

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016

OFFICIAL

25 January 2017

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

**CONSOLIDATED
FINANCIAL STATEMENTS**

FROM 01/01/2016 TO 31/12/2016

(IN FULL)

Ho Chi Minh City, January 2017

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

CONSOLIDATED FINANCIAL STATEMENTSFor the fiscal year ended 31 December 2016

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VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016

CONSOLIDATED BALANCE SHEET*(In full)**As at 31 December 2016***FORM NO, B01-DN/HN***Unit: VND*

ASSETS	Code	Note	CONSOLIDATED	
			Closing balance	Opening balance
1	2	3	4	5
A- CURRENT ASSETS	100		18,673,827,685,789	16,731,875,433,624
I. Cash and cash equivalents	110	VI.1	655,423,095,436	1,358,682,600,684
1. Cash	111		599,923,095,436	1,212,517,600,684
2. Cash equivalents	112		55,500,000,000	146,165,000,000
II. Short-term financial investments	120	VI.6	10,453,749,313,471	8,668,377,936,330
1. Trading securities	121	VI.6a	443,132,521,486	525,980,876,577
2. Allowance for diminution in the value of trading securities (*)	122	VI.6a	(500,629,886)	(72,195,440,247)
3. Held-to-maturity investments	123	VI.6c	10,011,117,421,871	8,214,592,500,000
III. Accounts receivable – short-term	130		2,866,683,958,798	2,685,469,151,432
1. Accounts receivable from customers	131	VI.2	2,191,348,458,582	2,202,396,055,303
2. Prepayments to suppliers	132		288,808,403,942	126,289,719,352
3. Intra-company receivables	133		-	-
4. Receivables on construction contracts according to stages of completion	134		-	-
5. Loans receivable	135		-	-
6. Other receivables	136	VI.3a	390,619,273,181	359,995,340,900
7. Allowance for doubtful debts (*)	137		(4,168,573,420)	(3,211,964,123)
8. Shortage of assets awaiting resolution	139	VI.4	76,396,513	-
IV. Inventories	140	VI.7	4,521,766,382,352	3,810,095,215,771
1. Inventories	141		4,538,439,873,598	3,827,369,319,952
2. Allowance for inventories (*)	149		(16,673,491,246)	(17,274,104,181)
V. Other current assets	150		176,204,935,732	209,250,529,407
1. Short-term prepaid expenses	151	VI.14a	59,288,353,847	156,056,494,506
2. Deductible value added tax	152		116,835,557,323	53,192,367,873
3. Taxes and other receivables from State Treasury	153		81,024,562	1,667,028
4. Government bonds under purchase and resale agreements	154		-	-
5. Other current assets	155		-	-

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For the fiscal year ended 31 December 2016

CONSOLIDATED BALANCE SHEET*(continued)**As at 31 December 2016***FORM NO, B01-DN/HN***Unit: VND*

ASSETS	Code	Note	CONSOLIDATED	
			Closing balance	Opening balance
1	2	3	4	5
B- LONG-TERM ASSETS	200		10,704,828,639,675	10,746,300,510,728
I. Accounts receivable – long-term	210		21,855,008,176	20,898,388,770
1. Loans receivable – long-term	215		7,245,908,762	5,573,700,349
2. Other long-term receivables	216	VI.3b	14,609,099,414	15,324,688,421
3. Allowance for doubtful long-term debts (*)	219		-	-
II. Fixed assets	220		8,321,053,086,713	8,214,134,749,497
1. Tangible fixed assets	221	VI.10	7,916,322,992,944	7,795,345,501,520
- Cost	222		14,257,738,667,127	13,059,721,039,709
- Accumulated depreciation (*)	223		(6,341,415,674,183)	(5,264,375,538,189)
2. Intangible fixed assets	227	VI.11	404,730,093,769	418,789,247,977
- Cost	228		557,891,027,713	553,684,246,456
- Accumulated amortisation (*)	229		(153,160,933,944)	(134,894,998,479)
III. Investment property	230	VI.12	136,973,382,326	142,368,204,632
- Cost	231		179,678,050,557	179,678,050,557
- Accumulated depreciation (*)	232		(42,704,668,231)	(37,309,845,925)
IV. Long-term work in progress	240		993,111,642,018	843,679,104,973
1. Long-term work in progress	241	VI.8	127,671,589,409	82,393,992,187
2. Construction in progress	242	VI.9	865,440,052,609	761,285,112,786
V. Long-term financial investments	250	VI.6c	613,806,560,199	940,365,020,223
1. Investments in subsidiaries	251		-	-
2. Investments in associates, joint-ventures	252		419,909,385,728	397,130,670,931
3. Equity investments in other entities	253		11,387,476,240	11,378,476,240
4. Allowance for diminution in the value of long-term financial investments (*)	254		(7,490,301,769)	(4,740,126,948)
5. Held-to-maturity investments	255		190,000,000,000	536,596,000,000
V. Other long-term assets	260		618,028,960,243	584,855,042,633
1. Long-term prepaid expenses	261	VI.14b	459,395,057,029	417,329,840,261
2. Deferred tax assets	262		34,650,812,752	25,180,187,314
3. Long-term tools, supplies and spare parts	263		-	-
4. Other long-term assets	268		-	-
5. Goodwill	269	VI.13	123,983,090,462	142,345,015,058
TOTAL ASSETS (100 + 200)	270		29,378,656,325,464	27,478,175,944,352

