safety - Health - Environment Assessment Program in all factories. The focus of the program is to guarantee a safe environment for Vinamilk's factory workers and to raise individuals' awareness of occupational safety and health and environment protection.

Employee development: Many programs performed in 2015 such as Management Skill for High - ranking Managers, Six Styles of Leadership, Self - management, Responsible Life Culture, etc. provided the management team of Vinamilk valuable knowledge and skills in constructing a dynamic corporate culture for sustainable development.

Consumers: Healthiness, as one of consumers' greatest concerns, has always been a focal point in Vinamilk's research and development activities alongside product quality. With constant efforts in product innovation, Vinamilk launched 34 new products in 2015 with the aim to better satisfy the diverse preferences and physical needs of consumers.

By complying with international standard FSSC 22000 in food safety, hi-tech laboratories certified with ISO 17025 and ISO 9000 quality management system, Vinamilk has stayed firm and true to its commitment and mission of **“bringing a premium source of nutrition to the community with love, respect and high responsibilities with human lives and the society as a whole.”**

In 2015, many charity, society - appreciation and community - supporting programs were carried out by Vinamilk for a total contribution of VND25 billion. Notable programs included:

“Stand Tall Vietnam” Milk Fund:

In the eight-year journey of the Milk Fund, the program has brought 26 million glasses of milk (VND94 billion in value) to 333,000 disadvantaged

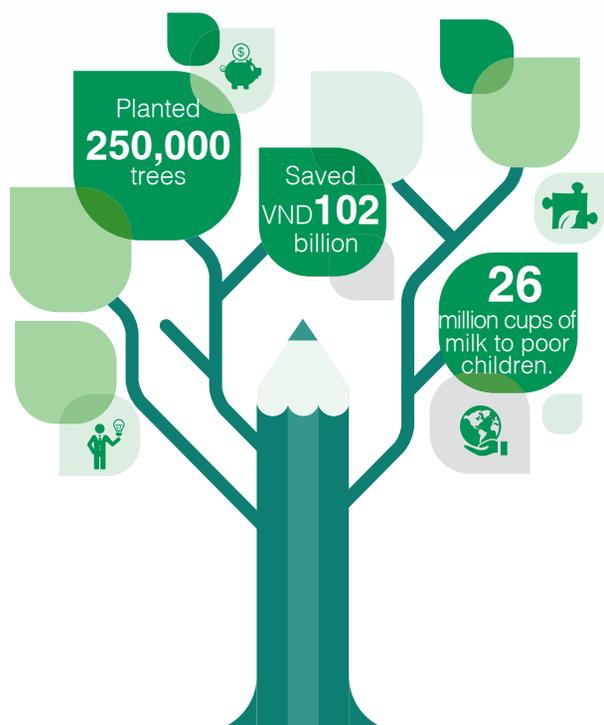
children across the country. In 2015, the Stand Tall Vietnam Milk Fund reached a total 727 locations in Vietnam.

Organizing 3 successful trips of milk donation events in 2015, in Nghe An on 27/7/2015, in Lam Dong on 26/9/2015 and in Ben Tre on 2/12/2015.

“One million Trees for Vietnam” Fund:

Over the last 4 years, the One Million Tree Fund has planted up to 250,000 trees in 20 cities and provinces across Vietnam.

Last year, the program put into the ground 13,000 trees at the Mausoleum of General Vo Nguyen Giap in Quang Binh on March 6th, 5,610 golden oaks at the historical Dong Loc Junction on July 26th and another 11,000 trees at the Monument of the Ho Chi Minh Sea Trail in Ben Tre on December 2nd.



From THE BEST
QUALITY



PART IV: BOM'S ASSESSMENT ON THE COMPANY'S OPERATIONS

1. BOM's assessment on the Company's operations
2. BOM's assessment on BOD's performance
3. BOM's business plans and orientations

To VIETNAM
never stop growing





1. BOM'S ASSESSMENT ON THE COMPANY'S OPERATIONS

Domestic market operations

A diversity in the distribution channel worked effectively in combination with multiple market programs that it allowed the Company to capture many demands of the market. Product development also caught up with the market's changing needs. Bold yet effective actions in upgrading distribution activities and service quality yield impressive results.

Overseas market operations

Despite instability in traditional markets and the world's economy as a whole, the business performance of Vinamilk in 2015 was remarkable. Revenue growth was exceptionally high while a big leap was made with regard to market expansion.

Operations of the supply chain

Good timing improved the efficiency of material purchasing activities. Herd expansion programs tied closely to local economic development.

High effectiveness in manufacturing operations helped greatly in ensuring the highest quality of products and sufficient supply to meet market demand. Logistics and storage management also worked in synchronization with other activities along the supply chain.

Operations of supporting division

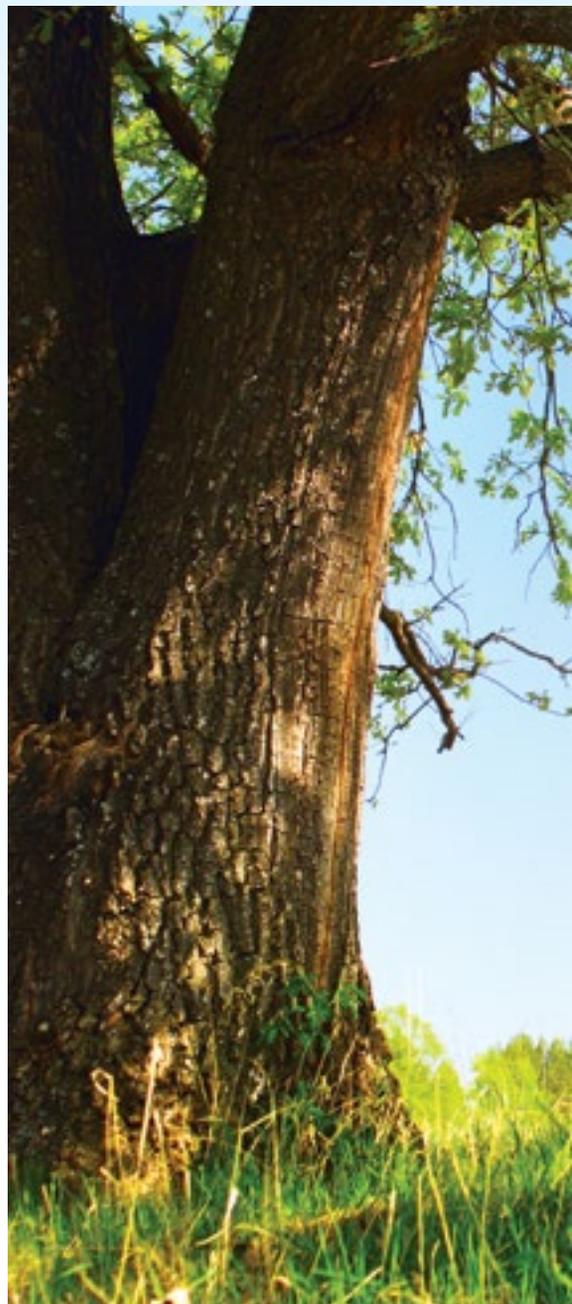
With a desirable working environment, the Company continued to be one of the best places to work in Vietnam.

Progress was ensured in all construction and development projects where all requirements of products and equipment for production were satisfied.

Safe and undisrupted operations of the IT system was secured while many applications were developed in response to business demands.

Procedures for internal control were rigorous yet compact and approaching common advanced practices. It is Vinamilk's strong internal control and compliance system that has made the Company one of the few enterprises in Vietnam to receive the Award for Strong Corporate Governance.

The Company's activities in overseas markets were performed with prudence and a systematic manner.







2. BOM'S ASSESSMENT ON BOD'S PERFORMANCE

Methods of inspection and monitoring

Procedures have been established by the BOM in compliance with the Company's Corporate Governance Policy to evaluate the competencies of the CEO and member of the BOD. According to such procedures, the BOM's evaluation of a BOD member were based on (1) the member's self-evaluation form and (2) the CEO's opinions and evaluations of that member. The focus of such evaluation was the extent to which the BOD fulfilling the resolution of the BOM and the AGM. BOM members were evaluated in two aspects: the achievement of objectives according to the Balanced Scorecard (MBO) and their core competencies.

In fact, self-evaluation by BOD members and the evaluation of the CEO for each member were often performed and periodically based on objective and scientific quantitative and qualitative criteria which are customized to suit the member's job descriptions and assigned responsibilities. Outcomes of the evaluation process were provided along with full explanations and disclosures to the Human Resources Committee of the BOM before they were brought in front of and discussed by the BOM.

- During quarterly and on-demand meetings of the BOM and in a straight forward manner, the BOM discussed with and questioned the CEO for the actions performed to accomplish the Company's strategy and the business plan approved by the AGM in April 2015. The CEO and the BOD members proactively reported to and updated for the BOM in details regarding the progress as well as difficulties arising during the implementation of the Company's business plan.
- The BOM and the IC worked closely together to inspect and follow the Company's operations and to advise the CEO as well as the BOD

on accomplishing the business targets. As supervisors and the representatives of shareholders, members of the IC were invited to join the BOM's meetings to discuss and express opinions on related matters.

- Resolutions passed by the BOM after each periodic and on-demand meetings regarding the business targets for the following quarter as well as other matters served as a guidance of implementation for the CEO.

Supervision outcomes

In 2015, the BOD made great efforts in achieving the annual revenue and profits targets approved by the AGM. The final success resulted from the CEO's management and coordination of the various divisions and departments within the Company. In addition, the proactive collaboration of the BOD with the BOM allowed the BOM to follow closely and exert effective supervision over the Company's operations.

The BOM performed evaluations on the BOD twice last year regarding the results of business plan implementation as well as the skills, competencies of BOD members and the fulfillment of their responsibilities. Most members of the BOD and the Company's high-ranking officers were surplus to requirements; for the future strategies and objectives nonetheless, however, the BOM will pay more attention to areas such as succession planning, leadership and essential skills and knowledge for the Company's next stage of development.

Conclusion

The BOM concludes that the CEO and the BOD accomplished their mission in 2015 with excellent results while ensuring full compliance with the procedures and requirements relating to corporate management set by the Company's Charter and Corporate Governance Policy and effective laws and regulations.



3. BOM'S BUSINESS PLANS AND ORIENTATIONS

In 2016, the BOM will examine the implementation of the business plan for the five-year period of 2012 – 2016 also a duty in the 2012-2016 term of the BOM. Given that focus, the BOM will review the Company vision and mission and construct a long-term strategy for the new period.

From 2017 onward, the BOM will place great importance in balancing financial and non-financial objectives to ensure sustainable development of the Company and solid advances in overseas markets considering the fierce competition and growing unpredictability in the market.

A comprehensive plan will set in motion, from the refining of governance procedures thus the elevation of the Company's governance quality, the establishment of a more efficient organizational structure along with advanced management practices and procedures to the review of the Company's Charter in response to the demands of business reality and legal requirements. One thing is certain that the major of leadership succession planning will receive the attention and supervision of both the BOM and the BOD.



From the best practice in
corporate governance





to the cultivation
of TALENTS

PART V: CORPORATE GOVERNANCE

1. Board of Management
2. Inspection Committee
3. Transactions, remunerations and interests of BOM, BOD and IC
4. Risk management report



1. BOARD OF MANAGEMENT

a. BOM members and composition

Currently, the BOM of Vinamilk has 6 members:

No.	Member	Title	Ownership with voting rights (31/12/2015)
1	Ms. Le Thi Bang Tam	Chairwoman, Independent member	-
2	Mr. Le Song Lai	Non-executive member	Representative of SCIC: 37.55%
3	Ms. Mai Kieu Lien	Member and CEO	0.27%
4	Mr. Le Anh Minh	Non-executive member	Representative of 6 foreign funds: 2.96%
5	Mr. Ng Jui Sia	Non-executive member	Representative of F&N Dairy Investments Pte Ltd: 11.03%
6	Ms. Ngo Thi Thu Trang	Member and Executive Director Project	Representative of SCIC: 7.51% Personal: 0.08%

Please refer to page 28-33 for the introduction of the Board of Management

b. Committees under the BOM

The BOM has established 4 committees to assist in its functions:

No.	Committees	Member
1	Human Resources Committee	Ms. Le Thi Bang Tam - Head of committee
		Ms. Mai Kieu Lien - Member
		Mr. Le Song Lai - Member
2	Business strategy Committee	Mr. Le Song Lai - Head of committee
		Ms. Mai Kieu Lien - Member
		Ms. Ngo Thi Thu Trang - Member
3	Remuneration Committee	Mr. Le Anh Minh - Head of committee
		Mr. Ng Jui Sia - Member
		Ms. Le Thi Bang Tam - Member
4	Risk Management Committee	Mr. Ng Jui Sia - Head of committee
		Mr. Le Anh Minh - Member
		Ms. Ngo Thi Thu Trang - Member

c. Activities of the BOM

During the year, the BOM held 4 meetings with details as below:

Meeting 1: On 30/1/2015

- Evaluation of the business operations in 2014.
- Discussion of 2015 business plan.
- Approval of the risk assessment report of 4Q2015.
- Approval of the plan for 2015 AGM organization.
- Evaluation of the BOM's performance and passage of the performance bonus for BOM members (part of the BOM compensation allowance approved by the AGM).
- Evaluation of the performance of the CEO, the Chief Accountant and Operating Managers plus approval of performance bonuses for BOD members.

