

**Vietnam Dairy Products Joint Stock Company
and its subsidiaries**

Consolidated interim financial statements
for the nine-month period
ended 30 September 2016

Vietnam Dairy Products Joint Stock Company and its subsidiaries

Corporate Information

Business Registration Certificate No.	4103001932 0300588569	20 November 2003 30 September 2016
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The Company's business registration certificate has been amended several times, the most recent of which is by business registration certificate No. 0300588569 dated 30 September 2016. The business registration certification was issued by Ho Chi Minh City Planning and Investment Department.

Board of Management	Mdm Le Thi Bang Tam Mdm Mai Kieu Lien Mr Le Song Lai Ms Ngo Thi Thu Trang Mr Ng Jui Sia Mr Lee Meng Tat Mr Le Anh Minh	Chairwoman Member Member Member Member (until 31 August 2016) Member (from 1 September 2016) Member
Board of Directors	Mdm Mai Kieu Lien Mr Mai Hoai Anh Ms Nguyen Thi Thanh Hoa Mr Trinh Quoc Dung Ms Ngo Thi Thu Trang Mr Tran Minh Van Mr Nguyen Quoc Khanh Mr Phan Minh Tien Ms Bui Thi Huong Mr Le Thanh Liem	Chief Executive Officer Chief Operating Officer cum Executive Director – Sales Executive Director – Supply chain Executive Director – Raw Materials Development Executive Director – Projects Executive Director – Production Executive Director – Research and Development Executive Director – Marketing Executive Director – Human Resource - Administration and Public Relation Acting Executive Director – Finance
Supervisory Board	Mr Nguyen Trung Kien Mr Nguyen Dinh An Ms Nguyen Thi Tuyen Mai Mr Vu Tri Thuc	Head of Supervisory Board Member Member Member
Registered Office	10 Tan Trao Tan Phu Ward, District 7 Ho Chi Minh City Vietnam	
Auditor	KPMG Limited Vietnam	

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Statement of the Board of Directors

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

The Board of Directors is responsible for the consolidated interim 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 30 September 2016 and of the consolidated results of operations and consolidated cash flows for the nine-month period then ended. In preparing these consolidated interim 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 interim 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 interim financial statements to be prepared which complies with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim 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 INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated interim financial statements set out on pages 5 to 60 which give a true and fair view of the consolidated financial position of the Group as at 30 September 2016, and of the consolidated results of operations and cash flows for the nine-month period then ended in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.



On behalf of the Board of Directors

Mai Kieu Lien
Chief Executive Officer

Ho Chi Minh City, 28 October 2016

INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders

Vietnam Dairy Products Joint Stock Company and its subsidiaries

We have reviewed the accompanying consolidated interim 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 30 September 2016, the related consolidated statements of income and cash flows for the nine-month period then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Directors on 28 October 2016, as set out on pages 5 to 60.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review engagements 2410 – *Review of interim financial information performed by the independent auditor of the entity*.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not 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 30 September 2016 and of their consolidated results of operations and their consolidated cash flows for the nine-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Review Report No.: 16-01-305/QIII



Lam Thi Ngoc Hao

Practicing Auditor Registration

Certificate No. 0866-2013-007-1

Deputy General Director

Ho Chi Minh City, 28 October 2016

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 30 September 2016

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

	Code	Note	30/9/2016 VND	1/1/2016 VND
ASSETS				
Current assets				
(100 = 110 + 120 + 130 + 140 + 150)	100		17,322,793,032,464	16,731,875,433,624
Cash and cash equivalents	110	5	772,572,092,518	1,358,682,600,684
Cash	111		763,572,092,518	1,212,517,600,684
Cash equivalents	112		9,000,000,000	146,165,000,000
Short-term financial investments	120		8,935,288,386,774	8,668,377,936,330
Trading securities	121	6(a)	443,111,513,363	525,980,876,577
Allowance for diminution in the value of trading securities	122	6(a)	(491,146,589)	(72,195,440,247)
Held-to-maturity investments	123	6(b)	8,492,668,020,000	8,214,592,500,000
Accounts receivable – short-term	130		3,624,417,789,794	2,685,469,151,432
Accounts receivable from customers	131	7	2,872,999,713,847	2,202,396,055,303
Prepayments to suppliers	132		413,219,416,871	126,289,719,352
Other short-term receivables	136	8(a)	342,023,230,991	359,995,340,900
Allowance for doubtful debts	137		(3,824,571,915)	(3,211,964,123)
Inventories	140	9	3,919,152,564,002	3,810,095,215,771
Inventories	141		3,929,044,077,496	3,827,369,319,952
Allowance for inventories	149		(9,891,513,494)	(17,274,104,181)
Other current assets	150		71,362,199,376	209,250,529,407
Short-term prepaid expenses	151	15(a)	56,603,353,889	156,056,494,506
Deductible value added tax	152		14,335,869,351	53,192,367,873
Taxes receivable from State Treasury	153		422,976,136	1,667,028

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 30 September 2016 (continued)

Form B 01a – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/9/2016 VND	1/1/2016 VND
Long-term assets				
(200 = 210 + 220 + 230 + 240 + 250 + 260) 200			10,333,927,709,677	10,746,300,510,728
Accounts receivable – long-term	210		22,147,897,481	20,898,388,770
Long-term loan receivables	215		7,658,734,060	5,573,700,349
Other long-term receivables	216	8(b)	14,489,163,421	15,324,688,421
Fixed assets	220		8,135,810,558,610	8,214,134,749,497
Tangible fixed assets	221	10	7,732,789,990,245	7,795,345,501,520
Cost	222		13,790,635,505,577	13,059,721,039,709
Accumulated depreciation	223		(6,057,845,515,332)	(5,264,375,538,189)
Intangible fixed assets	227	11	403,020,568,365	418,789,247,977
Cost	228		551,768,579,710	553,684,246,456
Accumulated amortisation	229		(148,748,011,345)	(134,894,998,479)
Investment property	230	12	138,317,282,339	142,368,204,632
Cost	231		179,678,050,557	179,678,050,557
Accumulated depreciation	232		(41,360,768,218)	(37,309,845,925)
Long-term work in progress	240		815,299,719,388	843,679,104,973
Long-term work in progress	241	13	92,559,104,263	82,393,992,187
Construction in progress	242	14	722,740,615,125	761,285,112,786
Long-term financial investments	250		621,863,953,896	940,365,020,223
Investments in associates	252	6(c)	419,879,455,606	397,130,670,931
Equity investments in other entities	253	6(c)	19,471,996,240	11,378,476,240
Allowance for diminution in the value of long-term financial investments	254	6(c)	(7,487,497,950)	(4,740,126,948)
Held-to-maturity investments	255	6(b)	190,000,000,000	536,596,000,000
Other non-current assets	260		600,488,297,963	584,855,042,633
Long-term prepaid expenses	261	15(b)	439,360,054,201	417,329,840,261
Deferred tax assets	262	16(a)	32,554,672,151	25,180,187,314
Goodwill	269	17	128,573,571,611	142,345,015,058
TOTAL ASSETS (270 = 100 + 200)	270		27,656,720,742,141	27,478,175,944,352

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 30 September 2016 (continued)