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CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016

CONSOLIDATED BALANCE SHEET**(continued)***As at 31 December 2016***FORM NO, B01-DN/HN***Unit: VND*

RESOURCES	Code	Note	CONSOLIDATED	
			Closing balance	Opening balance
1	2	3	4	5
A- LIABILITIES	300		6,972,707,036,879	6,554,260,196,767
I. Current liabilities	310		6,457,497,982,894	6,004,316,835,213
1. Accounts payable to suppliers	311	VI.15	2,561,910,262,979	2,193,602,809,261
2. Advances from customers	312		35,951,866,026	19,882,391,510
3. Taxes payable to State Treasury	313	VI.17	255,510,130,860	215,807,811,014
4. Payables to employees	314		192,349,429,102	452,476,117,228
5. Accrued expenses	315	VI.18	1,025,974,683,705	593,485,587,927
6. Intra-company payables	316		-	-
7. Payables on construction contracts according to stages of completion	317		-	-
8. Unearned revenue – short-term	318	VI.19a	3,360,079,979	1,350,893,817
9. Other payables – short-term	319	VI.20a	592,099,957,922	644,468,337,067
10. Short-term borrowings, bonds and finance lease liabilities	320	VI.16	1,332,666,200,200	1,475,358,507,208
11. Provisions – short-term	321	VI.21a	889,995,571	2,420,017,605
12. Bonus and welfare funds	322	VI.22	456,785,376,550	405,464,362,576
13. Price stabilization fund	323		-	-
14. Government bonds under sale and repurchase agreements	324		-	-
II. Long-term liabilities	330		515,209,053,985	549,943,361,554
1. Long-term accounts payable to suppliers	331		-	-
2. Long-term advances from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Intra-company payables for operating capital received	334		-	-
5. Long-term intra-company payables	335		-	-
6. Long-term unearned revenue	336	VI.19b	1,663,272,218	2,598,840,218
7. Other payables – long-term	337	VI.20b	589,208,918	2,814,519,233
8. Long-term borrowings and finance lease liabilities	338	VI.16	326,970,398,182	368,170,178,853
9. Convertible bonds	339		-	-
10. Preference shares	340		-	-
11. Deferred tax liabilities	341		90,025,589,500	89,034,118,250
12. Provisions – long-term	342	VI.21b	95,960,585,167	87,325,705,000
13. Science and technology development fund	343		-	-

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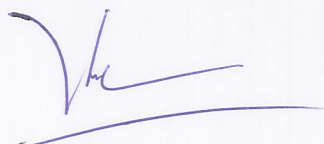
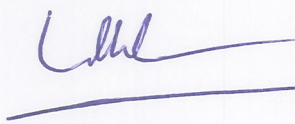
CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016

CONSOLIDATED BALANCE SHEET**(continued)***As at 31 December 2016***FORM NO, B01-DN/HN***Unit: VND*

RESOURCES	Code	Note	CONSOLIDATED	
			Closing balance	Opening balance
1	2	3	4	5
B- EQUITY	400	VI.23	22,405,949,288,585	20,923,915,747,585
I. Owners' equity	410		22,405,949,288,585	20,923,915,747,585
1. Share capital	411		14,514,534,290,000	12,006,621,930,000
- Ordinary shares with voting rights	411a		14,514,534,290,000	12,006,621,930,000
- Preference shares	411b		-	-
2. Share premium	412		260,699,620,761	-
3. Options to convert bonds into shares	413		-	-
4. Other capital	414		-	-
5. Treasury shares (*)	415		(1,176,335,920)	(5,388,109,959)
6. Differences upon asset revaluation	416		-	-
7. Foreign exchange differences	417		5,654,693,453	8,329,599,322
8. Investment and development fund	418		1,797,019,925,588	3,291,207,229,973
9. Enterprise reorganization assistance fund	419		-	-
10. Other equity funds	420		-	-
11. Retained profits	421		5,591,831,510,779	5,391,795,573,082
- Retained profits brought forward	421a		2,928,776,175,324	3,154,335,500,192
- Retained profit for the current year/period	421b		2,663,055,335,455	2,237,460,072,890
12. Capital expenditure fund	422		-	-
13. Non-controlling interest	429		237,385,583,924	231,349,525,167
II. Non-business expenditure fund and other funds	430		-	-
1. Non-business expenditure fund	431		-	-
2. Non-business expenditure fund invested in fixed assets	432		-	-
TOTAL RESOURCES (300 + 400)	440		29,378,656,325,464	27,478,175,944,352