Meeting 2: On 2/4/2015

- Approval of the subject matters to be submitted to shareholders at the 2015 AGM.
- Passage of initiative to acquire the controlling stake in a company for the development of dairy farms with the CEO being responsible for negotiating with related parties and submitting the plan for the BOM's approval.
- Approval of the modified BOM compensation plan.

Meeting 3: On 24/7/2015

- Passage of the appointment of a Chief Operating Officer (COO) by the CEO.
- Approval of the assignments in the committees under the BOM.
- Approval of the business results of 3Q2015.
- Approval of the voting results for the new BOM Chair, effective 25/7/2015

Meeting 4: On 30/11/2015

- Passage of the long-term performance-based compensation program with the Allowance Committee being responsible for working with consulting companies to bring the program online.
- Approval of the 9M 2015 business results.
- Discussion of the 2016 business plan.
- Approval of the Risk Management Report of 3Q2015.
- Approval of the BOM meeting agenda in 2016.

Performance evaluation

- Each BOM member and the Board as a whole were subject to evaluation with respect to: preparations, participation and contributions in BOM meetings.
- Each member's specific functions, characteristics and professionalism on top of the four primary duties were also considered as criteria evaluation.
- Subjective evaluation was performed in combination with each member's self-assessment and cross-evaluation by discussions.

Result: All BOM members and the Board as a whole achieved encouraging evaluation results.



1. BOARD OF MANAGEMENT (continued)

d. Activities of the committees under the BOM

In addition to the Board's meetings, the committees under the BOM also held their own meetings to discuss matters under their responsibilities.

- **Business Strategy Committee:** The Business strategy committee held 2 meetings, the main subject of which involved the review of the Company's long-term plan and vision. The Committee also had extension discussions in preparations the 2017-2021 plan.
- **Risk Management Committee:** The Committee of Risk Management held 4 meetings to discuss the Company's major risk factors. The Committee also examined the Company's risk management mechanism and responses to risk events. The Committee worked closely with the IC and the Department of Internal Control to retrieve timely and accurate updates on arising matters. The Committee also focused on the upgrading the knowledge of and management skills against all related risks.
- **Human Resources Committee:** The Committee of Human Resource held 2 meetings, mainly on the evaluation of the CEO, the BOD and the Company's leadership succession plan. Every 6 months, the Committee would perform an evaluation on the BOM and while supervising the evaluation process.
- **Remuneration Committee:** The Remuneration Committee met 2 times last year. The main focus of the meetings was to develop a long-term compensation plan for the Company's executives. Combined with advanced practices, such program is an effective tool in aligning the management's interest with that of the Company over the long term.

e. List of the BOM members certified in corporate governance:

- Ms. Le Thi Bang Tam
- Mr. Le Song Lai
- Ms. Mai Kieu Lien
- Mr. Le Anh Minh
- Mr. Ng Jui Sia
- Ms. Ngo Thi Thu Trang



MÓN QUÀ SỨC KHOẺ TỪ THIÊN NHIÊN





2. INSPECTION COMMITTEE

a. Inspection Committee members and structure

The IC comprises of 4 members::

No.	Name	Title	Ownership with voting rights (31/12/2015)
1	Nguyen Trung Kien	Head of IC	0.003%
2	Nguyen Dinh An	Member	-
3	Nguyen Thi Tuyet Mai	Member	0.003%
4	Vu Tri Thuc	Member	-

Please refer to page 34 - 35 for the introduction of the Inspection Committee

b. Activities of the Inspection Committee

Members of the IC are appointed by the AGM to conduct the supervisory activities regulated by laws and the Company's Charter. In 2015, the IC continued its inspection and supervisory activities to enhance the quality of the Company's corporate governance.

In 2015, the IC conducted four (4) official meetings:

Meeting/Attendance	Main content
Meeting 1 on 25/3/2015 4/4	<ul style="list-style-type: none">• Discussed the inspection agenda of major business operations in 2015.• Discussed the selection of a consulting firm for the assessment of Information security risk.
Meeting 2 on 19/5/2015 4/4	<ul style="list-style-type: none">• Assigned the monitoring and inspection responsibilities to IC members.• Approved the Remuneration Policy for the IC members.
Meeting 3 on 24/7/2015 4/4	<ul style="list-style-type: none">• Discussed the works completed in 6 months, including:<ul style="list-style-type: none">✓ The Internal Audit's results;✓ The financial reporting supervisory results.• Reviewed the assessment result of information security risk.
Meeting 4 on 26/1/2016 4/4	<ul style="list-style-type: none">• Reviewed the IC and the Internal Audit's activities during the year.• Evaluated the performance of Internal Audit Director.• Discussed the procedure to select external auditor for the fiscal year 2016.

IC members also discussed internally via emails and phone calls, conducted and attended meetings with the BOM, the Risk Management Committee of the BOM, the Internal Audit Department (IA), external auditor and potential consulting partners in order to fulfill the IC's duties.

c. Results of the monitoring activities

Monitoring the implementation of the 2015 AGM's resolutions

In 2015, Vinamilk fully executed all the plans that were approved by the shareholders at the AGM in April 2015, including:

- Distribution of 2014 and 2015 profit: Vinamilk completed the funds allocation, including: Investment and development fund, Financial reserve, Bonus and welfare fund, completed the payment of 2014 dividend and advance payment of 2015 dividend.
- Business performance: thanks to the recovery in purchasing power, the revenue and profit before tax exceeded the target approved by the AGM.
- Capital expenditure: actual payout reached 38% of the investment plan registered with the AGM.
- Remuneration payment to the BOM and the IC: payments were made sufficiently and complied with the budget approved by the AGM.

Monitoring the Company's financial performance

In 2015, the IC maintained the frequent and effective communication with Vinamilk's external auditor (KPMG Co., Ltd., hereinafter referred to as "KPMG"). The IC reviewed and assessed the scope of all non-audit services provided by KPMG to ensure the independence and objectivity of the audit activities.

The audit fee and other consulting fees paid to KPMG in the fiscal year of 2015 (excluding VAT) are as follows:

- Financial statements audit fee: VND1,529 million
- Other consulting service fees: VND512 million

The IC believed that the nature and scope of the non-audit services didn't affect the independence and objectivity of the external auditor in their task fulfillment.

In 2015, the IC also took a more active role in the procedure for issuance of financial statements. Since the IC's second meeting, KPMG also participated and provided the analysis report of the changes in key financial statements items. The IC then examined the auditor's opinions before submitting for BOM's approval to issue the quarterly and year-end financial statements.

Based on the IC's assessment, Vinamilk maintained a healthy financial position in 2015:

- The basic ratios of liabilities, equity, liquidity, asset utilization and provisions were all highly qualified; and
- Revenue and profit exceeded the target approved by the AGM.



2. INSPECTION COMMITTEE (continued)

Monitoring the Company's activities in 2015

Risk management

Thanks to the close monitoring of Risk Committee, significant advances were made in Vinamilk's risk management and this system has been well integrated into the business operations during 2015. The IC participated in quarterly corporate risk assessment meetings, maintained the frequent communication and contributed ideas to the Risk Committee and Vinamilk's management.

Activities of IA Department

The IA remains a department under the IC's control and independent from Vinamilk's operation activities. During its operation, the IA has sufficient resources and information access rights to fulfill its tasks. The IA also has the rights to report directly to the Chairwoman and the IC.

In 2015, the IA completed the assessment of the following processes:

- Operation of the Logistics Division
- Raw material procurement and customs declaration
- Selling expenses management at sales offices
- Product quality control at factories
- Dairy farm management
- Marketing activity management
- Related-party transaction management
- Information security risk management (co-source with consulting firm)

Compliance assessment results

The IC found that there weren't significant risks in the audited operation processes and the Company complied with laws, charter and regulations. In 2015, the audit results were incorporated into the employee's performance evaluation criteria in order to enhance their compliance awareness. Action plans recommended by the IA to improve the control system were also fully implemented.

Collaboration between the IC and the BOM, the BOD and shareholders

In 2015, the IC attended all the BoM's quarterly and requested meetings, timely updated the actual business situation and contributed ideas to the BOM, the BOD in achieving the business objectives approved by the AGM.

Selection of external auditor for the fiscal year 2016

The IC notified the BOM of the procedures to get AGM's approval on the appointment of external auditor for the fiscal year 2016.

d. The IC's operation plan in 2016

The IC will continue the inspection and monitoring activities through the IA, the external auditor and direct assessment works of IC members.

Internal Audit

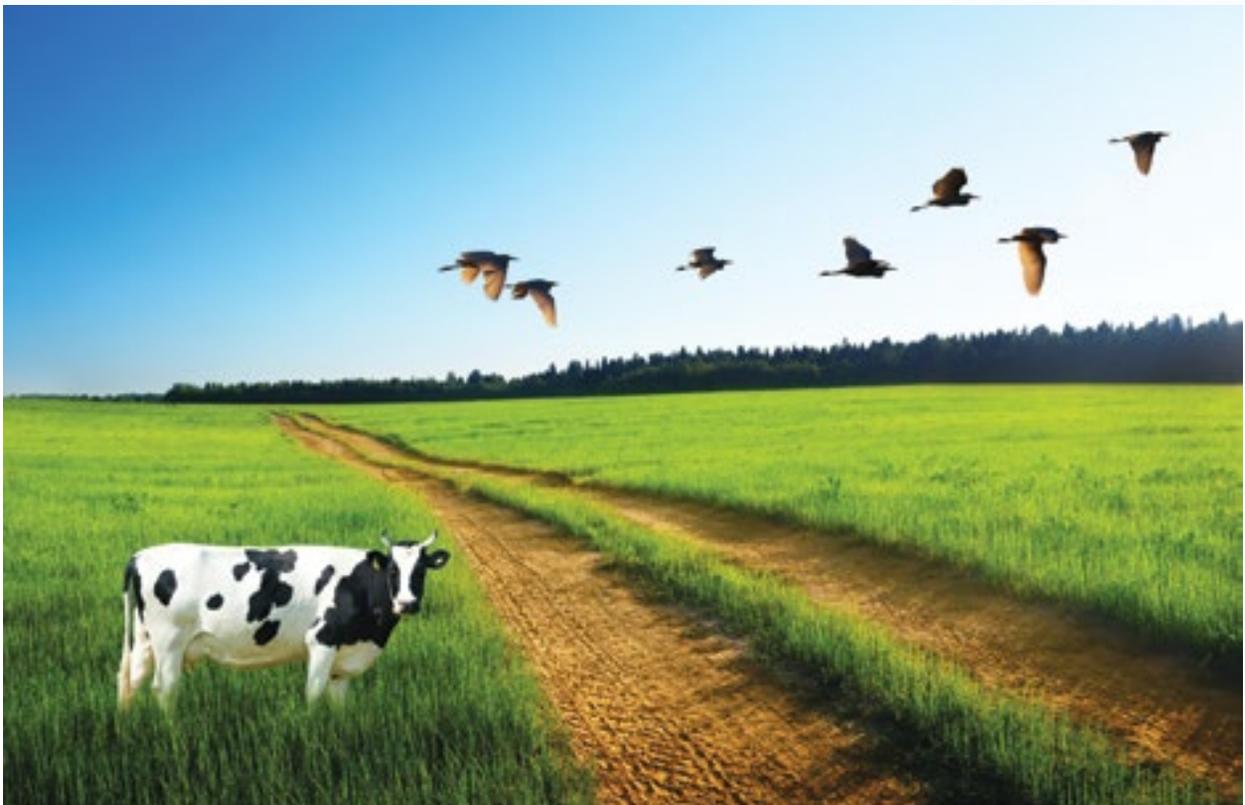
The IA will continue the audit activities based on the Company's risk profile to ensure that the audit covers the most significant business risks. The scope of audit will extend more towards business units (other than headquarters) in order to enhance the compliance awareness across the Company.

External auditor

The IC will maintain the effective communication with the external auditor, actively monitor the audit quality and timely update of audit results.

Risk management system

The IC will continue to promote and monitor the implementation of the risk management system across the Company and support the Company to keep updated with advanced risk management practices.