Form B 01a – DN/HN

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

	Code	Note	30/9/2016 VND	1/1/2016 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		6,901,906,900,271	6,554,260,196,767
Current liabilities	310		6,370,099,514,142	6,004,316,835,213
Accounts payable to suppliers	311	18	1,642,187,213,616	2,193,602,809,261
Advances from customers	312		28,090,946,823	19,882,391,510
Taxes payable to State Treasury	313	19	669,055,575,405	215,807,811,014
Payables to employees	314		173,795,146,326	452,476,117,228
Accrued expenses	315	20	1,466,054,222,080	593,485,587,927
Unearned revenue	318		726,853,615	1,350,893,817
Other short-term payables	319	21	685,193,652,535	644,468,337,067
Short-term borrowings	320	22(a)	1,336,465,403,604	1,475,358,507,208
Provision – short-term	321	23(a)	5,071,570,008	2,420,017,605
Bonus and welfare fund	322	24	363,458,930,130	405,464,362,576
Long-term liabilities	330		531,807,386,129	549,943,361,554
Long-term unearned revenue	336		2,286,984,218	2,598,840,218
Other long-term payables	337		1,146,093,481	2,814,519,233
Long-term borrowings	338	22(b)	343,653,915,063	368,170,178,853
Deferred tax liabilities	341	16(b)	88,320,258,950	89,034,118,250
Provision – long-term	342	23(b)	96,400,134,417	87,325,705,000
EQUITY (400 = 410)	400		20,754,813,841,870	20,923,915,747,585
Owners' equity	410	25	20,754,813,841,870	20,923,915,747,585
Share capital	411	26	14,514,534,290,000	12,006,621,930,000
Share premium	412		260,699,620,761	-
Treasury shares	415	26	(111,500,320)	(5,388,109,959)
Foreign exchange differences	417		6,208,134,299	8,329,599,322
Investment and development fund	418	28	1,617,351,151,535	3,291,207,229,973
Retained profits	420		4,122,205,218,497	5,391,795,573,082
- Retained profits brought forward	421a		2,928,776,175,324	3,154,335,500,192
- Profit for the current period	421b		1,193,429,043,173	2,237,460,072,890
Non-controlling interest	429		233,926,927,098	231,349,525,167
TOTAL RESOURCES (440 = 300 + 400)	440		27,656,720,742,141	27,478,175,944,352

28 October 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 interim financial statements

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of income for the nine-month period ended 30 September 2016

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

	Code	Note	Three-month period ended 30/9/2016 VND	30/9/2015 VND	Nine-month period ended 30/9/2016 VND	30/9/2015 VND
Revenue from sales of goods and provision of services	01	30	12,265,677,025,262	10,577,328,695,731	35,126,735,573,904	29,868,691,099,469
Revenue deductions	02	30	60,987,314,032	28,002,264,153	140,006,923,136	103,218,117,043
Net revenue (10 = 01 - 02)	10	30	12,204,689,711,230	10,549,326,431,578	34,986,728,650,768	29,765,472,982,426
Cost of sales	11	31	7,119,260,938,520	6,199,266,897,541	20,189,193,823,983	17,919,445,486,923
Gross profit (20 = 10 - 11)	20		5,085,428,772,710	4,350,059,534,037	14,797,534,826,785	11,846,027,495,503
Financial income	21	32	169,271,935,716	176,056,927,471	528,427,559,319	493,809,820,601
Financial expenses	22	33	19,549,972,161	87,075,139,074	68,748,289,839	137,494,937,132
<i>In which: Interest expense</i>	23		<i>9,907,013,298</i>	<i>7,823,572,163</i>	<i>26,925,205,130</i>	<i>22,738,722,375</i>
Share of profit in associates	24		(6,603,893,345)	2,309,601,970	22,748,784,675	21,098,650,722
Selling expenses	25	34	1,903,770,503,253	1,665,909,228,418	5,508,386,751,196	4,503,565,554,652
General and administration expenses	26	35	276,732,260,276	220,531,048,232	756,848,766,457	677,247,384,807
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		3,048,044,079,391	2,554,910,647,754	9,014,727,363,287	7,042,628,090,235
Other income	31	36	27,844,184,416	19,904,206,682	87,663,090,639	109,181,572,696
Other expenses	32	37	31,014,955,634	21,036,836,062	68,933,814,397	70,481,279,009
Results of other activities (40 = 31 - 32)	40		(3,170,771,218)	(1,132,629,380)	18,729,276,242	38,700,293,687

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of income for the nine-month period ended 30 September 2016 (continued)

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

	Code	Note	Three-month period ended 30/9/2016 VND	30/9/2015 VND	Nine-month period ended 30/9/2016 VND	30/9/2015 VND
Profit before tax (50 = 30 + 40)	50		3,044,873,308,173	2,553,778,018,374	9,033,456,639,529	7,081,328,383,922
Income tax expense – current	51	39	498,604,148,841	393,536,628,552	1,505,288,593,901	1,266,712,195,193
Income tax benefit – deferred	52	39	(3,145,819,201)	37,674,897,385	(7,374,484,837)	(54,360,354,689)
Net profit after tax (60 = 50 - 51 - 52)	60		2,549,414,978,533	2,122,566,492,437	7,535,542,530,465	5,868,976,543,418
Attributable to:						
Equity holders of the Company	61		2,548,780,232,660	2,135,307,519,344	7,521,365,290,221	5,877,335,144,337
Non-controlling interest	62		634,745,873	(12,741,026,907)	14,177,240,244	(8,358,600,919)
Basic earnings per share	70	40	1,580	1,335	4,697	3,679

28 October 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 interim financial statements

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the nine-month period ended 30 September 2016
(Indirect method)

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

	Code Note	Nine-month period ended	
		30/9/2016	30/9/2015
		VND	VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	9,033,456,639,52	7,081,328,383,922
Adjustments for			
Depreciation and amortisation	02	884,938,181,94	814,382,282,809
Allowances and provisions	03	14,981,084,80	293,497,777
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	1,102,663,05	5,804,549,327
Losses on disposals of tangible fixed assets and construction in progress	05	11,837,673,49	9,218,697,124
Dividends and interest income	05	(490,446,032,083	(424,193,100,940)
Share of profit in associates	05	(22,748,784,675	(21,098,650,722)
Losses from other investing activities	05	13,763,206,96	13,621,140,517
Interest expense	06	26,925,205,13	22,738,722,375
Operating profit before changes in working capital	08	9,473,809,838,16	7,502,095,522,189
Change in receivables	09	(867,050,190,094	(54,859,264,015)
Change in inventories	10	(307,666,248,830	(310,800,613,180)
Change in payables and other liabilities	11	36,147,041,67	616,129,159,733
Change in prepaid expenses	12	99,963,203,61	48,149,118,311
Change in trading securities	13	11,421,007,51	124,152,658,761
		8,446,624,652,03	7,924,866,581,799
Interest paid	14	(27,843,826,652	(23,028,254,984)
Income tax paid	15	(1,074,774,499,334	(1,272,689,222,151)
Other payments for operating activities	17	(787,791,736,706	(560,688,153,885)
Net cash flows from operating activities	20	6,556,214,589,34	6,068,460,950,779

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the nine-month period ended 30 September 2016
(Indirect method – continued)

Form B 03a – DN/HN

*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code Note	Nine-month period ended 30/9/2016 VND	30/9/2015 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(577,787,486,147)	(868,350,832,724)
Collections on disposals of fixed assets and other long-term assets	22	35,334,730,558	51,757,789,529
Collections from time deposits	23	68,402,720,000	440,261,550,000
Payments for purchase of debt instruments of other entities	23	-	(190,000,000,000)
Payments for granting loans	23	(2,085,033,711)	-
Receipts from collecting loans	24	-	564,891,325
Payments for investments in other entities	25	(8,100,000,000)	(80,161,500,899)
Collections from investments in other entities	26	-	5,059,183,768
Receipts of interest and dividends	27	453,709,767,435	289,583,476,749
Net cash flows from investing activities	30	(30,525,301,865)	(351,285,442,252)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issued	31	354,965,040,720	-
Proceeds from capital contribution by non-controlling interest	31	-	106,692,006,945
Payment for repurchase of treasury share	32	(111,500,320)	-
Payments for capital refunds to non-controlling interest	32	(68,145,358,429)	-
Proceeds from borrowings	33	3,278,170,226,506	3,051,109,314,776
Payments to settle loan principals	34	(3,436,895,357,159)	(2,966,328,907,617)
Payments of dividends	36	(7,238,478,492,000)	(6,000,711,624,000)
Net cash flows from financing activities	40	(7,110,495,440,682)	(5,809,239,209,896)
Net cash flows during the period (50 = 20 + 30 + 40)	50	(584,806,153,201)	(92,063,701,369)
Cash and cash equivalents at the beginning of the period	60	1,358,682,600,684	1,527,875,428,216
Effect of exchange rate fluctuations on cash and cash equivalents	61	(535,480,768)	(24,147,460,817)
Currency translation differences	62	(768,874,197)	(1,806,842,785)
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61 + 62)	70	772,572,092,518	1,409,857,423,245

28 October 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 interim financial statements

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the nine-month period ended
30 September 2016

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

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

1. Reporting Entity

(a) Ownership structure

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

(b) Principal activities

The principal activities of the Company are to:

- Process, manufacture and distribute milk cake, soya milk, fresh milk, refreshment drinks, bottled milk, powdered milk, nutritious powder and other products from milk;
- Trade in food technology, spare parts, equipment, materials and chemicals;
- Trade in real estate which includes freehold and leasehold land use rights;
- Provide warehousing, loading and transportation for the internal usage supporting for the Company’s product manufacturing and distribution;
- Manufacture, sell and distribute beverages, grocery and processing foods, roasted-ground-filtered and instant coffee;
- Manufacture and sell plastic package;
- Manufacture and sell plastic products;
- Provide health care clinic services;
- Raising cattle and agricultural planting;
- Retail sugar, milk and products from milk, bread, jam, candy and products processed from cereal, flour, starch and other food; and
- Retail alcoholic drinks, non-alcoholic drinks (carbonated and non-carbonated soft drinks), natural mineral water, low-alcoholic or non-alcoholic wine and beer.