Prepared by


Nguyen Duc Dieu ThoActing Executive Director-Finance
cum Chief Accountant

Le Thanh Liem

Prepared on 25 January 2017,

Chief Executive Officer

Mai Kieu Lien

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016

CONSOLIDATED STATEMENT OF INCOME*(In full)**Fourth quarter and accumulated twelve-month of 2016***FORM NO, B02-DN/HN***Unit: VND*

ITEMS	Code	Note	Fourth quarter		Accumulated twelve-month	
			Current year	Previous year	Current year	Previous year
1	2	3	6	7		
1. Revenue from sales of goods and provision of services	1	VII.1	11,838,267,527,921	10,353,908,426,479	46,965,003,101,825	40,222,599,525,948
2. Revenue deductions	2	VII.1	(30,656,778,415)	(38,996,898,159)	(170,663,701,551)	(142,215,015,202)
3. Net revenue from sales of goods and provision of services (10 = 01 + 02)	10	VII.1	11,807,610,749,506	10,314,911,528,320	46,794,339,400,274	40,080,384,510,746
4. Cost of sales	11	VII.2	(6,327,315,699,575)	(5,898,524,081,587)	(24,458,633,395,995)	(23,817,969,568,510)
5. Gross profit from sales of goods and provision of services (20 = 10 + 11)	20		5,480,295,049,931	4,416,387,446,733	22,335,706,004,279	16,262,414,942,236
6. Financial income	21	VII.3	194,133,215,944	155,171,921,437	722,560,775,263	648,981,742,038
7. Financial expenses	22	VII.4	(33,702,023,732)	(25,345,170,807)	(102,450,313,571)	(162,840,107,939)
<i>In which: Interest expense</i>			<i>(19,574,144,919)</i>	<i>(8,538,729,589)</i>	<i>(46,499,350,049)</i>	<i>(31,277,451,964)</i>
8. Share of profit/(loss) in associates and jointly controlled entities	24		(6,270,069,878)	(8,199,676,462)	16,478,714,797	12,898,974,260
9. Selling expenses	25	VII.7	(3,192,490,113,496)	(1,753,941,065,481)	(10,758,752,992,255)	(6,257,506,620,133)
10. General and administration expenses	26	VII.7	(296,402,762,521)	(555,475,193,234)	(1,053,251,528,978)	(1,232,722,578,041)
11. Net operating profit { 30 = 20 + (21+22) + (24+25) }	30		2,145,563,296,248	2,228,598,262,186	11,160,290,659,535	9,271,226,352,421
12. Other income	31	VII.5	94,658,510,605	57,090,667,643	182,321,601,244	166,272,240,339
13. Other expenses	32	VII.6	(36,051,875,486)	123,742,634	(104,985,689,883)	(70,357,536,375)

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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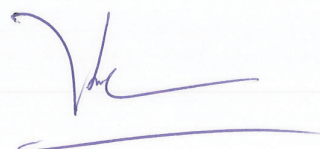
CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016

ITEMS	Code	Note	Fourth quarter		Accumulated twelve-month	
			Current year	Previous year	Current year	Previous year
1	2	3	6	7		
14. Results of other activities (40 = 31 + 32)	40		58,606,635,119	57,214,410,277	77,335,911,361	95,914,703,964
15. Accounting profit before tax (50 = 30 + 40)	50		2,204,169,931,367	2,285,812,672,463	11,237,626,570,896	9,367,141,056,385
16. Income tax expense – current	51		(377,978,824,943)	(205,263,128,400)	(1,883,267,418,844)	(1,471,975,323,593)
17. Income tax expense – deferred	52		2,096,140,601	(179,973,335,784)	9,470,625,438	(125,612,981,095)
18. Net profit after tax (60 = 50 + 51+ 52)	60		1,828,287,247,025	1,900,576,208,279	9,363,829,777,490	7,769,552,751,697
Attributable to:						
<i>Non-controlling interest</i>			<i>(676,593,137)</i>	<i>4,501,721,373</i>	<i>13,500,647,107</i>	<i>(3,856,879,546)</i>
<i>Equity holders of the Parent Company</i>			<i>1,828,963,840,162</i>	<i>1,896,074,486,906</i>	<i>9,350,329,130,383</i>	<i>7,773,409,631,243</i>
19. Basic earnings per share	70	VII.8	1,136	1,185	5,831	4,864