3. TRANSACTIONS, REMUNERATIONS AND INTERESTS OF BOM, BOD AND IC

a. Salary, bonus, allowance and interests

	Remuneration	Salary	Bonus	Allowance	Total
BOM					
Ms.	Le Thi Bang Tam		52%	48%	100%
Mr.	Le Song Lai		45%	55%	100%
Ms.	Mai Kieu Lien	26%	73%	1%	100%
Mr.	Le Anh Minh		45%	55%	100%
Mr.	Ng Jui Sia		47%	53%	100%
Ms.	Ngo Thi Thu Trang	46%	51%	3%	100%
IC					
Mr.	Nguyen Trung Kien		0%	100%	100%
Mr.	Nguyen Dinh An		0%	100%	100%
Ms.	Nguyen Thi Tuyen Mai		0%	100%	100%
Mr.	Vu Tri Thuc		0%	100%	100%
BOD					
Mr.	Mai Hoai Anh	50%	50%		100%
Mr.	Trinh Quoc Dung	47%	53%		100%
Ms.	Nguyen Thi Thanh Hoa	47%	53%		100%
Ms.	Bui Thi Huong	46%	54%		100%
Mr.	Le Thanh Liem	47%	53%		100%
Mr.	Nguyen Quoc Khanh	50%	50%		100%
Mr.	Phan Minh Tien	57%	43%		100%
Mr.	Tran Minh Van	50%	50%		100%

b. Stock Trading of the Insiders

No.	Transaction party	Relation with the insiders	Ownership at the beginning of period		Ownership at the end of period		Reason for increase/decrease in ownership
			Number of shares	Ratio	Number of shares	Ratio	
1	SCIC (SIC) One member Investment Limited company	BOM Member	137,710	0.01%	11	0.00%	Buy & Sell
2	Bao Minh Insurance Corporation	BOM Member	2,500	0.00%	-	0.00%	Buy & Sell

3	Norges Bank	BOM Member	4,191,000	0.42%	5,529,200	0.46%	Buy
4	The CH/SE Asia Investment Holdings (Singapore) PTE., Limited	BOM Member	144,000	0.01%	197,388	0.02%	Buy
5	Vietnam Enterprise Investments Limited	BOM Member	11,536,344	1.15%	12,643,612	1.05%	Sell
6	DC Developing Markets Strategies Public Limited Company	BOM Member	146,400	0.01%	274,646	0.02%	Buy & Sell
7	Phan Minh Tien	Executive Director	-	0.00%	24,000	0.00%	Buy
8	Nguyen Quoc Khanh	Executive Director	165,552	0.02%	54,662	0.00%	Sell
9	Mai Quang Liem	CEO's brother	214,860	0.02%	145,884	0.01%	Sell

c. Contracts/transactions with the insiders

According to the article in the Company Act regarding the of integrity and avoidance of conflict of interests, members of the BOM, the IC and the BOD, the Chief Accountant and others in a management position appointed by and subject to dismissal by the BOM as proposed by the CEO shall notify the BOM of any conflict that could arise from their interest in an institution, transactions or relation to another person within 7 days since the emergence of the interest.

In 2015, the Company received no notification from the said individuals about arising transactions. The Company also has no borrowings from, loans to or guarantee obligations against those individuals or their related parties.

In 2015, the Company made deposits with and participated in a bond issuance of HDBank with a year-end balance of VND790 billion. These transactions were approved by the BOM on 11/2/2015 for their connection with Board member, Ms. Le Thi Bang Tam, Chairwoman of Vinamilk and HDBank.

d. Implementation of corporate governance policies

Activities to upgrade corporate governance practices:

- Supplement of materials on anti-corruption programs and procedures including the reporting of unethical activities.
- Enhancement of transparency in the selection of suppliers and contractors.
- Expansion of communication channel with suppliers and public relation.
- Meetings of non-executive members of the BOM.



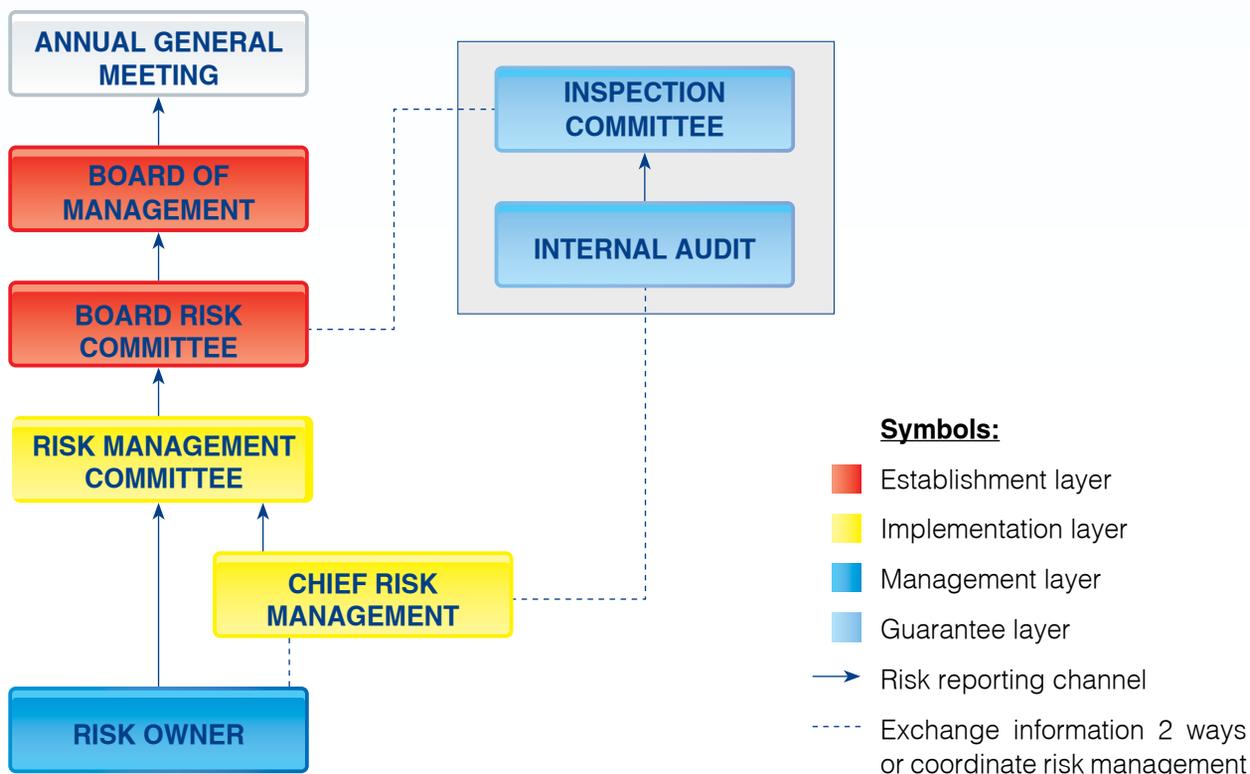
4. RISK MANAGEMENT REPORT

FROM THE FIRST STEP IN IMPLEMENTATION

of Enterprise Risk Management (ERM) in 2010, Vinamilk's ERM has been operated and developed for 5 years. Currently, ERM has become an important and integral activity in the overall system of corporate governance with the participation of all levels of staff and BOD. Besides, the Internal Audit under IC further assists the Risk Management Committee oversight to evaluate effectively implementation of the ERM framework by the risk owners.

ERM structure

The structure of ERM of Vinamilk is maintained as the below:



Details as following:

Structure	Role
Board of Management	<ul style="list-style-type: none"> • Approve the structure and the policy of risk management. • Provide oversight and review the effectiveness of the Company ERM framework. • Guide and approve the risk appetite. • Periodically review the report and the implementation of risk management. • Evaluate the principle risk and mitigating actions. <p>* Board of Risk Committee: support Board of Management in implementing its roles of risk management.</p>
Risk Management Committee	<ul style="list-style-type: none"> • Review the risk evaluation of risk owners. • Periodically report Vinamilk's risk management.
Risk Owner	<ul style="list-style-type: none"> • Identify, analyze and evaluate risks in risk owner's charge. • Proposed action plan. • Explain top risks to Board Risk Committee.
Risk Management Department	<ul style="list-style-type: none"> • Coordinate risk management activities. • Implement activities to raise the awareness of risk management. • Establish the documentation of methods and processes of risk management.
Inspection Committee – Internal Audit	<ul style="list-style-type: none"> • Monitor risk management system and evaluate the effectiveness of risk management system.

ERM Activities

Periodically assess risk assessment:

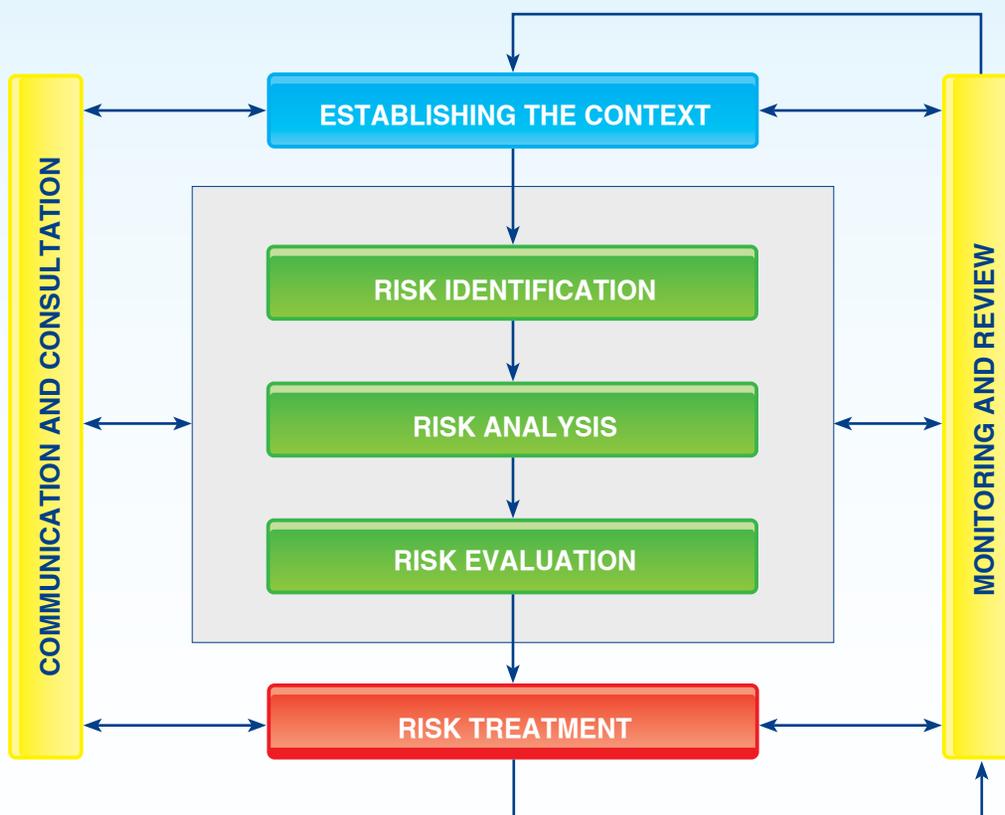
Risk assessment is implemented quarterly. Accordingly, risk owners and Risk Management Committee assess the level of risk in the period based on actual events, risk parameters and then set out the action plan. The result of risk assessment is reported to Board Risk Committee for reviewing and commenting.

The result of risk assessment is also reported as an official agenda of the meetings of the BOM periodically.



4. RISK MANAGEMENT REPORT (continued)

Risk Management Procedure:



Control Self Assessment:

Control self-assessment is a programme that carried out in order for process owners and control owner to assess the level of effectiveness of controls, including the design of controls and the level of compliance of the implementation. This activity aims to:

- Create a culture and a sense of self control in organization.
- Timely detect checkpoints that are ineffective design and incompliance.
- Set appropriate solutions.

Control self-assessment is implemented once every 6 months.

Integrate risk management into key processes:

Besides the periodically risk assessment, risk management is integrated into key processes of the Company as project management, new product launch programs, etc. Accordingly, risk management is applied for each project and each program periodically.

Periodically release ERM newsletter:

ERM newsletters have been released quarterly. This is a communication channel to maintain and constantly enhance the awareness of risk management, update the trend of risk in the world and the situation of the risk management activities of Vinamilk. ERM newsletter has been referenced from many reliable sources: publications and news websites of associations and organizations of risk management, real events, and case studies. ERM newsletter includes key issues:

- Summary of the news about risk management world and regions.
- Update the changes in the environment of economy, society, legislation and the impact of these changes.
- Risk management activities in the period.
- Typical case studies.

Overall review Risk management in 2015

The list of risks are classified into four main groups:

STRATEGIC RISK GROUP:

is the group of risks that is managed to ensure the Company developed strategy, business plan, resource plan to adapt with environment of economy, society, legislation.



OPERATIONAL RISK GROUP:

is the group of risks which is related to the directly or indirectly damages in business plan caused by the lack and/or ineffectiveness of processes, people, systems operate and/or the impact of negative events.



FINANCIAL RISK GROUP:

is the group of risks related to financial loss, solvency liabilities, asset management.



COMPLIANCE RISK GROUP:

is the group of risks concerning the compliance with the laws, commitment and other rules.



Overall, Vinamilk's ERP system has been operating effectively and integrated into the business activities in 2015. For Strategic Risk Group, Vinamilk has focused on analysis and evaluation of changes in the environment of economy and society, the influence of economic integration and trade liberalization to set out strategy for future business. Operational Risk Group is managed and evaluated and identify promptly and then Vinamilk sets timely appropriate action to reduce risk. The result of risk assessment of Financial Risk Group shows that Vinamilk has well managed the financial situation, updated changes in exchange rate policy timely and applied the appropriate financial tools. Finally, Vinamilk did not record any significant risks in Compliance Risk Group in 2015.