(c) Normal operating cycle

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

Vietnam Dairy Products Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the nine-month period ended
30 September 2016 (continued)

Form B 09a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
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(d) Group structure

As at 30 September 2016, the Company had 6 subsidiaries (1/1/2016: 6 subsidiaries) as listed below:

Subsidiaries	% of	
	ownership and voting rights	
	30/9/2016	1/1/2016
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%
Driftwood Dairy Holdings Corporation	100.00%	70.00%
Thong Nhat Thanh Hoa Dairy Cow Limited Company	96.11%	96.11%
Angkor Dairy Products Co., Ltd.	51.00%	51.00%

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 30 September 2016, the Company had 2 associates (1/1/2016: 2 associates) as listed in Note 6(c).

As at 30 September 2016, the Group had 6,921 employees (1/1/2016: 6,661 employees).

2. Basis of preparation

(a) Statement of compliance

The consolidated interim financial statements have been prepared in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the Vietnamese Accounting System for enterprises and the relevant statutory requirement applicable to interim financial reporting.

(b) Basis of measurement

The consolidated interim 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.

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(d) Accounting and presentation currency

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

3. Summary of significant accounting policies

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

The accounting policies that have been adopted by the Group in the preparation of these consolidated interim financial statements are consistent with those adopted in the preparation of the latest consolidated annual 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 interim 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 income statement. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the consolidated interim 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.

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(iv) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated interim financial statements include the Group's share of the income and expenses of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, 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 associate.

(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 interim financial statements. Unrealised gains and losses arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate.

(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 period have been translated into VND at rates of exchange ruling at the transaction dates.

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

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

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(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 end of the accounting period. The income and expenses of foreign operations are translated to VND at average exchange rates of the period.

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 Group’s management has intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank, corporate 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 diminution in the value.

(iii) Investment in equity instruments of other entities

Investment in equity instruments of 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.

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(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, and the costs of dismantling and removing the asset and restoring the site on which it is located. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul cost, is charged to the consolidated statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is 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

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(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.

Definite lived land use rights 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.

Indefinite lived land use rights 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 period in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property.

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(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.

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(l) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates. 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 (gain from bargain purchase), 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.

Provision for severance allowance to be paid to the existing eligible employees as at 30 September 2016 has been made based on the eligible employees' years of service, being the total employees' years of service less the number of years for which the employees participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group, if any, and their average salary for the six-month period prior to the end of the accounting period.

(o) Share capital

(i) Ordinary shares

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

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(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 on the transaction is presented within share premium.

(p) Taxation

Income tax on the consolidated profit or loss for the period 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 period, using tax rates enacted at the end of the accounting period, and any adjustment to tax payable in respect of previous periods.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary 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 the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue 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.

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(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 financial investments*

Revenue from disposal of short-term and long-term financial 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 period 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 period. 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.

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(u) Funds

Appropriation to equity 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

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 (after appropriation to bonus and welfare fund for the accounting period) by the weighted average number of ordinary shares outstanding during the period. 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.

(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 enterprise, 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.

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4. 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"). Segment assets and capital expenditure are not presented since the location of assets and production is mostly in Vietnam.

	Domestic (Customers located in Vietnam)		Overseas (Customers located in countries other than Vietnam)		Total	
	Nine-month period ended		Nine-month period ended		Nine-month period ended	
	30/9/2016	30/9/2015	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	VND	VND	VND	VND	VND	VND
Net revenue	28,689,445,124,414	23,903,836,976,222	6,297,283,526,354	5,861,636,006,204	34,986,728,650,768	29,765,472,982,426
Cost of sales	(16,948,011,225,293)	(14,473,611,913,771)	(3,241,182,598,690)	(3,445,833,573,152)	(20,189,193,823,983)	(17,919,445,486,923)
Segment income	11,741,433,899,121	9,430,225,062,451	3,056,100,927,664	2,415,802,433,052	14,797,534,826,785	11,846,027,495,503

5. Cash and cash equivalents

	30/9/2016	1/1/2016
	VND	VND
Cash on hand	1,658,660,817	1,461,134,841
Cash in banks	761,913,431,701	1,211,056,465,843
Cash equivalents	9,000,000,000	146,165,000,000
	772,572,092,518	1,358,682,600,684

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6. Investments

(a) Trading securities

	Carrying amount VND	30/9/2016 Fair value VND	Allowance for diminution in value VND	Carrying amount VND	1/1/2016 Fair value VND	Allowance for diminution in value VND
Short-term investments in shares:						
▪ Bao Viet Joint Stock Commercial Bank (*)	442,000,000,000	442,000,000,000	-	442,000,000,000	442,000,000,000	-
▪ An Binh Commercial Joint Stock Bank	-	-	-	82,283,660,000	10,784,237,200	(71,499,422,800)
▪ Others	1,111,513,363	620,405,774	(491,146,589)	1,697,216,577	1,001,275,920	(696,017,447)
	443,111,513,363	442,620,405,774	(491,146,589)	525,980,876,577	453,785,513,120	(72,195,440,247)

(*) As at the reporting date, the Group has entered into a share purchase agreement to transfer its securities of Bao Viet Joint Stock Commercial Bank, the transaction has not been completed (Note 21). The carrying amount of the securities represented the expected realisable amount.

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(b) Held-to-maturity investments

	30/9/2016 VND	1/1/2016 VND
Held-to-maturity investments – short-term		
▪ term deposits	8,192,668,020,000	8,214,592,500,000
▪ corporate bonds	300,000,000,000	-
	<hr/> 8,492,668,020,000	<hr/> 8,214,592,500,000
Held-to-maturity investments – long-term		
▪ term deposits	-	46,596,000,000
▪ corporate bonds	190,000,000,000	490,000,000,000
	<hr/> 190,000,000,000	<hr/> 536,596,000,000

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(c) Investments in other entities

30 September 2016	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%	353,470,464,720	(*)	-
▪ 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%	66,408,990,886	(*)	-
				<hr/>		
				419,879,455,606	(*)	-
Others						
▪ Vietnam Growth Investment Fund	Melinh Point Tower, 2 Ngo Duc Ke Street, District 1, Ho Chi Minh City, Vietnam			10,270,276,240	(*)	(7,487,497,950)
▪ APIS Corporation	155 Hai Ba Trung, District 3, Ho Chi Minh City, Vietnam			8,100,000,000	(*)	-
▪ An Khang Clinic – Pharmacy	184-186-188 Nguyen Dinh Chieu Street, District 3, Ho Chi Minh City, Vietnam			300,000,000	(*)	-
▪ Others				801,720,000	(*)	-
				<hr/>		
				19,471,996,240		(7,487,497,950)
				<hr/>		
				439,351,451,846		(7,487,497,950)
				<hr/>		

(*) At the reporting date, the Group has not determined fair values of these financial instruments for disclosure in the consolidated interim financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of these financial instruments may differ from their carrying amounts.