PART VI: FINANCIAL STATEMENTS

1. Corporate information
2. Statement of the Board of Directors
3. Financial statements auditor's report
4. Consolidated Balance Sheet
5. Consolidated statement of income
6. Consolidated statement of cash flows
7. Notes to the consolidated financial statements

from **PIONEER
POSITION**



SỮA TƯƠI
150m³



VINAMILK

TỰ HÀO SỮA VIỆT XU



to **WORLD-CLASS
POSITION**





**VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY
AND ITS SUBSIDIARIES**

Consolidated financial statements
for the year ended 31 December 2015

CORPORATE INFORMATION

Business Registration Certificate No.	4103001932 0300588569	20 November 2003 16 November 2015
	The Company's business registration certificate has been amended several times, the most recent of which is by business registration certificate No. 0300588569 dated 16 November 2015. The business registration certification was issued by Ho Chi Minh City Planning and Investment Department.	
Board of Management	Mdm Le Thi Bang Tam	Chairwoman (from 25 July 2015) Member (until 24 July 2015)
	Mdm Mai Kieu Lien	Member (from 25 July 2015) Chairwoman (until 24 July 2015)
	Mr Le Song Lai	Member
	Ms Ngo Thi Thu Trang	Member
	Mr Ng Jui Sia	Member
	Mr Le Anh Minh	Member
Board of Directors	Mdm Mai Kieu Lien	Chief Executive Officer
	Mr Mai Hoai Anh	Chief Operating Officer (from 1 August 2015) Executive Director - Sales
	Ms Nguyen Thi Thanh Hoa	Executive Director - Supply chain
	Mr Trinh Quoc Dung	Executive Director - Raw Materials Development
	Ms Ngo Thi Thu Trang	Executive Director - Projects
	Mr Tran Minh Van	Executive Director - Production
	Mr Nguyen Quoc Khanh	Executive Director - Research and Development
	Mr Phan Minh Tien	Executive Director - Marketing
	Ms Bui Thi Huong	Executive Director - Human Resource - Administration and Public Relation
	Mr Le Thanh Liem	Acting Executive Director - Finance (from 24 December 2015)
Registered Office	10 Tan Trao Tan Phu Ward, District 7 Ho Chi Minh City Vietnam	
Auditors	KPMG Limited Vietnam	

STATEMENT OF THE BOARD OF DIRECTORS

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements set out on pages 5 to 65 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2015, and of the consolidated results of operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Directors



Mai Kieu Lien
Chief Executive Officer

Ho Chi Minh City, 29 February 2016

FINANCIAL STATEMENTS AUDITOR'S REPORT

To the Shareholders Vietnam Dairy Products Joint Stock Company and its subsidiaries

We have audited the accompanying consolidated financial statements of Vietnam Dairy Products Joint Stock Company (“the Company”) and its subsidiaries (together referred to as “the Group”), which comprise the consolidated balance sheet as at 31 December 2015, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Directors on 29 February 2016, as set out on pages 115 to 177.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

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

FINANCIAL STATEMENTS AUDITOR'S REPORT (continued)

Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Vietnam Dairy Products Joint Stock Company and its subsidiaries as at 31 December 2015 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City Vietnam

Audit Report No.: 15-01-226/07



A handwritten signature in blue ink, likely belonging to the auditor, Nguyen Thanh Nghi.

Chang Hung Chun
Practicing Auditor Registration
Certificate No. 0863-2013-007-1
Deputy General Director

Ho Chi Minh City, 29 February 2016

Nguyen Thanh Nghi
Practicing Auditor Registration
Certificate No. 0304-2013-007-1

CONSOLIDATED BALANCE SHEET

as at 31 December 2015

Form B 01 - DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2015 VND	1/1/2015 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		16,731,875,433,624	15,457,989,802,876
Cash and cash equivalents	110	6	1,358,682,600,684	1,527,875,428,216
Cash	111		1,212,517,600,684	993,333,794,600
Cash equivalents	112		146,165,000,000	534,541,633,616
Short-term financial investments	120		8,668,377,936,330	7,469,006,501,322
Trading securities	121	7(a)	525,980,876,577	704,814,872,722
Allowance for diminution in the value of trading securities	122	7(a)	(72,195,440,247)	(139,208,371,400)
Held-to-maturity investments	123	7(b)	8,214,592,500,000	6,903,400,000,000
Accounts receivable - short-term	130		2,685,469,151,432	2,777,099,430,909
Accounts receivable from customers	131	8	2,202,396,055,303	1,988,614,362,323
Prepayments to suppliers	132		126,289,719,352	420,615,080,215
Other short-term receivables	136	9(a)	359,995,340,900	370,036,643,588
Allowance for doubtful debts	137		(3,211,964,123)	(5,917,834,434)
Shortage of assets awaiting for resolution	139		-	3,751,179,217
Inventories	140	11	3,810,095,215,771	3,554,823,963,018
Inventories	141		3,827,369,319,952	3,567,948,334,861
Allowance for inventories	149		(17,274,104,181)	(13,124,371,843)
Other current assets	150		209,250,529,407	129,184,479,411
Short-term prepaid expenses	151	17(a)	156,056,494,506	115,703,239,463
Deductible value added tax	152		53,192,367,873	13,465,035,833
Taxes receivable from State Treasury	153		1,667,028	16,204,115

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

CONSOLIDATED BALANCE SHEET

as at 31 December 2015 (continued)

Form B 01 - DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2015 VND	1/1/2015 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		10,746,300,510,728	10,312,148,258,081
Accounts receivable - long-term	210		20,898,388,770	21,965,907,697
Long-term loan receivables	215		5,573,700,349	7,395,303,671
Other long-term receivables	216	9(b)	15,324,688,421	14,570,604,026
Fixed assets	220		8,214,134,749,497	8,086,395,812,459
Tangible fixed assets	221	12	7,795,345,501,520	7,548,188,780,138
Cost	222		13,059,721,039,709	11,782,649,084,362
Accumulated depreciation	223		(5,264,375,538,189)	(4,234,460,304,224)
Intangible fixed assets	227	13	418,789,247,977	538,207,032,321
Cost	228		553,684,246,456	691,495,740,057
Accumulated amortisation	229		(134,894,998,479)	(153,288,707,736)
Investment property	230	14	142,368,204,632	147,725,868,615
Cost	231		179,678,050,557	179,594,679,077
Accumulated depreciation	232		(37,309,845,925)	(31,868,810,462)
Long-term work in progress	240		843,679,104,973	889,715,794,757
Long-term work in progress	241	15	82,393,992,187	65,283,282,436
Construction in progress	242	16	761,285,112,786	824,432,512,321
Long-term financial investments	250		940,365,020,223	671,339,515,656
Investments in associates and joint-ventures	252	7(c)	397,130,670,931	317,972,437,657
Equity investments in other entities	253	7(c)	11,378,476,240	11,628,368,600
Allowance for diminution in the value of long-term financial investments	254	7(c)	(4,740,126,948)	(4,857,290,601)
Held-to-maturity investments	255	7(b)	536,596,000,000	346,596,000,000
Other non-current assets	260		584,855,042,633	495,005,358,897
Long-term prepaid expenses	261	17(b)	417,329,840,261	183,505,250,834
Deferred tax assets	262	18(a)	25,180,187,314	150,793,168,409
Goodwill	269	19	142,345,015,058	160,706,939,654
TOTAL ASSETS (270 = 100 + 200)	270		27,478,175,944,352	25,770,138,060,957

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

CONSOLIDATED BALANCE SHEET

as at 31 December 2015 (continued)

Form B 01 - DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2015 VND	1/1/2015 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		6,554,260,196,767	5,969,901,577,449
Current liabilities	310		6,004,316,835,213	5,453,280,356,023
Accounts payable to suppliers	311	20	2,193,602,809,261	1,898,529,392,924
Advances from customers	312		19,882,391,510	17,826,386,435
Taxes payable to State Treasury	313	21	215,807,811,014	502,643,076,304
Payables to employees	314		452,476,117,228	163,476,907,176
Accrued expenses	315	22	593,485,587,927	632,991,337,019
Unearned revenue	318		1,350,893,817	17,424,992
Other short-term payables	319	23(a)	644,468,337,067	598,428,618,781
Short-term borrowings	320	24(a)	1,475,358,507,208	1,279,525,014,840
Provision - short-term	321	25(a)	2,420,017,605	4,122,882,763
Bonus and welfare fund	322	26	405,464,362,576	355,719,314,789
Long-term liabilities	330		549,943,361,554	516,621,221,426
Long-term unearned revenue	336		2,598,840,218	-
Other long-term payables	337	23(b)	2,814,519,233	8,192,561,774
Long-term borrowings	338	24(b)	368,170,178,853	346,383,586,552
Deferred tax liabilities	341	18(b)	89,034,118,250	84,711,303,600
Provision - long-term	342	25(b)	87,325,705,000	77,333,769,500
EQUITY (400 = 410)	400		20,923,915,747,585	19,800,236,483,508
Owners' equity	410	27	20,923,915,747,585	19,800,236,483,508
Share capital	411	28	12,006,621,930,000	10,006,413,990,000
Treasury shares	415	28	(5,388,109,959)	(5,388,109,959)
Foreign exchange differences	417		8,329,599,322	(161,099,075)
Investment and development fund	418	30	3,291,207,229,973	2,521,718,366,944
Retained profits	420		5,391,795,573,082	7,157,699,467,945
- Retained profits brought forward	421a		3,154,335,500,192	6,149,811,983,770
- Retained profit for the current year	421b		2,237,460,072,890	1,007,887,484,175
Non-controlling interest	429		231,349,525,167	119,953,867,653
TOTAL RESOURCES (440 = 300 + 400)	440		27,478,175,944,352	25,770,138,060,957

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

CONSOLIDATED BALANCE SHEET

as at 31 December 2015 (continued)

Form B 01 - DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

29 February 2016

Prepared by:



Le Thanh Liem

*Acting Executive Director - Finance
cum Chief Accountant*

Approved by:



Mai Kieu Lien

Chief Executive Officer

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

CONSOLIDATED STATEMENT OF INCOME

for the year ended 31 December 2015

Form B 02 - DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2015 VND	2014 VND
REVENUE FROM SALES OF GOODS AND PROVISION OF SERVICES	01	32	40,222,599,525,948	35,187,110,126,252
Revenue deductions	02	32	142,215,015,202	115,094,611,556
Net revenue (10 = 01 - 02)	10	32	40,080,384,510,746	35,072,015,514,696
Cost of sales	11	33	23,817,969,568,510	23,680,196,877,376
Gross profit (20 = 10 - 11)	20		16,262,414,942,236	11,391,818,637,320
Financial income	21	34	648,981,742,038	573,569,553,162
Financial expenses	22	35	162,840,107,939	81,697,752,419
<i>In which: Interest expense</i>	<i>23</i>		<i>31,277,451,964</i>	<i>39,581,737,758</i>
Share of profit in associates	24		12,898,974,260	59,887,377,298
Selling expenses	25	36	6,257,506,620,133	3,684,398,847,607
General and administration expenses	26	37	1,232,722,578,041	795,365,066,390
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		9,271,226,352,421	7,463,813,901,364
Other income	31	38	166,272,240,339	272,372,842,337
Other expenses	32	39	70,357,536,375	122,817,882,783
Results of other activities (40 = 31 - 32)	40		95,914,703,964	149,554,959,554
Profit before tax (50 = 30 + 40)	50		9,367,141,056,385	7,613,368,860,918
Income tax expense - current	51	41	1,471,975,323,593	1,580,658,440,379
Income tax expenses/(benefit) - deferred	52	41	125,612,981,095	(35,492,545,769)
Net profit after tax (60 = 50 - 51 - 52)	60		7,769,552,751,697	6,068,202,966,308

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

CONSOLIDATED STATEMENT OF INCOME

for the year ended 31 December 2015 (continued)

Form B 02 - DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2015 VND	2014 VND
Net profit after tax (60 = 50 - 51 - 52)	60		7,769,552,751,697	6,068,202,966,308
Attributable to:				
Equity holders of the Company	61		7,773,409,631,243	6,068,807,696,841
Non-controlling interest	62		(3,856,879,546)	(604,730,533)
Basic earnings per share	70	42	5,837	4,556

29 February 2016

Prepared by:



Le Thanh Liem

*Acting Executive Director - Finance
cum Chief Accountant*

Approved by:



Mai Kieu Lien

Chief Executive Officer

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2015 (Indirect method)