(**) 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 2016	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	(*)	-
					<hr/>		<hr/>
					397,130,670,931		-
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	(*)	-
					<hr/>		<hr/>
					11,378,476,240		(4,740,126,948)
					<hr/>		<hr/>
					408,509,147,171		(4,740,126,948)
					<hr/>		<hr/>

(*) At the reporting date, the Group has not determined fair values of these financial instruments for disclosure in the consolidated interim financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of these financial instruments may differ from their carrying amounts.

(**) 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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Movements in the allowance for diminution in value of short-term investments during the period were as follows:

	Nine-month period ended	Nine-month period ended
	30/9/2016	30/9/2015
	VND	VND
Opening balance	72,195,440,247	139,208,371,400
Increase in allowance during the period	-	1,960,770,400
Written back	(260,762,300)	(14,733,520,000)
Allowance utilised during the period	(71,439,561,606)	(54,745,741,894)
Translation differences	(3,969,752)	-
	<hr/>	<hr/>
Closing balance	491,146,589	71,689,879,906
	<hr/>	<hr/>

Movement in the allowance for diminution in value of long-term investments during the period was as follows:

	Nine-month period ended	Nine-month period ended
	30/9/2016	30/9/2015
	VND	VND
Opening balance	4,740,126,948	4,857,290,601
Increase in allowance during the period	2,747,371,002	13,367,215
	<hr/>	<hr/>
Closing balance	7,487,497,950	4,870,657,816
	<hr/>	<hr/>

7. Accounts receivable from customers

Accounts receivable from customers detailed by significant customers

	30/9/2016	1/1/2016
	VND	VND
Abdulkarim Alwan Foodstuff Trading (LLC)	465,880,500,350	203,761,695,760
Other customers	2,407,119,213,497	1,998,634,359,543
	<hr/>	<hr/>
	2,872,999,713,847	2,202,396,055,303
	<hr/>	<hr/>

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8. Other receivables

(a) Other short-term receivables

	30/9/2016	1/1/2016
	VND	VND
Interest income from deposits	257,923,623,200	212,366,875,509
Interest income from bonds	7,439,808,220	16,252,054,779
Import tax refundable	56,152,988,799	51,308,507,620
Short-term deposits	9,505,291,101	3,413,858,029
Receivables from employees	476,217,282	851,613,738
Advances to employees	3,465,270,873	2,472,642,740
Rebates receivable from suppliers	-	54,213,539,996
Others	7,060,031,516	19,116,248,489
	<hr/> 342,023,230,991	<hr/> 359,995,340,900 <hr/>

(b) Other long-term receivables

	30/9/2016	1/1/2016
	VND	VND
Receivables from an investment	6,247,684,826	7,247,684,826
Long-term deposits	8,241,478,595	8,077,003,595
	<hr/> 14,489,163,421	<hr/> 15,324,688,421 <hr/>

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9. Inventories

	30/9/2016		1/1/2016	
	Carrying amount VND	Allowance VND	Carrying amount VND	Allowance VND
Goods in transit	324,084,741,939	-	713,368,097,247	-
Raw materials	2,387,330,553,703	(2,535,794,776)	2,042,354,953,351	(4,540,567,450)
Tools and supplies	20,389,272,371	-	14,690,611,647	-
Work in progress	76,015,199,499	-	40,459,630,933	-
Finished goods	995,379,059,008	(7,353,192,547)	924,779,281,512	(12,733,536,731)
Merchandise inventories	122,091,143,097	(2,526,171)	63,254,608,363	-
Goods on consignment	3,754,107,879	-	28,462,136,899	-
	3,929,044,077,496	(9,891,513,494)	3,827,369,319,952	(17,274,104,181)

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

	Nine-month period ended	
	30/9/2016 VND	30/9/2015 VND
Opening balance	17,274,104,181	13,124,371,843
Increase in allowance during the period	6,637,751,646	11,984,431,179
Written back	(6,461,737,190)	(11,223,333,590)
Allowance utilised during the period	(7,558,605,143)	(2,437,679,354)
Closing balance	9,891,513,494	11,447,790,078

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10. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Livestock VND	Others VND	Total VND
Cost							
Opening balance	2,755,511,942,189	8,550,599,129,792	751,737,636,813	484,461,722,452	436,181,269,278	81,229,339,185	13,059,721,039,709
Additions	3,692,521,053	52,866,384,935	41,758,325,838	8,316,466,525	-	6,552,955,056	113,186,653,407
Transfer from construction in progress	198,371,869,636	322,346,440,790	23,660,719,090	12,232,167,447	-	-	556,611,196,963
Transfer from inventories	-	-	-	-	186,582,668,229	-	186,582,668,229
Reclassification	11,839,362,577	(8,015,376,172)	-	(3,823,986,405)	-	-	-
Disposals	(13,640,000,000)	(30,970,161,728)	(6,101,960,456)	(233,533,000)	(65,487,057,508)	(567,212,220)	(116,999,924,912)
Other decreases	(461,120,248)	-	-	-	-	-	(461,120,248)
Translation differences	(1,364,427,297)	(5,093,021,363)	(810,645,330)	(153,184,910)	-	(583,728,671)	(8,005,007,571)
Closing balance	2,953,950,147,910	8,881,733,396,254	810,244,075,955	500,799,652,109	557,276,879,999	86,631,353,350	13,790,635,505,577
Accumulated depreciation							
Opening balance	593,380,740,026	3,857,225,278,208	314,040,785,468	304,141,447,160	134,940,947,189	60,646,340,138	5,264,375,538,189
Charge for the period	108,565,072,488	585,147,497,905	54,991,589,304	47,157,262,466	64,544,493,525	6,373,802,651	866,779,718,339
Reclassification	2,474,487,022	1,370,858,339	-	(3,845,345,361)	-	-	-
Disposals	(1,705,000,001)	(30,760,437,094)	(3,751,613,457)	(211,711,418)	(33,106,382,485)	(26,785,024)	(69,561,929,479)
Translation differences	(323,030,383)	(2,556,391,960)	(277,652,649)	(106,461,795)	-	(484,274,930)	(3,747,811,717)
Closing balance	702,392,269,152	4,410,426,805,398	365,003,108,666	347,135,191,052	166,379,058,229	66,509,082,835	6,057,845,515,332
Net book value							
Opening balance	2,162,131,202,163	4,693,373,851,584	437,696,851,345	180,320,275,292	301,240,322,089	20,582,999,047	7,795,345,501,520
Closing balance	2,251,557,878,758	4,471,306,590,856	445,240,967,289	153,664,461,057	390,897,821,770	20,122,270,515	7,732,789,990,245

Included in the cost of tangible fixed assets were assets costing VND1,512,244,545,981 which were fully depreciated as at 30 September 2016 (1/1/2016: VND1,274,052,869,357), but which are still in active use.

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11. Intangible fixed assets

	Land use rights VND	Software VND	Others VND	Total VND
Cost				
Opening balance	373,377,557,148	131,590,189,308	48,716,500,000	553,684,246,456
Addition	-	148,158,000	-	148,158,000
Translation differences	(1,658,648,346)	(14,576,400)	(390,600,000)	(2,063,824,746)
Closing balance	371,718,908,802	131,723,770,908	48,325,900,000	551,768,579,710
Accumulated amortisation				
Opening balance	26,543,438,045	76,751,381,576	31,600,178,858	134,894,998,479
Charge for the period	1,633,870,269	10,692,219,283	1,781,451,763	14,107,541,315
Translation differences	-	(364,411)	(254,164,038)	(254,528,449)
Closing balance	28,177,308,314	87,443,236,448	33,127,466,583	148,748,011,345
Net book value				
Opening balance	346,834,119,103	54,838,807,732	17,116,321,142	418,789,247,977
Closing balance	343,541,600,488	44,280,534,460	15,198,433,417	403,020,568,365

Included in the cost of intangible fixed assets were assets costing VND48,086,488,915 which were fully amortised as at 30 September 2016 (1/1/2016: VND48,086,488,915), but which are still in use.

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12. Investment property

	Land use rights VND	Infrastructure VND	Buildings VND	Total VND
Cost				
Opening and closing balance	82,224,238,170	6,464,218,561	90,989,593,826	179,678,050,557
Accumulated amortisation				
Opening balance	1,851,632,773	3,944,983,747	31,513,229,405	37,309,845,925
Charge for the period	595,167,678	477,745,182	2,978,009,433	4,050,922,293
Closing balance	2,446,800,451	4,422,728,929	34,491,238,838	41,360,768,218
Net book value				
Opening balance	80,372,605,397	2,519,234,814	59,476,364,421	142,368,204,632
Closing balance	79,777,437,719	2,041,489,632	56,498,354,988	138,317,282,339

The Group's investment property represents buildings and infrastructure held for earning rental income.

At the reporting date, the Group has not determined fair values of investment property held to earn rental for disclosure in the consolidated interim financial statements because there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of investment property held to earn rental may differ from its carrying amounts.

Included in the cost of investment property held to earn rental was assets costing VND7,892,173,774 which were fully depreciated as at 30 September 2016 (1/1/2016: VND7,541,595,410), but which are still in active use.

13. Long-term work in progress

Long-term work in progress represented cows under 16 months of age which will be transferred to tangible fixed assets under livestock category at the end of the sixteen-month period, when the cows are ready for milk production.

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14. Construction in progress

	Nine-month period ended	
	30/9/2016	30/9/2015
	VND	VND
Opening balance	761,285,112,786	803,688,210,258
Additions	559,567,996,982	814,238,253,032
Transfer to tangible fixed assets	(556,611,196,963)	(412,821,844,319)
Transfer to intangible fixed assets	-	(8,486,562,931)
Transfer to inventories	(334,159,013)	(4,483,037,274)
Transfer to long-term prepaid expenses	(22,845,115,061)	(86,033,610,070)
Disposals	(2,393,859,139)	(19,750,391,308)
Other decreases	(15,843,612,851)	(1,466,487,633)
Translation differences	(84,551,616)	9,914,518,991
Closing balance	722,740,615,125	1,094,799,048,746

Major constructions in progress were as follows:

	30/9/2016	1/1/2016
	VND	VND
Machinery and equipment – Lam Son Dairy Factory	178,057,109,897	199,392,847,553
Tay Ninh Dairy Cow Farm	206,729,243,826	236,872,364,848
Others	337,954,261,402	325,019,900,385
	722,740,615,125	761,285,112,786

15. Prepaid expenses

(a) Short-term prepaid expenses

	30/9/2016	1/1/2016
	VND	VND
Prepaid tools and supplies expenses	16,801,748,886	10,647,392,756
Prepaid software deployment and networks maintenance expenses	7,730,655,672	4,312,079,769
Prepaid renovation and repair expenses	4,178,971,067	5,090,144,128
Prepaid operating lease expenses	10,886,690,998	15,894,422,496
Prepaid advertising expenses	3,504,137,319	4,448,905,912
Other short-term prepaid expenses	13,501,149,947	115,663,549,445
	56,603,353,889	156,056,494,506

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(b) Long-term prepaid expenses

	Prepaid land costs VND	Tools and instruments VND	Other prepaid expenses VND	Total VND
Opening balance	209,761,204,943	145,952,090,873	61,616,544,445	417,329,840,261
Additions	14,780,870,686	81,729,802,576	12,599,305,767	109,109,979,029
Transfer from construction in progress	15,600,000,000	-	7,245,115,061	22,845,115,061
Amortisation for the period	(5,309,605,462)	(59,951,566,731)	(43,344,315,129)	(108,605,487,322)
Other decreases	-	(1,014,345,816)	(208,000)	(1,014,553,816)
Translation differences	(271,943,230)	(14,461,617)	(18,434,165)	(304,839,012)
Closing balance	234,560,526,937	166,701,519,285	38,098,007,979	439,360,054,201

16. Deferred tax assets and liabilities

(a) Deferred tax assets

	Tax rate	30/9/2016 VND	1/1/2016 VND
Deferred tax assets			
Foreign exchange differences	20%	465,158,729	683,950,320
Accrued expenses and provisions	20%	32,089,537,108	24,496,236,994
		32,554,695,837	25,180,187,314
Deferred tax liabilities			
Foreign exchange differences	20%	(23,686)	-
Net deferred tax assets		32,554,672,151	25,180,187,314

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(b) Deferred tax liabilities

	Tax rate (*)	30/9/2016 VND	1/1/2016 VND
Deferred tax assets			
Accounts receivable	40%	2,310,209,628	2,328,882,180
Inventories	40%	1,148,293,401	1,157,574,623
Tax losses carry forwards	40%	44,928,584,407	45,291,725,188
Accrued expenses	40%	6,022,571,020	6,071,249,187
Others	40%	493,774,895	497,765,891
		<hr/>	<hr/>
		54,903,433,351	55,347,197,069
Valuation allowance	40%	(41,425,811,838)	(41,760,641,032)
		<hr/>	<hr/>
Total deferred tax assets		13,477,621,513	13,586,556,037
		<hr/>	<hr/>
Deferred tax liabilities			
Fixed assets	40%	(101,653,389,584)	(102,475,015,544)
Others	40%	(144,490,879)	(145,658,743)
		<hr/>	<hr/>
Total deferred tax liabilities		(101,797,880,463)	(102,620,674,287)
		<hr/>	<hr/>
Net deferred tax liabilities		(88,320,258,950)	(89,034,118,250)
		<hr/>	<hr/>

- (*) Deferred tax liabilities have been recognised on deductible temporary differences and tax losses using the effective tax rate of Driftwood Dairy Holdings Corporation, a subsidiary incorporated and operating in the United State of America.

17. Goodwill

	Nine-month period ended	
	30/9/2016 VND	30/9/2015 VND
Opening balance	142,345,015,058	160,706,939,654
Charge for the period	(13,771,443,447)	(13,771,443,447)
	<hr/>	<hr/>
Closing balance	128,573,571,611	146,935,496,207
	<hr/>	<hr/>

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18. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	30/9/2016		1/1/2016	
	Carrying amount VND	Repayable amount VND	Carrying amount VND	Repayable amount VND
Dat Viet VAC Media Corporation	122,744,160	122,744,160	382,779,457,871	382,779,457,871
Other suppliers	1,642,064,469,456	1,642,064,469,456	1,810,823,351,390	1,810,823,351,390
	<hr/>	<hr/>	<hr/>	<hr/>
	1,642,187,213,616	1,642,187,213,616	2,193,602,809,261	2,193,602,809,261
	<hr/>	<hr/>	<hr/>	<hr/>

(b) Accounts payable to suppliers who are related parties

	30/9/2016 VND	1/1/2016 VND
Associate		
Miraka Limited	-	74,684,584,840
	<hr/>	<hr/>

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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19. Taxes payable to State Treasury

	1/1/2016 VND	Incurred VND	Paid VND	Translation differences VND	30/9/2016 VND
Value added tax	113,591,963,122	1,463,974,902,029	(1,423,045,244,035)	(267,676)	154,521,353,440
Corporate income tax	62,789,950,010	1,505,288,593,901	(1,074,774,499,334)	(11,696,796)	493,292,347,781
Personal income tax	31,591,679,683	305,439,586,760	(321,417,023,583)	(797,915)	15,613,444,945
Import tax	3,233,139,248	73,219,666,995	(73,054,999,021)	(16,085,725)	3,381,721,497
Other taxes	4,601,078,951	36,711,774,465	(39,030,977,594)	(35,168,080)	2,246,707,742
	215,807,811,014	3,384,634,524,150	(2,931,322,743,567)	(64,016,192)	669,055,575,405

20. Accrued expenses

	30/9/2016 VND	1/1/2016 VND
Sale incentives, promotion	724,024,601,185	303,628,936,160
Advertising expenses	478,443,544,851	54,006,437,728
Transportation expenses	80,096,842,795	58,991,919,668
Repair and maintenance expenses	34,810,652,903	47,714,730,252
Fuel expenses	15,129,852,996	13,355,140,533
Expenses for outsourced employees	29,704,591,711	34,667,035,675
Rental fees	8,272,960,800	740,454,553
Interest expense	7,868,268,840	8,786,890,362
Others	87,702,905,999	71,594,042,996
	1,466,054,222,080	593,485,587,927

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21. Other short-term payables

	30/9/2016	1/1/2016
	VND	VND
Other payables relating to financial investments (*)	448,007,419,155	448,007,419,155
Import duty payables	74,808,365,575	58,076,771,700
Short-term deposits received	71,536,593,774	63,776,967,568
Insurance and trade union fees	3,215,280,371	1,246,476,469
Outstanding checks in exceed of bank balance	72,606,600,621	22,824,654,805
Dividend payables	4,003,285,748	-
Others	11,016,107,291	50,536,047,370
	<hr/> 685,193,652,535	<hr/> 644,468,337,067 <hr/>

- (*) Other payables relating to financial investments included an advance payment of VND447,822,000,000 received from a third party in respect of the future transfer of the Group's investment in Bao Viet Joint Stock Commercial Bank (Note 6(a)). As at the reporting date, the transfer has not been completed.