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

	Code	Note	2015 VND	2014 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
PROFIT BEFORE TAX	01		9,367,141,056,385	7,613,368,860,918
Adjustments for				
Depreciation and amortisation	02		1,097,075,552,739	1,032,730,002,039
Allowances and provisions	03		9,746,294,608	3,786,590,677
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04		3,971,846,156	(8,404,807,167)
Losses on disposals of tangible fixed assets and construction in progress	05		12,204,756,318	12,301,757,361
Dividends and interest income	05		(558,439,019,495)	(498,729,023,388)
Share of profit in associates	05		(12,898,974,260)	(59,887,377,298)
Losses from other investing activities	05		18,035,628,088	18,361,924,596
Interest expense	06		31,277,451,964	39,581,737,758
Operating profit before changes in working capital	08		9,968,114,592,503	8,153,109,665,496
Change in receivables	09		165,561,724,757	(87,870,482,016)
Change in inventories	10		(498,539,245,611)	(545,317,603,122)
Change in payables and other liabilities	11		484,339,606,582	(40,800,546,630)
Change in prepaid expenses	12		(35,873,901,754)	5,506,120,979
Change in trading securities	13		124,141,507,400	9,521,269,292
			10,207,744,283,877	7,494,148,423,999
Interest paid	14		(27,330,327,473)	(34,741,971,887)
Income tax paid	15		(1,805,610,651,275)	(1,521,907,400,545)
Other payments for operating activities	17		(715,652,197,441)	(602,516,873,993)
Net cash flows from operating activities	20		7,659,151,107,688	5,334,982,177,574

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2015 (Indirect method - continued)

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

	Code	Note	2015 VND	2014 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(1,067,841,221,053)	(858,946,281,717)
Collections on disposals of fixed assets	22		44,000,581,044	53,894,284,254
Collections from/(payments for) granting loans	23		1,821,603,322	(6,658,637,004)
Payments for purchase of debt instruments of other entities	23		(190,000,000,000)	(300,915,667,523)
Increase in time deposits	23		(1,309,442,450,000)	(3,349,601,000,000)
Proceeds from sales of debt instruments of other entities	24		155,767,663	5,296,101,394
Payments for investments in other entities	25		(80,161,500,899)	(2,759,659,696)
Collections on investments in other entities	26		13,902,241,885	19,748,461,471
Receipts of interest and dividends	27		460,883,543,055	560,479,407,828
Acquisition of subsidiary, net of cash acquired	28		-	86,867,562
Net cash flows from investing activities	30		(2,126,681,434,983)	(3,879,376,123,431)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2015 (Indirect method - continued)

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

	Code	Note	2015 VND	2014 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from capital contribution by non-controlling interest	31		107,476,398,854	70,421,503,931
Payments for shares repurchases	32		-	(319,602,000)
Proceeds from borrowings	33		3,973,222,371,269	1,490,974,827,513
Payments to settle loan principals	34		(3,782,739,882,737)	(233,883,299,908)
Payments of dividends	36		(6,002,261,574,354)	(4,000,514,074,130)
Net cash flows from financing activities	40		(5,704,302,686,968)	(2,673,320,644,594)
Net cash flows during the year (50 = 20 + 30 + 40)	50		(171,833,014,263)	(1,217,714,590,451)
Cash and cash equivalents at the beginning of the year	60		1,527,875,428,216	2,745,645,325,950
Effect of exchange rate fluctuations on cash and cash equivalents	61		(2,278,224,319)	(186,238,711)
Currency translation differences	62		4,918,411,050	130,931,428
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61 + 62)	70	6	1,358,682,600,684	1,527,875,428,216

29 February 2016

Prepared by:



Le Thanh Liem

*Acting Executive Director - Finance
cum Chief Accountant*

Approved by:



Mai Kieu Lien

Chief Executive Officer

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

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

1. Reporting Entity

a. Ownership structure

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

b. Principal activities

The principal activities of the Group are to:

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

c. Normal operating cycle

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015 (continued)

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

d. Group structure

As at 31 December 2015, the Company had 6 subsidiaries (1/1/2015: 7 subsidiaries) as listed below:

Subsidiaries	% of ownership and voting rights	
	31/12/2015	1/1/2015
Vietnam Dairy Cow One Member Limited Company	100.00%	100.00%
Lamson Dairy Products One Member Company Limited	100.00%	100.00%
Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	100.00%	100.00%
Thong Nhat Thanh Hoa Dairy Cow Limited Company	96.11%	96.11%
Driftwood Dairy Holdings Corporation	70.00%	70.00%
Angkor Dairy Products Co., Ltd.	51.00%	51.00%
International Real Estate One Member Limited Company (*)	-	100.00%

(*) This company was liquidated on 14 January 2015.

Driftwood Dairy Holdings Corporation is incorporated and operating in the United State of America, Angkor Dairy Products Co., Ltd. is incorporated and operating in Cambodia, Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia is incorporated and operating in Poland, other subsidiaries are incorporated and operating in Vietnam.

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

As at 31 December 2015, the Group had 6,661 employees (1/1/2015: 6,244 employees).

2. Basis of preparation

a. Statement of compliance

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

b. Basis of measurement

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

c. Annual accounting period

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

d. Accounting and presentation currency

The Group's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statement presentation purpose.

3. Adoption of new guidance on accounting system for enterprises

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

On the same date, the Ministry of Finance also issued Circular No. 202/2014/TT-BTC providing guidance on preparation and presentation of consolidated financial statements ("Circular 202"). Circular 202 replaces previous guidance on preparation and presentation of consolidated financial statements provided in Part XIII of Circular No. 161/2007/TT-BTC dated 31 December 2007 of the Ministry of Finance. Circular 202 is also applicable for annual accounting periods beginning on or after 1 January 2015.

The Group has adopted the applicable requirements of Circular 200 and Circular 202 from 1 January 2015 on a prospective basis. The significant changes to the Group's accounting policies and the effects on the consolidated financial statements, if any, are disclosed in the following notes to the consolidated financial statements.

- Basis of consolidation (Note 4(a)) - gains or losses incurred on partial acquisitions or disposals that do not result in a loss or gain of control are recorded directly in retained profits under equity. Non-controlling interest is now reclassified as part of equity;
- Recognition of foreign exchange differences (Note 4(b)) - the use of different commercial exchange rates is now provided by Circular 200;
- Earnings per share (Note 4(v)) - profit or loss attributable to the ordinary shareholders of the Company is now determined after deducting amounts appropriated to bonus and welfare fund;
- Goodwill (Note 4(l)) - goodwill recorded in the investment in equity accounted entity is now not amortised.

The Circulars also brought change in presentation of certain items in the consolidated balance sheet and the consolidated statement of income. Corresponding figures have been reclassified to conform to the current year presentation. Details of reclassification of corresponding figures are disclosed in Note 45 to these consolidated financial statements.

4. Summary of significant accounting policies

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

a. Basis of consolidation

i. *Subsidiaries*

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

ii. *Non-controlling interests*

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

iii. *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of income. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the separate financial statements adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

iv. Associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

v. Transactions eliminated on consolidation

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

vi. Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

b. Foreign currency**i. Foreign currency transactions**

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

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

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

- For monetary liabilities (payables and borrowings): the foreign currency selling rate at reporting date quoted by the commercial bank where the Group has the largest outstanding balance.

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

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to VND at exchange rates at the balance sheet date. The income and expenses of foreign operations are translated to VND at average exchange rates of the year.

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

c. Cash and cash equivalents

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

d. Investments

(i) Trading securities

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

(ii) Held-to-maturity investments

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

(iii) Equity investments in other entities

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

e. Accounts receivable

Trade and other receivables are stated at cost less allowance for doubtful debts.

f. Inventories

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

The Group applies the perpetual method of accounting for inventories.

g. Tangible fixed assets**i. Cost**

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

ii. Depreciation

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

- | | |
|----------------------------|---------------|
| • buildings and structures | 10 - 50 years |
| • machinery and equipment | 8 - 15 years |
| • motor vehicles | 10 years |
| • office equipment | 3 - 10 years |
| • livestock | 6 years |
| • others | 3 years |

h. Intangible fixed assets**i. Land use rights**

Land use rights comprise:

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

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

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

ii. Software

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

iii. Others

Others represented trade mark and customer relationship, which are acquired through business combination and are initially recognised at fair value. Trade mark and customer relationship are amortised on a straight-line basis over 4 - 10 years.

i. Investment property**i. Cost**

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price, cost of land use rights and any directly attributable expenditure of bringing the property to the condition necessary for it to be capable of operating in the manner intended by management. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repair and maintenance, is charged to the consolidated statement of income in the year in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property.

ii. Depreciation

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

• land use rights	49 years
• infrastructure	10 years
• buildings	10 - 50 years

Land use rights with indefinite period are not amortised.

j. Construction in progress

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

k. Long-term prepaid expenses**i. Prepaid land costs**

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

ii. Tools and instruments

Tools and instruments include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 1 to 3 years.

iii. Others

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

I. Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in the consolidated statement of income.

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

m. Trade and other payables

Trade and other payables are stated at their cost.

n. Provisions

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

Severance allowance

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

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

o. Share capital

i. Ordinary shares

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

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

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

p. Taxation

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

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

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

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

q. Revenue and other income**i. Goods sold**

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

ii. Services rendered

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

iii. Rental income

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

iv. Interest income

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

v. Dividend income

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

vi. Revenue from disposal of short-term and long-term investments

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

r. Operating lease payments

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

s. Borrowing costs

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

t. Dividend distribution

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

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

u. Funds

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

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

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

v. Earnings per share

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

Prior to 1 January 2015, the profit or loss attributable to the ordinary shareholders of the Company included amounts appropriated to bonus and welfare fund, if any. Effective from 1 January 2015, the profit or loss attributable to the ordinary shareholders of the Company is determined after deducting any amounts appropriated to bonus and welfare fund.

w. **Segment reporting**

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

x. **Related parties**

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

5. Segment reporting

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

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

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, which is located in Vietnam ("Domestic") or countries other than Vietnam ("Overseas").

	Domestic (Customers located in Vietnam)		Overseas (Customers located in countries other than Vietnam)		Total	
	2015 VND	2014 VND	2015 VND	2014 VND	2015 VND	2014 VND
Net revenue	32,160,905,237,291	29,386,869,257,776	7,919,479,273,455	5,685,146,256,920	40,080,384,510,746	35,072,015,514,696
Cost of sales	(19,261,905,095,133)	(19,246,935,114,802)	(4,556,064,473,377)	(4,433,261,762,574)	(23,817,969,568,510)	(23,680,196,877,376)
Segment gross profit	12,899,000,142,158	10,139,934,142,974	3,363,414,800,078	1,251,884,494,346	16,262,414,942,236	11,391,818,637,320

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6. Cash and cash equivalents

	31/12/2015 VND	1/1/2015 VND
Cash on hand	1,461,134,841	1,349,958,029
Cash in banks	1,211,056,465,843	991,980,639,406
Cash in transit	-	3,197,165
Cash equivalents	146,165,000,000	534,541,633,616
	1,358,682,600,684	1,527,875,428,216

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7. Investments

a. Trading securities

	31/12/2015			1/1/2015		
	Carrying amount VND	Fair value VND	Allowance for diminution in value VND	Carrying amount VND	Fair value VND	Allowance for diminution in value VND
Short-term investments in shares:						
• An Binh Commercial Joint Stock Bank	82,283,660,000	10,784,237,200	(71,499,422,800)	82,283,660,000	12,745,007,600	(69,538,652,400)
• Bao Viet Joint Stock Commercial Bank	442,000,000,000	(*)	-	442,000,000,000	(*)	-
• Thanh Thanh Cong Tay Ninh Joint Stock Company	-	-	-	150,569,980,000	88,288,761,000	(62,281,219,000)
• Others	1,697,216,577	1,001,275,920	(696,017,447)	29,961,232,722	22,572,781,322	(7,388,500,000)
	525,980,876,577		(72,195,440,247)	704,814,872,722		(139,208,371,400)

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

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b. Held to maturity investments

	31/12/2015 VND	1/1/2015 VND
Held-to-maturity investments - short-term		
• term deposits	8,214,592,500,000	6,903,400,000,000
Held-to-maturity investments - long-term		
• term deposits	46,596,000,000	46,596,000,000
• corporate bonds	490,000,000,000	300,000,000,000
	536,596,000,000	346,596,000,000

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c. Equity investments in other entities

31 December 2015	Address	% of equity owned	% of voting rights	Carrying amount VND	Fair value VND	Allowance for diminution in value VND
Equity investments in:						
Associates						
• Miraka Limited	109 Tuwharetoa, Taupo, New Zealand	22.81%	22.81%	344,633,586,103	(*)	-
• Asia Saigon Food Ingredients Joint Stock Company	Lot C-9E-CN, My Phuoc 3 Industrial Park, Ben Cat District, Binh Duong Province, Vietnam	15.00%	15.00%	52,497,084,828	(*)	-
Others						
• Vietnam Growth Investment Fund	Melinh Point Tower, 2 Ngo Duc Ke Street, District 1, Ho Chi Minh City, Vietnam			10,270,276,240	(*)	(4,740,126,948)
• An Khang Clinic - Pharmacy	184-186-188 Nguyen Dinh Chieu Street, District 3, Ho Chi Minh City, Vietnam			300,000,000	(*)	-
• Others				808,200,000	(*)	-
				11,378,476,240		(4,740,126,948)
				408,509,147,171		(4,740,126,948)