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22. Borrowings

(a) Short-term borrowings

	1/1/2016 VND	Incurred VND	Paid VND	Translation differences VND	30/9/2016 VND
Short-term borrowings	1,453,626,907,208	3,144,270,186,859	(3,304,327,968,491)	(1,643,721,972)	1,291,925,403,604
Current portion of long-term borrowings	21,731,600,000	44,560,000,000	(21,567,040,000)	(184,560,000)	44,540,000,000
	1,475,358,507,208	3,188,830,186,859	(3,325,895,008,491)	(1,828,281,972)	1,336,465,403,604

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

Lenders		Annual interest rate	30/9/2016 VND	1/1/2016 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh City Branch	(i)	VND 4.90%	1,100,000,000,000	-
The Bank of Tokyo-Mitsubishi UFJ Ltd. – Ho Chi Minh City Branch	(ii)	VND 4.90%	100,000,000,000	-
Wells Fargo	(iii)	USD 2.125%	91,925,403,604	122,662,316,960
The Bank of Tokyo-Mitsubishi UFJ Ltd. – Ho Chi Minh City Branch		USD 1.280%	-	564,550,000,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh City Branch		USD 1.280%	-	677,460,000,000
Deutsche Polska Spółka Akcyjna				
▪ Loan 1		EUR 1.100%	-	21,336,313,870
▪ Loan 2		PLN 2.810%	-	67,618,276,378
			1,291,925,403,604	1,453,626,907,208

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- (i) This borrowing has a maximum facility of VND3,300 billion and is unsecured.
- (ii) This borrowing has a maximum facility of USD50 million and is unsecured.
- (iii) This borrowing was secured by accounts receivables from customers with carrying amount of VND264,832 million as at 30 September 2016 (1/1/2016: VND226,111 million).

(b) Long-term borrowings

	30/9/2016 VND	1/1/2016 VND
Long-term borrowings	388,193,915,063	389,901,778,853
Repayable within 12 months	(44,540,000,000)	(21,731,600,000)
	<hr/>	<hr/>
Repayable after 12 months	343,653,915,063	368,170,178,853
	<hr/>	<hr/>

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

Lenders		Currency	Annual interest rate	Year of maturity	30/9/2016 VND	1/1/2016 VND
Sumitomo Mitsui Banking Corporation	(i)	USD	2.4%	2020	378,590,000,000	246,950,000,000
Individuals	(ii)	VND	None	2039	9,603,915,063	10,824,975,403
Wells Fargo						
▪ Loan 1		USD	2.375%	2016	-	98,690,200,000
▪ Loan 2		USD	2.375%	2016	-	33,436,603,450
					<hr/>	<hr/>
					388,193,915,063	389,901,778,853
					<hr/>	<hr/>

- (i) This borrowing was secured by a long-term deposit and fixed assets with carrying amount of VND76,500 million (1/1/2016: VND46,596 million) and VND426,640 million (1/1/2016: nil), respectively, as at 30 September 2016.
- (ii) These borrowings are unsecured.

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23. Provisions

(a) Short-term provision

	30/9/2016	1/1/2016
	VND	VND
Fixed asset overhaul	5,071,570,008	2,420,017,605

(b) Long-term provision

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

	Severance allowance VND
Opening balance	87,325,705,000
Increase in provision during the period	10,321,642,080
Provision used during the period	(1,247,212,663)
Closing balance	96,400,134,417

24. Bonus and welfare fund

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

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

	Nine-month period ended	Nine-month period ended
	30/9/2016	30/9/2015
	VND	VND
Opening balance	405,464,362,576	355,719,314,789
Appropriation	745,075,406,404	578,880,417,817
Utilisation	(787,080,838,850)	(559,605,787,306)
Closing balance	363,458,930,130	374,993,945,300

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25. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 1 January 2015	10,006,413,990,000	-	(5,388,109,959)	(161,099,075)	2,521,718,366,944	7,157,699,467,945	119,953,867,653	19,800,236,483,508
Bonus shares issued	2,000,207,940,000	-	-	-	-	(2,000,207,940,000)	-	-
Net profit for the period	-	-	-	-	-	5,877,335,144,337	(8,358,600,919)	5,868,976,543,418
Appropriation to equity funds	-	-	-	-	578,880,417,817	(578,880,417,817)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(578,880,417,817)	-	(578,880,417,817)
Dividends	-	-	-	-	-	(6,000,711,624,000)	-	(6,000,711,624,000)
Capital contribution by non-controlling interest	-	-	-	-	-	-	106,692,006,945	106,692,006,945
Adjustments	-	-	-	-	-	-	1,849,968,603	1,849,968,603
Translation differences	-	-	-	10,546,017,068	-	-	8,080,686,113	18,626,703,181
Balance at 1 October 2015	12,006,621,930,000	-	(5,388,109,959)	10,384,917,993	3,100,598,784,761	3,876,354,212,648	228,217,928,395	19,216,789,663,838
Net profit for the period	-	-	-	-	-	1,896,074,486,906	4,501,721,373	1,900,576,208,279
Appropriation to equity funds	-	-	-	-	190,608,445,212	(190,608,445,212)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(190,024,681,260)	-	(190,024,681,260)
Dividends	-	-	-	-	-	-	(1,549,950,354)	(1,549,950,354)
Capital contribution by non-controlling interest	-	-	-	-	-	-	784,391,909	784,391,909
Adjustments	-	-	-	-	-	-	13,600,835	13,600,835
Translation differences	-	-	-	(2,055,318,671)	-	-	(618,166,991)	(2,673,485,662)
Balance at 1 January 2016	12,006,621,930,000	-	(5,388,109,959)	8,329,599,322	3,291,207,229,973	5,391,795,573,082	231,349,525,167	20,923,915,747,585

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	Share capital VND	Share premium VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 1 January 2016	12,006,621,930,000	-	(5,388,109,959)	8,329,599,322	3,291,207,229,973	5,391,795,573,082	231,349,525,167	20,923,915,747,585
Shared capital issued	2,507,912,360,000	260,699,620,761	5,388,109,959	-	(2,419,035,050,000)	-	-	354,965,040,720
Purchase of non-controlling interest	-	-	-	-	-	(62,222,774,840)	(5,922,583,589)	(68,145,358,429)
Net profit for the period	-	-	-	-	-	7,521,365,290,221	14,177,240,244	7,535,542,530,465
Appropriation to equity funds	-	-	-	-	745,178,971,562	(745,178,971,562)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	(745,075,406,404)	-	(745,075,406,404)
Repurchase treasury shares	-	-	(111,500,320)	-	-	-	-	(111,500,320)
Dividend (Note 27)	-	-	-	-	-	(7,238,478,492,000)	(4,003,285,748)	(7,242,481,777,748)
Translation differences	-	-	-	(2,121,465,023)	-	-	(1,673,968,976)	(3,795,433,999)
Balance at 30 September 2016	14,514,534,290,000	260,699,620,761	(111,500,320)	6,208,134,299	1,617,351,151,535	4,122,205,218,497	233,926,927,098	20,754,813,841,870

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26. Share capital

The Company's authorised and issued share capital is:

	30/9/2016		1/1/2016	
	Number of shares	VND	Number of shares	VND
Authorised share capital	1,451,453,429	14,514,534,290,000	1,200,662,193	12,006,621,930,000
Issued ordinary shares				
Ordinary shares	1,451,453,429	14,514,534,290,000	1,200,662,193	12,006,621,930,000
Treasury ordinary shares				
Ordinary shares	(2,540)	(111,500,320)	(522,795)	(5,388,109,959)
Shares currently in circulation				
Ordinary shares	1,451,450,889	14,514,422,789,680	1,200,139,398	12,001,233,820,041