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

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

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1 January 2015	Address	% of equity owned	% of voting rights	Carrying amount VND	Fair value VND	Allowance for diminution in value VND
Equity investments in:						
Associates						
• Miraka Limited	109 Tuwharetoa, Taupo, New Zealand	(**) 19.30%	19.30%	278,497,731,377	(*)	-
• Asia Saigon Food Ingredient Joint Stock Company	Lot C-9E-CN, My Phuoc 3 Industrial Park, Ben Cat District, Binh Duong Province, Vietnam	(**) 15.00%	15.00%	39,474,706,280	(*)	-
				317,972,437,657		-
Others						
• Vietnam Growth Investment Fund	Melinh Point Tower, 2 Ngo Duc Ke Street, District 1, Ho Chi Minh City, Vietnam			10,559,408,600	(*)	(4,857,290,601)
• An Khang Clinic - Pharmacy	184-186-188 Nguyen Dinh Chieu Street, District 3, Ho Chi Minh City, Vietnam			300,000,000	(*)	-
• Others				768,960,000	(*)	-
				11,628,368,600		(4,857,290,601)
				329,600,806,257		(4,857,290,601)

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

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

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

	2015 VND	2014 VND
Opening balance	139,208,371,400	145,974,953,400
Increase in allowance during the year	2,444,264,188	2,450,963,000
Written back	(14,723,076,000)	(9,217,545,000)
Allowance utilised during the year	(54,745,741,894)	-
Translation differences	11,622,553	-
Closing balance	72,195,440,247	139,208,371,400

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

	2015 VND	2014 VND
Opening balance	4,857,290,601	10,248,632,262
Increase in allowance during the year	16,201,044	430,226,565
Allowance utilised during the year	(133,364,697)	(5,821,568,226)
Closing balance	4,740,126,948	4,857,290,601

8. Accounts receivable from customers

a. Accounts receivable from customers detailed by significant customers

	31/12/2015 VND	1/1/2015 VND
Abdulkarim Alwan Foodstuff Trading (LLC)	203,761,695,760	348,172,272,000
Other customers	1,998,634,359,543	1,640,442,090,323
	2,202,396,055,303	1,988,614,362,323

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b. Accounts receivable from customers who are related party

	31/12/2015 VND	1/1/2015 VND
Associate		
Asia Saigon Food Ingredients Joint Stock Company	-	1,008,001,984

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

9. Other receivables

a. Other short-term receivables

	31/12/2015 VND	1/1/2015 VND
Rebates receivable from suppliers	54,213,539,996	133,509,529,151
Interest income from deposits	212,366,875,509	119,054,965,555
Import tax refundable	51,308,507,620	71,950,068,975
Short-term deposits	3,413,858,029	3,440,371,602
Receivables from employees	851,613,738	1,818,360,138
Advances to employees	2,472,642,740	1,809,902,469
Interest income from bonds	16,252,054,779	11,682,191,784
Others	19,116,248,489	26,771,253,914
	359,995,340,900	370,036,643,588

b. Other long-term receivables

	31/12/2015 VND	1/1/2015 VND
Receivables from an investment	7,247,684,826	7,247,684,826
Long-term deposits	8,077,003,595	7,322,919,200
	15,324,688,421	14,570,604,026

10. Bad and doubtful debts

	31/12/2015				1/1/2015			
	Overdue days	Cost VND	Recoverable amount VND	Allowance VND	Overdue days	Cost VND	Recoverable amount VND	Allowance VND
Overdue debts								
• Phuoc Long Port Company Limited	Over 3 years	-	-	-	2 - 3 years	3,470,244,813	1,041,073,444	2,429,171,369
• Farmers	Over 3 years	34,409,000	-	34,409,000	Over 3 years	47,353,389	-	38,230,689

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	31/12/2015		1/1/2015	
	Carrying amount VND	Allowance VND	Carrying amount VND	Allowance VND
Goods in transit	713,368,097,247	-	484,349,482,529	-
Raw materials	2,043,030,894,819	(4,540,567,450)	1,950,145,008,854	(6,864,301,705)
Tools and supplies	14,014,670,177	-	7,965,125,849	-
Work in progress	40,459,630,933	-	44,066,598,480	-
Finished goods	924,779,281,514	(12,733,536,731)	1,040,310,901,609	(6,257,070,138)
Merchandise inventories	63,254,608,363	-	39,367,889,992	(3,000,000)
Goods on consignment	28,462,136,899	-	1,743,327,548	-
	3,827,369,319,952	(17,274,104,181)	3,567,948,334,861	(13,124,371,843)

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

	2015 VND	2014 VND
Opening balance	13,124,371,843	10,376,905,544
Increase in allowance during the year	25,106,722,157	25,521,539,710
Written back	(14,757,077,585)	(18,018,441,130)
Allowance utilised during the year	(6,199,912,234)	(4,755,632,281)
Closing balance	17,274,104,181	13,124,371,843

At 31 December 2015, inventories with carrying value of VND71,923 million (1/1/2015: VND55,533 million) were pledged with banks as security for loans granted to the Group (Note 24).

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12. Tangible fixed assets

	Buildings and structures	Machinery and equipment	Motor vehicles
	VND	VND	VND
Cost			
Opening balance	2,296,128,990,261	7,992,774,970,718	674,101,116,647
Additions	10,547,977,409	41,759,551,821	49,900,300,862
Transfer from construction in progress	448,048,947,964	519,921,452,186	31,837,946,174
Transfer from inventories	-	-	-
Reclassification	(933,081,871)	940,749,973	287,777,159
Transfer to long-term prepaid expenses	-	-	-
Disposals	(600,885,151)	(13,582,608,144)	(8,275,593,844)
Other decrease	(3,316,231,355)	(16,665,388,098)	(123,649,505)
Translation differences	5,636,224,932	25,450,401,336	4,009,739,320
Closing balance	2,755,511,942,189	8,550,599,129,792	751,737,636,813
Accumulated depreciation			
Opening balance	470,791,821,035	3,110,236,122,275	254,352,012,607
Charge for the year	121,585,846,580	745,161,957,332	66,951,574,012
Reclassification	(309,867,753)	3,080,484,012	(2,570,871,695)
Transfer to long-term prepaid expenses	-	-	-
Disposals	(513,578,188)	(12,893,633,044)	(6,110,272,891)
Other decrease	-	(2,857,078,504)	-
Translation differences	1,826,518,352	14,497,426,137	1,418,343,435
Closing balance	593,380,740,026	3,857,225,278,208	314,040,785,468
Net book value			
Opening balance	1,825,337,169,226	4,882,538,848,443	419,749,104,040
Closing balance	2,162,131,202,163	4,693,373,851,584	437,696,851,345

Included in the cost of tangible fixed assets were assets costing VND1,274,052,869,357 which were fully depreciated as at 31 December 2015 (1/1/2015: VND962,560,738,732), but which are still in active use.

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Office equipment	Livestock	Others	Total
VND	VND	VND	VND
448,105,106,689	307,446,353,636	64,092,546,411	11,782,649,084,362
21,481,804,211	-	8,419,634,038	132,109,268,341
16,044,926,847	-	5,562,110,646	1,021,415,383,817
-	221,820,298,382	-	221,820,298,382
(295,445,261)	-	-	-
(323,309,443)	-	-	(323,309,443)
(1,296,330,831)	(93,085,382,740)	(141,702,039)	(116,982,502,749)
(81,659,493)	-	-	(20,186,928,451)
826,629,733	-	3,296,750,129	39,219,745,450
484,461,722,452	436,181,269,278	81,229,339,185	13,059,721,039,709
243,574,378,355	105,115,177,397	50,390,792,555	4,234,460,304,224
61,429,046,563	70,073,174,545	7,530,426,721	1,072,732,025,753
(199,744,564)	-	-	-
(68,221,526)	-	-	(68,221,526)
(1,011,331,831)	(40,247,404,753)	(944,680)	(60,777,165,387)
(199,266,000)	-	-	(3,056,344,504)
616,586,163	-	2,726,065,542	21,084,939,629
304,141,447,160	134,940,947,189	60,646,340,138	5,264,375,538,189
204,530,728,334	202,331,176,239	13,701,753,856	7,548,188,780,138
180,320,275,292	301,240,322,089	20,582,999,047	7,795,345,501,520

13. Intangible fixed assets

	Land use rights	Software	Others	Total
	VND	VND	VND	VND
Cost				
Opening balance	544,949,520,678	100,195,019,379	46,351,200,000	691,495,740,057
Additions	-	3,154,788,240	-	3,154,788,240
Transfer from construction in progress	-	28,197,705,229	-	28,197,705,229
Reclassification (*)	(182,506,098,103)	-	-	(182,506,098,103)
Translation differences	10,934,134,573	42,676,460	2,365,300,000	13,342,111,033
Closing balance	373,377,557,148	131,590,189,308	48,716,500,000	553,684,246,456
Accumulated amortisation				
Opening balance	62,163,807,772	63,336,171,579	27,788,728,385	153,288,707,736
Charge for the year	3,150,783,526	13,414,498,720	2,337,209,276	18,902,491,522
Reclassification (*)	(38,790,438,818)	-	-	(38,790,438,818)
Translation differences	19,285,565	711,277	1,474,241,197	1,494,238,039
Closing balance	26,543,438,045	76,751,381,576	31,600,178,858	134,894,998,479
Net book value				
Opening balance	482,785,712,906	36,858,847,800	18,562,471,615	538,207,032,321
Closing balance	346,834,119,103	54,838,807,732	17,116,321,142	418,789,247,977

(*) The reclassification represented the net book value of land use rights from long-term land lease contracts obtained after 1 July 2004, the effective date of Land Law 2003, which are not qualified as intangible fixed assets under Circular 45. These assets are reclassified to long-term prepaid expenses (Note 17(b)).

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

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14. Investment property

	Land use rights	Infrastructure	Buildings	Total
	VND	VND	VND	VND
Cost				
Opening balance	85,629,776,889	6,464,218,561	87,500,683,627	179,594,679,077
Other increases	-	-	83,371,480	83,371,480
Reclassification	(3,405,538,719)	-	3,405,538,719	-
Closing balance	82,224,238,170	6,464,218,561	90,989,593,826	179,678,050,557
Accumulated amortisation				
Opening balance	1,250,516,209	3,298,561,894	27,319,732,359	31,868,810,462
Charge for the year	793,556,901	646,421,853	4,001,056,709	5,441,035,463
Reclassification	(192,440,337)	-	192,440,337	-
Closing balance	1,851,632,773	3,944,983,747	31,513,229,405	37,309,845,925
Net book value				
Opening balance	84,379,260,680	3,165,656,667	60,180,951,268	147,725,868,615
Closing balance	80,372,605,397	2,519,234,814	59,476,364,421	142,368,204,632

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

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

15. Long-term work in progress

	31/12/2015 VND	1/1/2015 VND
Cows under 16 months of age	82,393,992,187	65,283,282,436

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16. Construction in progress

	2015 VND	2014 VND
Opening balance	824,432,512,321	537,872,350,628
Additions	1,108,947,131,917	708,721,969,694
Transfer to tangible fixed assets	(1,021,415,383,817)	(407,890,493,780)
Transfer to intangible fixed assets	(28,197,705,229)	-
Transfers to investment property	-	(3,405,538,719)
Transfer to long-term prepaid expenses	(93,491,543,348)	(4,342,189,540)
Transfer to inventories	(5,153,262,275)	(662,453,566)
Other decreases	(25,242,167,757)	(6,187,823,150)
Translation differences	1,405,530,974	326,690,754
Closing balance	761,285,112,786	824,432,512,321

Major constructions in progress were as follows:

	31/12/2015 VND	1/1/2015 VND
Machinery and equipment - Lam Son Dairy Factory	202,058,180,116	3,884,781,060
Machinery and equipment - Ha Tinh Dairy Cow Farm	-	187,850,850,565
Tay Ninh Dairy Cow Farm	236,872,364,848	186,496,474,313
Thanh Hoa 2 Dairy Cow Farm	66,371,324,594	122,067,031,079
Others	255,983,243,228	324,133,375,304
	761,285,112,786	824,432,512,321