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 period were as follows:

	Nine-month period ended			
	30/9/2016		30/9/2015	
	Number of shares	VND	Number of shares	VND
Opening balance	1,200,139,398	12,001,233,820,041	1,000,118,604	10,001,025,880,041
Shares issued under Employees Stock Option Plan ("ESOP") during the period (*)				
▪ Issuance of new shares	8,887,731	88,877,310,000	-	-
▪ Reissuance of treasury shares	522,795	5,388,109,959	-	-
Bonus shares issued during the period (**)	241,903,505	2,419,035,050,000	200,020,794	2,000,207,940,000
Treasury shares purchased during the period	(2,540)	(111,500,320)	-	-
Closing balance	1,451,450,889	14,514,422,789,680	1,200,139,398	12,001,233,820,041

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- (*) On 13 July 2016, there were 9,410,526 ordinary shares (including 8,887,731 new ordinary shares and 522,795 treasury shares) issued to the Company's employees under Employee Stock Option Plan ("ESOP") at VND37,720 per share.
- (**) On 7 September 2016, there were 241,903,505 of bonus shares (2015: 200,020,794 of bonus shares) issued to existing shareholders at the ratio of 1 new share for each 5 existing ordinary shares held.

27. Dividends

The Shareholders of the Company on 6 June 2016 and 31 August 2016 resolved to distribute dividends totally amounting to VND7,238 billion (VND2,000 per share for the first distribution and VND4,000 per share for the second distribution) (for the nine-month period ended 30 September 2015: VND6,001 billion (VND2,000 per share for the first distribution and VND4,000 per share for the second distribution)).

28. Investment and development fund

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

29. Off balance sheet items

Foreign currencies

	30/9/2016		1/1/2016	
	Original currency	VND equivalent	Original currency	VND equivalent
▪ USD	11,785,921	262,472,455,548	22,791,963	511,679,564,411
▪ EUR	15,496	385,518,692	19,731	481,733,342
		<hr/>		<hr/>
		262,857,974,240		512,161,297,753
		<hr/>		<hr/>

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30. Revenue from sales of goods and provision of services

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

Net revenue comprised:

	Nine-month period ended	
	30/9/2016	30/9/2015
	VND	VND
Total revenue		
▪ Sales of finished goods	33,737,608,835,669	29,217,476,130,464
▪ Sales of merchandise goods	1,278,155,237,115	547,148,800,644
▪ Rental income from investment property	11,193,267,236	10,310,371,021
▪ Other services	40,392,070,648	31,858,004,740
▪ Sales of scraps	59,386,163,236	61,897,792,600
	<hr/> 35,126,735,573,904	<hr/> 29,868,691,099,469
Less revenue deductions		
▪ Sale discounts	(459,758,940)	(453,058,652)
▪ Sale returns	(139,529,084,491)	(100,576,750,212)
▪ Sales allowances	(18,079,705)	(2,188,308,179)
	<hr/> (140,006,923,136)	<hr/> (103,218,117,043)
Net revenue	<hr/> 34,986,728,650,768	<hr/> 29,765,472,982,426

31. Cost of sales

	Nine-month period ended	
	30/9/2016	30/9/2015
	VND	VND
Total cost of sales		
▪ Finished goods sold	19,133,486,360,988	17,576,230,214,987
▪ Merchandise goods sold	1,029,436,912,408	292,362,640,892
▪ Operating cost of investment property	7,070,625,669	6,734,213,286
▪ Other services	6,527,817,185	3,700,578,180
▪ Inventories losses	12,181,206,073	10,812,907,052
▪ Under-capacity costs	314,887,204	28,843,834,937
▪ Allowance for inventories	176,014,456	761,097,589
	<hr/> 20,189,193,823,983	<hr/> 17,919,445,486,923

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32. Financial income

	Nine-month period ended	
	30/9/2016	30/9/2015
	VND	VND
Interest income from deposits	461,033,960,693	405,826,118,484
Interest income from corporate bonds	28,437,753,441	18,304,109,576
Foreign exchange gains	37,787,493,111	69,389,201,380
Dividends	974,317,949	62,872,630
Gains on disposal of securities	8,030	77,215,600
Others	194,026,095	150,302,931
	<hr/>	<hr/>
	528,427,559,319	493,809,820,601
	<hr/>	<hr/>

33. Financial expenses

	Nine-month period ended	
	30/9/2016	30/9/2015
	VND	VND
Interest expense on borrowings	26,925,205,130	22,738,722,375
Interest expense on deposits received	1,711,396,521	1,607,210,055
Foreign exchange losses	36,107,279,081	125,885,181,362
Allowance/(written back of allowance) for diminution in the value of financial investments	2,486,608,702	(12,759,382,385)
Reversal of discounts to distributors	-	(273,015,418)
Others	1,517,800,405	296,221,143
	<hr/>	<hr/>
	68,748,289,839	137,494,937,132
	<hr/>	<hr/>

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34. Selling expenses

	Nine-month period ended	
	30/9/2016	30/9/2015
	VND	VND
Staff costs	431,793,208,098	384,490,838,225
Materials expenses	25,771,950,388	32,119,849,021
Tools and supplies expenses	79,721,871,074	59,486,073,355
Depreciation expenses	28,596,677,353	25,764,993,918
Expenses of damaged goods	28,128,431,682	19,838,727,076
Transportation expenses	456,678,346,180	447,535,134,225
Outside service expenses	227,870,037,336	189,280,219,746
Advertising expenses	1,343,347,090,446	1,235,410,078,460
Market research expenses	21,113,092,482	21,316,785,149
Promotion expenses	15,769,308,439	28,932,727,667
Product display expenses	688,366,376,537	340,246,437,775
Support and commission expenses for distributors	2,161,230,361,181	1,719,143,690,035
	<hr/>	<hr/>
	5,508,386,751,196	4,503,565,554,652
	<hr/>	<hr/>

35. General administrative expenses

	Nine-month period ended	
	30/9/2016	30/9/2015
	VND	VND
Staff costs	276,625,826,380	256,623,784,233
Materials expenses	8,873,647,399	13,030,303,867
Office supplies	11,339,459,038	10,904,087,207
Depreciation expenses	66,600,452,735	58,586,708,084
Fees and duties	16,045,829,212	12,026,991,056
Allowance for doubtful debts and provision for severance allowance	12,295,047,247	12,145,297,382
Transportation expenses	31,321,771,434	34,647,892,361
Outside service expenses	191,213,506,026	161,567,447,691
Loading expenses	13,520,015,798	17,310,662,274
Per-diem allowances	31,320,975,200	23,869,766,145
Bank charges	7,508,798,518	6,429,953,832
Others	90,183,437,470	70,104,490,675
	<hr/>	<hr/>
	756,848,766,457	677,247,384,807
	<hr/>	<hr/>

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36. Other income

	Nine-month period ended	
	30/9/2016	30/9/2015
	VND	VND
Proceeds from disposals of tangible fixed assets	36,070,294,865	32,007,398,221
Proceeds from disposals of construction in progress	2,007,108,396	19,750,391,308
Rebate income	29,725,894,952	25,439,033,293
Compensations received from other parties	2,560,807,437	9,463,648,607
Others	17,298,984,989	22,521,101,267
	<hr/>	<hr/>
	87,663,090,639	109,181,572,696
	<hr/>	<hr/>

37. Other expenses

	Nine-month period ended	
	30/9/2016	30/9/2015
	VND	VND
Book value of tangible fixed assets disposed	47,437,995,433	41,226,095,345
Book value of construction in progress disposed	2,393,859,139	19,750,391,308
Others	19,101,959,825	9,504,792,356
	<hr/>	<hr/>
	68,933,814,397	70,481,279,009
	<hr/>	<hr/>