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	31/12/2015 VND	1/1/2015 VND
Prepaid tools and supplies expenses	10,647,392,756	10,126,639,233
Prepaid software deployment and networks maintenance expenses	4,312,079,769	3,060,841,120
Prepaid renovation and repair expenses	5,090,144,128	4,391,038,491
Prepaid operating lease expenses	15,894,422,496	6,243,320,990
Prepaid advertising expenses	4,448,905,912	1,108,065,215
Other short-term prepaid expenses	115,663,549,445	90,773,334,414
	156,056,494,506	115,703,239,463

b. Long-term prepaid expenses

	Prepaid land costs VND	Tools and instruments VND	Other prepaid expenses VND	Total VND
Opening balance	4,419,837,879	105,048,416,556	74,036,996,399	183,505,250,834
Additions	6,224,786,710	102,202,501,121	27,980,921,465	136,408,209,296
Reclassification (*)	143,715,659,285	-	-	143,715,659,285
Transfer from tangible fixed assets	-	255,087,917	-	255,087,917
Transfer from construction in progress	66,965,910,638	10,647,268,311	15,878,364,399	93,491,543,348
Amortisation for the year	(12,247,273,773)	(72,244,006,630)	(56,436,158,976)	(140,927,439,379)
Other decreases	(114,505,958)	-	-	(114,505,958)
Translation differences	796,790,162	42,823,598	156,421,158	996,034,918
Closing balance	209,761,204,943	145,952,090,873	61,616,544,445	417,329,840,261

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

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18. Deferred tax assets and liabilities

a. Deferred tax assets

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

b. Deferred tax liabilities

	Tax rate	31/12/2015 VND	1/1/2015 VND
Deferred tax assets			
Accounts receivable	40%	2,328,882,180	2,215,809,359
Inventories	40%	1,157,574,623	1,101,371,596
Tax losses carry forwards	40%	45,291,725,188	43,092,703,189
Accrued expenses	40%	6,071,249,187	5,776,475,462
Others	40%	497,765,891	473,598,162
Total deferred tax assets		55,347,197,069	52,659,957,768
Valuation allowance	40%	(41,760,641,032)	(39,733,061,646)
Net deferred tax assets		13,586,556,037	12,926,896,122
Deferred tax liabilities			
Fixed assets and goodwill	40%	(102,475,015,544)	(97,499,607,507)
Others	40%	(145,658,743)	(138,592,215)
Total deferred tax liabilities		(102,620,674,287)	(97,638,199,722)
Net deferred tax liabilities		(89,034,118,250)	(84,711,303,600)

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19. Goodwill

	2015 VND	2014 VND
Opening balance	160,706,939,654	174,463,919,182
Adjustment	-	4,604,945,068
Charge for the year	(18,361,924,596)	(18,361,924,596)
Closing balance	142,345,015,058	160,706,939,654

20. Accounts payable to suppliers

a. Accounts payable to key suppliers

	31/12/2015		1/1/2015	
	Cost VND	Repayable amount VND	Cost VND	Repayable amount VND
Dat Viet VAC Media Corporation	382,779,457,871	382,779,457,871	137,689,810,878	137,689,810,878
Other suppliers	1,810,823,351,390	1,810,823,351,390	1,760,839,582,046	1,760,839,582,046
	2,193,602,809,261	2,193,602,809,261	1,898,529,392,924	1,898,529,392,924

b. Accounts payable to suppliers who are related party

	31/12/2015 VND	1/1/2015 VND
Associate		
Miraka Limited	74,684,584,840	53,275,711,500

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

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21. Taxes payable to State Treasury

	1/1/2015 VND	Incurred VND	Paid VND	Translation differences VND	31/12/2015 VND
Value added tax	97,748,080,575	1,825,859,646,803	(1,810,016,334,187)	569,931	113,591,963,122
Corporate income tax	396,387,038,231	1,471,975,323,593	(1,805,610,651,275)	38,239,461	62,789,950,010
Personal income tax	5,935,298,848	167,284,595,517	(141,630,896,180)	2,681,498	31,591,679,683
Import tax	67,059,641	169,915,595,980	(166,799,273,605)	49,757,232	3,233,139,248
Other taxes	2,505,599,009	22,908,336,276	(20,985,090,713)	172,234,379	4,601,078,951
	502,643,076,304	3,657,943,498,169	(3,945,042,245,960)	263,482,501	215,807,811,014

22. Accrued expenses

	31/12/2015 VND	1/1/2015 VND
Sale incentives, promotion	303,628,936,160	372,271,399,616
Advertising expenses	54,006,437,728	43,092,205,601
Transportation expenses	58,991,919,668	58,016,454,874
Repair and maintenance expenses	47,714,730,252	15,277,558,615
Fuel expenses	13,355,140,533	14,714,178,145
Expenses for outsourced employees	34,667,035,675	16,259,721,436
Interest expense	8,786,890,362	4,839,765,871
Rental fee	740,454,553	530,000,015
Others	71,594,042,996	107,990,052,846
	593,485,587,927	632,991,337,019

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23. Other payables

a. Other short-term payables

	31/12/2015 VND	1/1/2015 VND
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Import duty payables	58,076,771,700	66,891,229,438
Short-term deposits received	63,776,967,568	51,454,636,092
Insurance and trade union fees	1,246,476,469	1,582,702,277
Outstanding checks in exceed of bank balance	22,824,654,805	16,833,321,089
Others	50,536,047,370	13,659,310,730
	644,468,337,067	598,428,618,781

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

b. Other long-term payables

	31/12/2015 VND	1/1/2015 VND
Long-term deposits received	-	3,534,408,218
Others	2,814,519,233	4,658,153,556
	2,814,519,233	8,192,561,774

24. Borrowings

a. Short-term borrowings

	1/1/2015 VND	Incurred VND	Paid VND	Translation differences VND	31/12/2015 VND
Short-term borrowings	1,258,848,534,840	3,942,825,130,654	(3,756,918,659,783)	8,871,901,497	1,453,626,907,208
Current portion of long-term borrowings	20,676,480,000	-	-	1,055,120,000	21,731,600,000
	1,279,525,014,840	3,942,825,130,654	(3,756,918,659,783)	9,927,021,497	1,475,358,507,208

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

Lenders		Currency	Annual interest rate	31/12/2015 VND	1/1/2015 VND
The Bank of Tokyo-Mitsubishi UFJ Ltd. - Ho Chi Minh City Branch	(i)	USD	1.28%	564,550,000,000	790,320,000,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch	(ii)	USD	1.28%	677,460,000,000	320,400,000,000
Wells Fargo	(iii)	USD	2.353%	122,662,316,960	148,128,534,840
Deutsche Bank Polska Spółka Akcyjna					
• Loan 1	(iv)	EUR	1.100%	21,336,313,870	-
• Loan 2	(iv)	PLN	2.810%	67,618,276,378	-
				1,453,626,907,208	1,258,848,534,840

- (i) This borrowing has a maximum facility of USD50 million and is unsecured.
- (ii) This borrowing has a maximum facility of VND3,300 billion and is unsecured.
- (iii) As at 31 December 2015, this borrowing was secured by inventories of Driftwood Dairy Holdings Corporation, a subsidiary, with carrying amount of VND71,923 million (1/1/2015: VND55,533 million) and accounts receivable with carrying amount of VND226,111 million (1/1/2015: VND232,502 million).
- (iv) These borrowings have a maximum facility of USD4.5 million and are unsecured.

b. Long-term borrowings

	31/12/2015 VND	1/1/2015 VND
Long-term borrowings	389,901,778,853	367,060,066,552
Repayable within twelve months	(21,731,600,000)	(20,676,480,000)
Repayable after twelve months	368,170,178,853	346,383,586,552

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

		Currency	Annual interest rate	Year of maturity	31/12/2015 VND	1/1/2015 VND
Wells Fargo						
• Loan 1	(i)	USD	2.603%	2016	98,690,200,000	105,689,280,000
• Loan 2	(i)	USD	2.603%	2016	33,436,603,450	14,734,790,160
Sumitomo Mitsui Banking Corporation	(ii)	USD	2.065%	2017	246,950,000,000	234,960,000,000
Individuals	(ii)	VND	None	2039	10,824,975,403	11,675,996,392
					389,901,778,853	367,060,066,552

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(ii) These borrowings were secured by assets of Driftwood Dairy Holdings Corporation, a subsidiary, with carrying amount of VND465,456 million as at 31 December 2015 (1/1/2015: VND476,546 million).

(ii) These borrowings are unsecured.

25. Provisions

a. Short-term provision

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

b. Long-term provision

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

	Severance allowance VND
Opening balance	77,333,769,500
Increase in provision during the year	11,622,321,332
Provision used during the year	(1,630,385,832)
Closing balance	87,325,705,000

26. Bonus and welfare fund

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

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

	2015 VND	2014 VND
Opening balance	355,719,314,789	361,477,571,902
Appropriation	768,905,099,077	599,790,800,993
Utilisation	(719,160,051,290)	(605,549,058,106)
Closing balance	405,464,362,576	355,719,314,789

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	Share capital VND	Share premium VND	Treasury share VND
Balance at 1 January 2014	8,339,557,960,000	1,276,994,100,000	(5,068,507,959)
Bonus shares issued	1,666,856,030,000	(1,276,994,100,000)	-
Purchase of treasury shares	-	-	(319,602,000)
Net profit for the year	-	-	-
Appropriation to equity funds	-	-	-
Appropriation to bonus and welfare fund	-	-	-
Dividends (Note 29)	-	-	-
Capital contribution by non-controlling interest	-	-	-
Adjustments	-	-	-
Currency translation differences	-	-	-
Balance at 1 January 2015	10,006,413,990,000	-	(5,388,109,959)
Bonus shares issued	2,000,207,940,000	-	-
Net profit for the year	-	-	-
Appropriation to equity funds	-	-	-
Appropriation to bonus and welfare fund	-	-	-
Dividends (Note 29)	-	-	-
Capital contribution by non-controlling interest	-	-	-
Adjustments	-	-	-
Currency translation differences	-	-	-
Balance at 31 December 2015	12,006,621,930,000	-	(5,388,109,959)

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Foreign exchange differences VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
-	1,784,193,779,612	6,149,811,983,770	22,863,933,884	17,568,353,249,307
-	-	(389,861,930,000)	-	-
-	-	-	-	(319,602,000)
-	-	6,068,807,696,841	(604,730,533)	6,068,202,966,308
-	737,524,587,332	(737,524,587,332)	-	-
-	-	(599,790,800,993)	-	(599,790,800,993)
-	-	(3,333,740,644,000)	-	(3,333,740,644,000)
-	-	-	103,941,744,900	103,941,744,900
-	-	(2,250,341)	(6,943,440,037)	(6,945,690,378)
(161,099,075)	-	-	696,359,439	535,260,364
(161,099,075)	2,521,718,366,944	7,157,699,467,945	119,953,867,653	19,800,236,483,508
-	-	(2,000,207,940,000)	-	-
-	-	7,773,409,631,243	(3,856,879,546)	7,769,552,751,697
-	769,488,863,029	(769,488,863,029)	-	-
-	-	(768,905,099,077)	-	(768,905,099,077)
-	-	(6,000,711,624,000)	(1,549,950,354)	(6,002,261,574,354)
-	-	-	107,476,398,854	107,476,398,854
-	-	-	1,863,569,438	1,863,569,438
8,490,698,397	-	-	7,462,519,122	15,953,217,519
8,329,599,322	3,291,207,229,973	5,391,795,573,082	231,349,525,167	20,923,915,747,585

28. Share capital

The Company's authorised and issued share capital are:

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

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Movements in share capital during the year were as follows:

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

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

29. Dividends

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

30. Investment and development fund

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

31. Off balance sheet items

a. Lease

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

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

b. Foreign currencies

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

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c. Capital expenditure commitments

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

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

32. Revenue from sales of goods and provision of services

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

Net revenue comprised:

	2015 VND	2014 VND
Total revenue		
• Sales of finished goods	39,316,828,133,077	34,424,778,249,081
• Sales of merchandise goods	759,227,375,698	608,206,650,973
• Rental income from investment property	14,338,329,179	14,200,576,247
• Other services	50,347,479,867	44,837,468,431
• Sales of scraps	81,858,208,127	95,087,181,520
	40,222,599,525,948	35,187,110,126,252
Less revenue deductions		
• Sale discounts	(613,913,938)	(649,046,494)
• Sale returns	(2,169,545,595)	(41,084,348,017)
• Sales allowances	(139,431,555,669)	(73,361,217,045)
	(142,215,015,202)	(115,094,611,556)
Net revenue	40,080,384,510,746	35,072,015,514,696

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33. Cost of sales

	2015 VND	2014 VND
Total cost of sales		
• Finished goods sold	23,327,208,246,282	23,120,145,461,318
• Merchandise goods sold	416,266,826,683	496,051,729,159
• Rental of investment property	8,283,134,306	6,891,621,743
• Other services	5,297,368,026	3,961,479,739
• Inventories losses	15,132,638,514	8,594,376,218
• Under-capacity cost	35,431,710,127	37,049,110,619
• Increase of allowance for inventories	10,349,644,572	7,503,098,580
	<u>23,817,969,568,510</u>	<u>23,680,196,877,376</u>

34. Financial income

	2015 VND	2014 VND
Interest income from deposits	530,652,635,439	479,778,494,831
Interest income from corporate bonds	27,693,150,666	11,682,191,784
Foreign exchange gains	90,139,210,435	39,024,405,066
Dividends	93,233,390	7,268,336,773
Gains on disposal of securities	77,215,600	35,816,124,708
Others	326,296,508	-
	<u>648,981,742,038</u>	<u>573,569,553,162</u>

35. Financial expenses

	2015 VND	2014 VND
Interest expense on borrowings	31,277,451,964	39,581,737,758
(Reversal of discounts)/discounts granted to distributors	(273,015,418)	15,823,678,176
Foreign exchange losses	141,526,644,713	31,633,506,791
Interest expense on deposits received	2,263,051,997	898,188,327
Written back allowance for investments	(12,262,610,768)	(6,336,355,435)
Others	308,585,451	96,996,802
	<u>162,840,107,939</u>	<u>81,697,752,419</u>

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36. Selling expenses

	2015 VND	2014 VND
Staff costs	532,045,832,820	473,726,239,410
Materials expenses	42,207,833,043	60,289,821,318
Tools and supplies expenses	83,076,859,040	118,604,903,127
Depreciation expenses	35,163,159,190	29,968,528,357
Expenses of damaged goods	27,852,721,760	16,809,808,460
Transportation expenses	600,604,238,763	483,498,543,127
Outside service expenses	266,802,880,266	207,472,016,659
Advertising expenses	1,776,620,829,471	973,173,275,414
Market research expenses	30,511,902,087	20,580,121,049
Promotion expenses	44,327,187,374	19,062,839,518
Product display expenses	476,578,494,551	408,465,064,965
Support and commission expenses for distributors	2,341,714,681,768	872,747,686,203
	6,257,506,620,133	3,684,398,847,607

37. General and administrative expenses

	2015 VND	2014 VND
Staff costs	632,138,253,862	305,035,036,843
Materials expenses	18,028,724,493	18,098,831,201
Office supplies	15,633,222,516	19,321,652,371
Depreciation expenses	81,344,851,071	68,559,799,199
Fees and duties	20,831,262,533	10,489,148,731
Allowance for doubtful debts and provision for severance allowance	11,659,260,803	11,774,911,559
Transportation expenses	46,856,620,341	43,199,705,641
Outside service expenses	228,283,691,069	177,236,296,708
Loading expenses	23,293,724,175	19,522,263,773
Per-diem allowances	35,496,668,568	28,670,584,358
Bank charges	8,687,186,125	9,598,551,683
Others	110,469,112,485	83,858,284,323
	1,232,722,578,041	795,365,066,390

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	2015 VND	2014 VND
Proceeds from disposals of tangible fixed assets	44,020,557,044	59,983,306,410
Rebate income	79,652,573,289	149,336,436,635
Compensations received from other parties	11,881,210,135	16,347,305,098
Others	30,717,899,871	46,705,794,194
	166,272,240,339	272,372,842,337

39. Other expenses

	2015 VND	2014 VND
Book value of tangible fixed assets disposed	56,205,337,362	72,216,913,769
Penalties for contract cancellation	15,310,000	19,246,379,198
Tax penalties	3,950,980,091	24,081,170,191
Others	10,185,908,922	7,273,419,625
	70,357,536,375	122,817,882,783

40. Production and business costs by element

	2015 VND	2014 VND
Raw material costs included in production costs	18,812,311,104,227	20,799,884,242,627
Labour costs and staff costs	2,080,852,727,244	1,630,921,219,016
Depreciation and amortisation	1,097,056,580,945	1,032,681,605,562
Outside services	1,871,499,334,006	1,411,780,643,687
Other expenses	6,968,632,628,521	3,756,619,512,792

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41. Income tax

i. Recognised in the consolidated statement of income

	2015 VND	2014 VND
Current tax expense		
Current year	1,483,785,417,085	1,578,444,341,029
(Over)/under provision in prior year	(11,810,093,492)	2,214,099,350
	1,471,975,323,593	1,580,658,440,379
Deferred tax benefit		
Origination and reversal of temporary differences	125,612,981,095	(35,492,545,769)
Income tax expense	1,597,588,304,688	1,545,165,894,610

ii. Reconciliation of effective tax rate

	2015 VND	2014 VND
Accounting profit before tax	9,367,141,056,385	7,613,368,860,918
Tax at the Company's tax rate	2,060,771,032,405	1,674,941,149,402
Tax rate differential applied to Company's branches and factories	(34,272,183,507)	(87,942,917,362)
Non-taxable income	(3,068,745,654)	(6,560,421,527)
Non-deductible expenses	6,830,967,388	6,834,356,033
Tax incentives	(441,328,763,137)	(40,169,077,694)
(Over)/under provision in prior period	(11,810,093,492)	2,214,099,350
Write down of deferred tax assets due to reduction in tax rate from 22% to 20%	2,518,018,731	-
Deferred tax asset not recognised	17,948,071,954	(4,151,293,592)
	1,597,588,304,688	1,545,165,894,610

iii. Applicable tax rates

The companies in the Group have an obligation to pay the government income tax at rates ranging from 15% to 40%, depending on principal activities of its factories, on taxable profits. Within the Group, Vietnam Dairy Cow One Member Limited Company had no taxable income. The Company and its other subsidiaries incurred income tax charges.

42. Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2015 was based on the profit attributable to ordinary shareholders after appropriation to bonus and welfare fund and a weighted average number of ordinary shares outstanding, calculated as follows:

i. Net profit attributable to ordinary shareholders

	2015 VND	2014 VND (Restated)
Net profit for the year - attributable to ordinary shareholders before appropriation to bonus and welfare fund	7,773,409,631,243	6,068,807,696,841
Allocation to bonus and welfare fund	(767,737,571,176)	(600,958,328,894)
Net profit for the year attributable to ordinary shareholders after appropriation to bonus and welfare fund	7,005,672,060,067	5,467,849,367,947

ii. Weighted average number of ordinary shares

	2015	2014
Number of ordinary shares at the beginning of the year	1,000,118,604	833,467,061
Effect of bonus shares issued	200,020,794	366,713,385
Purchase of treasury shares	-	(26,565)
Weighted average number of ordinary shares	1,200,139,398	1,200,153,881

As at 31 December 2015, the Company did not have potentially dilutive ordinary shares.

43. Financial risk management

a. Overview

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

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

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

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

b. Risk management framework

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

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

c. Credit risk

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

i. Exposure to credit risk

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

	Note	31/12/2015 VND	1/1/2015 VND
Cash and cash equivalents	(ii)	1,357,221,465,843	1,526,525,470,187
Held-to-maturity investments	(iii)	8,751,188,500,000	7,249,996,000,000
Accounts receivable from customers and other receivables	(iv)	2,525,445,056,752	2,299,120,747,592
		12,633,855,022,595	11,075,642,217,779

ii. Cash and cash equivalents

Cash and cash equivalents at banks of the Group 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 Group.

iii. Held-to-maturity investments

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

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

iv. Accounts receivable from customers and other receivables

The Group's exposure to credit risk from accounts receivable from customers and other receivables is influenced mainly by the individual characteristics of each customer. In response to the risk, the Group'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 open amount without requiring approval of the Chief Executive Officer. The limit is reviewed if needed. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

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

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

	31/12/2015 VND	1/1/2015 VND
Past due 1 - 30 days	96,899,185,010	78,962,614,586
Past due 31 - 60 days	23,779,538,115	14,533,446,986
Past due 61 - 90 days	3,602,627,830	6,495,649,478
Past due more than 90 days	2,661,741,428	1,461,719,054
	126,943,092,383	101,453,430,104

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

	2015 VND	2014 VND
Opening balance	5,917,834,434	7,387,087,909
Increase in allowance during the year	36,939,471	2,619,847,532
Allowance utilised during the year	(2,905,930,653)	(4,145,965,258)
Translation differences	163,120,871	56,864,251
Closing balance	3,211,964,123	5,917,834,434

d. **Liquidity risk**

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

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

31 December 2015

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 - 2 years VND	2 - 5 years VND
Accounts payable to suppliers	2,193,602,809,261	2,193,602,809,261	2,193,602,809,261	-	-
Payables to employees	452,476,117,228	452,476,117,228	452,476,117,228	-	-
Accrued expenses	593,485,587,927	593,485,587,927	593,485,587,927	-	-
Other short-term payables	644,468,337,067	644,468,337,067	644,468,337,067	-	-
Short-term borrowings	1,475,358,507,208	1,493,250,150,278	1,493,250,150,278	-	-
Other long-term payables	2,814,519,233	2,814,519,233	-	2,814,519,233	-
Long-term borrowings	368,170,178,853	397,799,646,142	33,297,676,461	101,787,994,278	262,713,975,403
	<u>5,730,376,056,777</u>	<u>5,777,897,167,136</u>	<u>5,410,580,678,222</u>	<u>104,602,513,511</u>	<u>262,713,975,403</u>

1 January 2015

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 - 2 years VND	2 - 5 years VND
Accounts payable to suppliers	1,898,529,392,924	1,898,529,392,924	1,898,529,392,924	-	-
Payables to employees	163,476,907,176	163,476,907,176	163,476,907,176	-	-
Accrued expenses	632,991,337,019	632,991,337,019	632,991,337,019	-	-
Other short-term payables	598,428,618,781	598,428,618,781	598,428,618,781	-	-
Short-term borrowings	1,279,525,014,840	1,302,655,532,729	1,302,655,532,729	-	-
Other long-term payables	8,192,561,774	8,192,561,774	-	8,192,561,774	-
Long-term borrowings	346,383,586,552	391,252,736,516	49,911,587,702	48,205,580,041	293,135,568,773
	<u>4,927,527,419,066</u>	<u>4,995,527,086,919</u>	<u>4,645,993,376,331</u>	<u>56,398,141,815</u>	<u>293,135,568,773</u>

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

e. **Market risk**

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

i. **Currency risk**

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

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

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

Exposure to currency risk

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

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

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

	Exchange rate as at		
	31/12/2015 VND		1/1/2015 VND
	Buying rate	Selling rate	Buying rate
1 USD	22,450	22,520	21,360
1 EUR	24,415	24,711	25,874

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

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

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

II. Interest rate risk

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

III. Price risk

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

For investments in listed securities, if the share prices had increased/decreased by 10% with all other variables including tax rate being held constant, the Group's net profit after tax would have been VND76,172,039 higher/lower (2014: VND8,546,285,358).

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44. Significant transactions with related parties

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

Related Party	Relation-ship	Nature of transaction	2015 VND	2014 VND
Miraka Limited	Associate	Purchases of goods	456,404,881,496	282,968,330,700
		Capital contribution	80,161,500,899	-
Asia Saigon Food Ingredients Joint Stock Group	Associate	Sales of goods and services	510,424,095	11,024,603,438
Board of Management's and Board of Directors' members		Compensation	67,282,713,861	60,064,426,741
The State Capital Investment Corporation	Shareholder	Dividends declared	2,705,270,400,000	1,502,928,000,000

45. Corresponding figures

As described in Note 3, the Group adopted prospectively Circular 200 and Circular 202 from 1 January 2015. As a result, the presentation of certain financial statement captions have been changed. Certain corresponding figures as at 1 January 2015 and for the year ended 31 December 2014 have been reclassified to conform with the financial statement presentation under Circular 200 and Circular 202. A comparison of the amounts previously reported and as reclassified is as follows:

a. Consolidated balance sheet

	1/1/2015 VND (as reclassified)	1/1/2015 VND (as previously reported)
Trading securities	704,814,872,722	-
Short-term investments	-	7,607,171,306,426
Held-to-maturity investments - short-term	6,903,400,000,000	-
Other short-term receivables	370,036,643,588	368,425,283,975
Shortage of assets awaiting for resolution	3,751,179,217	-
Inventories	3,567,948,334,861	3,633,231,617,297
Other current assets	-	5,442,538,830
Long-term loans receivable	7,395,303,671	-
Other long-term receivables	14,570,604,026	7,395,303,671

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015 (continued)

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

	1/1/2015 VND (as reclassified)	1/1/2015 VND (as previously reported)
Long-term work in progress	65,283,282,436	-
Construction in progress	824,432,512,321	803,688,210,258
Investments in associates and joint-ventures	317,972,437,657	325,220,122,483
Other long-term investments	-	380,012,236,959
Equity investments in other entities	11,628,368,600	-
Held-to-maturity investments - long-term	346,596,000,000	-
Other non-current assets	-	7,242,919,200
Accrued expenses	632,991,337,019	637,114,219,782
Provision for severance allowance	-	77,333,769,500
Provision - short-term	4,122,882,763	-
Provision - long-term	77,333,769,500	-
Investment and development fund	2,521,718,366,944	1,550,028,784,604
Financial reserve	-	971,689,582,340

b. Consolidated statement of income

	2014 VND (as reclassified)	2014 VND (as previously reported)
Revenue from sales of goods and provision of services	35,187,110,126,252	35,703,776,176,355
Revenue deductions	115,094,611,556	726,847,843,179
Cost of sales	23,680,196,877,376	22,668,451,134,488
Selling expenses	3,684,398,847,607	4,696,142,714,715
Other income	272,372,842,337	367,460,023,857
Basic earnings per share	4,556	6,068

29 February 2016

Prepared by:



Le Thanh Liem

Acting Executive Director - Finance
cum Chief Accountant

Approved by:



Mai Kieu Lien

Chief Executive Officer



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