38. Production and business costs by element

	Nine-month period ended	
	30/9/2016	30/9/2015
	VND	VND
Raw material costs included in production costs	13,657,645,610,404	14,261,920,394,883
Labour costs and staff costs	1,486,028,852,690	1,311,348,241,987
Depreciation and amortisation	884,938,181,947	814,382,282,809
Outside services	1,518,551,273,784	1,360,129,233,123
Other expenses	7,476,729,764,340	4,944,786,301,457
	<hr/>	<hr/>

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39. Income tax

(i) Recognised in the consolidated statement of income

	Nine-month period ended	
	30/9/2016	30/9/2015
	VND	VND
Current tax expense		
Current period	1,500,946,484,701	1,278,560,653,489
Under/(over) provision in prior period	4,342,109,200	(11,848,458,296)
	<hr/>	<hr/>
	1,505,288,593,901	1,266,712,195,193
	<hr/>	<hr/>
Deferred tax benefit		
Origination and reversal of temporary differences	(7,374,484,837)	(54,360,354,689)
	<hr/>	<hr/>
Income tax expense	1,497,914,109,064	1,212,351,840,504
	<hr/>	<hr/>

(ii) Reconciliation of effective tax rate

	Nine-month period ended	
	30/9/2016	30/9/2015
	VND	VND
Accounting profit before tax	9,033,456,639,529	7,081,328,383,922
	<hr/>	<hr/>
Tax at the Company's tax rate	1,806,691,327,906	1,557,892,244,463
Tax rate differential applied to Company's branches and factories	(15,812,916,481)	(31,422,410,099)
Non-taxable income	9,309,717,150	6,326,633,541
Non-deductible expenses	4,102,177,397	3,951,540,742
Tax incentives	(296,235,632,645)	(342,877,246,325)
Deferred tax assets (not previously recognised)/ not recognised	(14,482,673,463)	30,329,536,478
Under/(over) provision in prior period	4,342,109,200	(11,848,458,296)
	<hr/>	<hr/>
	1,497,914,109,064	1,212,351,840,504
	<hr/>	<hr/>

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(iii) Applicable tax rates

The companies in the Group are required to pay income tax at rates ranging from 15% to 40%, depending on principle activities of its factories, on taxable profits. The Company and all of its subsidiaries incurred the income tax charges.

40. Basic earnings per share

The calculation of earnings per share for the nine-month period ended 30 September 2016 was based on the profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare fund, of VND6,776,289,884,040 (for the nine-month period ended 30 September 2015: VND5,298,454,726,520) and a weighted average number of ordinary shares outstanding of 1,407,488,903 (for the nine-month period ended 30 September 2015: 1,200,139,398), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	Nine-month period ended	
	30/9/2016	30/9/2015
	VND	VND
Net profit for the period – attributable to ordinary shareholders before appropriation to bonus and welfare fund	7,521,365,290,221	5,877,335,144,337
Appropriation to bonus and welfare fund	(745,075,406,404)	(578,880,417,817)
Net profit for the period attributable to ordinary shareholders after appropriation to bonus and welfare fund	6,776,289,883,817	5,298,454,726,520

(ii) Weighted average number of ordinary shares

	Nine-month period ended	
	30/9/2016	30/9/2015
		Restated
Number of ordinary shares at the beginning of the period	1,200,139,398	1,000,118,604
Effect of share issued under ESOP	2,637,695	-
Effect of bonus shares issued	240,027,312	440,051,877
Effect of treasury shares repurchased	(176)	-
Weighted average number of ordinary shares	1,442,804,229	1,440,170,481

As at 30 September 2016, the Company did not have potentially dilutive ordinary shares.

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41. 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 Supervisory Board 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.

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(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	30/9/2016 VND	1/1/2016 VND
Cash and cash equivalents	(ii)	770,913,431,701	1,357,221,465,843
Held-to-maturity investments	(iii)	8,682,668,020,000	8,751,188,500,000
Accounts receivable from customers and other receivables	(iv)	3,173,251,793,451	2,525,445,056,752
		<hr/> 12,626,833,245,152	<hr/> 12,633,855,022,595 <hr/>

(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 the value of held-to-maturity investments as at 30 September 2016 and 1 January 2016.

(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 from 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.

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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 period-end that were past due but not impaired was as follows:

	30/9/2016	1/1/2016
	VND	VND
Past due 1 – 30 days	75,861,591,746	96,899,185,010
Past due 31 – 60 days	5,930,805,303	23,779,538,115
Past due 61 – 90 days	10,302,773,379	3,602,627,830
Past due more than 90 days	29,689,060,582	2,661,741,428
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	121,784,231,010	126,943,092,383
	<hr/>	<hr/>

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

	Nine-month period ended	
	30/9/2016	30/9/2015
	VND	VND
Opening balance	3,211,964,123	5,917,834,434
Increase in allowance during the period	1,996,819,567	1,363,401,600
Written back	-	(199,135,301)
Allowance utilised during the period	(1,359,118,985)	(1,249,468,455)
Translation differences	(25,092,790)	175,794,929
	<hr/>	<hr/>
Closing balance	3,824,571,915	6,008,427,207
	<hr/>	<hr/>

(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:

30 September 2016

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND	Over 5 years VND
Accounts payable – trade	1,642,187,213,616	1,642,187,213,616	1,642,187,213,616	-	-	-
Payables to employees	173,795,146,326	173,795,146,326	173,795,146,326	-	-	-
Accrued expenses	1,466,054,222,080	1,466,054,222,080	1,466,054,222,080	-	-	-
Other short-term payables	685,193,652,535	685,193,652,535	685,193,652,535	-	-	-
Short-term borrowings	1,336,465,403,604	1,362,918,818,431	1,362,918,818,431	-	-	-
Other long-term payables	1,146,093,481	1,146,093,481	-	1,146,093,481	-	-
Long-term borrowings	343,653,915,063	380,755,735,063	9,086,160,000	9,086,160,000	352,979,500,000	9,603,915,063
	5,648,495,646,705	5,712,050,881,532	5,339,235,212,988	10,232,253,481	352,979,500,000	9,603,915,063

1 January 2016

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND	Over 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	251,889,000,000	10,824,975,403
	5,730,376,056,777	5,777,897,167,136	5,410,580,678,222	104,602,513,511	251,889,000,000	10,824,975,403

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

Exposure to currency risk

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

	30/9/2016		1/1/2016	
	USD	EUR	USD	EUR
Cash and cash in banks	11,785,921	15,496	22,791,963	19,731
Accounts receivable from customers and other receivables	23,462,636	-	13,886,927	-
Accounts payable to suppliers and other payables	(10,366,903)	(1,563,573)	(24,515,508)	(1,363,805)
	24,881,654	(1,548,077)	12,163,382	(1,344,074)

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

	Exchange rates as at			
	30/9/2016		1/1/2016	
	VND		VND	
	Buying rate	Selling rate	Buying rate	Selling rate
USD 1	22,270	22,340	22,450	22,520
EUR 1	24,878	25,132	24,415	24,711

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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 after tax VND
30 September 2016	
USD (1% weakening)	(4,427,109,974)
EUR (2% strengthening)	(622,563,295)
	<hr/>
1 January 2016	
USD (5% strengthening)	10,582,721,426
EUR (6% weakening)	1,554,660,914
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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 consolidated 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 2 years.

For investments in listed securities, if the share prices had increased or decreased by 10% with all other variables including tax rate being held constant, the Group's consolidated net profit after tax would not have been impacted (for the nine-month period ended 30 September 2015: VND30,341,354 higher or lower).

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42. Significant transactions with related parties

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

Related Party	Relationship	Nature of transaction	Nine-month period ended	
			30/9/2016 VND	30/9/2015 VND
Miraka Limited	Associate	Purchases of goods	24,586,164,960	349,814,106,086
		Capital contribution	-	80,161,500,899
Asia Saigon Food Ingredients Joint Stock Group	Associate	Sales of services and goods	382,045,572	395,810,423
Board of Management's and Board of Directors' members		Compensation	77,836,533,138	54,025,613,861
The State Capital Investment Corporation		Dividends	3,246,324,480,000	2,705,270,400,000

28 October 2016

Prepared by:



Le Thanh Liem
*Acting Executive Director – Finance
cum Chief Accountant*

Approved by:



Mai Kieu Lien
Chief Executive Officer