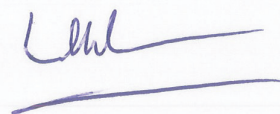
(Previous year's figures have been audited)

Prepared by



Nguyen Duc Dieu Tho

 Acting Executive Director – Finance
cum Chief Accountant



Le Thanh Liem


 Prepared on 25 January 2017,
Chief Executive Officer

Mai Kieu Lien

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016

CONSOLIDATED STATEMENT OF CASH FLOWS*(Indirect method)***Accumulated twelve-month of 2016****FORM NO, B03-DN/HN***Unit: VND*

ITEMS	Code	Note	Accumulated twelve-month	
			Current year	Previous year
1	2	3	4	5
I, Cash flows from operating activities				
<i>1. Profit before tax</i>	<i>01</i>		<i>11,237,626,570,896</i>	<i>9,367,141,056,385</i>
<i>2. Adjustments for</i>				
- Depreciation and amortisation	02		1,190,837,007,934	1,097,075,552,739
- Allowances and provisions	03		24,851,964,200	9,746,294,608
- Exchange (gains) / losses arising from revaluation of monetary items denominated in foreign currencies	04		(1,318,867,186)	3,971,846,156
- (Profits) / losses from investing activities	05		(634,980,654,461)	(541,097,609,349)
- Interest expense	06	VII.4	46,499,350,049	31,277,451,964
- Other adjustments			-	-
<i>3. Operating profit before changes in working capital</i>	<i>08</i>		<i>11,863,515,371,432</i>	<i>9,968,114,592,503</i>
- Change in receivables	09		(183,074,482,860)	165,561,724,757
- Change in inventories	10		(1,036,885,160,204)	(498,539,245,611)
- Change in payables (not including interest and corporate income tax payables)	11		330,394,544,447	484,339,606,582
- Change in prepaid expenses	12		84,053,128,168	(35,873,901,754)
- Change in trading securities	13		11,421,007,510	124,141,507,400
- Interest paid	14		(34,203,620,310)	(27,330,327,473)
- Income tax paid	15	VI.17	(1,771,242,504,991)	(1,805,610,651,275)
- Other receipts from operating activities	16		-	-
- Other payments for operating activities	17		(874,196,976,859)	(715,652,197,441)
<i>Net cash flows from operating activities</i>	<i>20</i>		<i>8,389,781,306,333</i>	<i>7,659,151,107,688</i>
II. Cash flows from investing activities				
1. Payments for additions to fixed assets and other long-term assets	21		(1,141,612,752,349)	(1,067,841,221,053)
2. Proceeds from disposals of fixed assets and other long-term assets	22		50,326,954,998	44,000,581,044
3. Payments for granting loans, purchase of debt instruments of other entities	23		(1,450,339,912,900)	(1,499,442,450,000)
4. Receipts from collecting loans, sales of debt	24		-	1,977,370,985

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For the fiscal year ended 31 December 2016

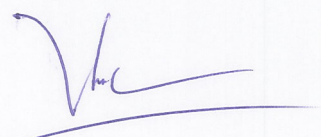
ITEMS	Code	Note	Accumulated twelve-month	
			Current year	Previous year
1	2	3	4	5
instruments of other entities				
5. Payments for investments in other entities	25		(8,100,000,000)	(80,161,500,899)
6. Collections on investments in other entities	26		1,800,000,000	13,902,241,885
7. Receipts of interests and dividends	27		602,139,063,443	460,883,543,055
Net cash flows from investing activities	30		(1,945,786,646,808)	(2,126,681,434,983)
III. Cash flows from financing activities				
1. Proceeds from shares issued, receipt of capital contributed by equity holders	31		354,965,040,720	-
2. Proceeds from shares issued, receipt of capital contributed by non-controlling interest	31		-	107,476,398,854
3. Payments for capital refunds and shares redemptions	32		(69,321,694,349)	-
4. Proceeds from borrowings	33	VI.16	4,071,885,136,592	3,973,222,371,269
5. Payments to settle loan principals	34	VI.16	(4,260,046,315,599)	(3,782,739,882,737)
6. Payments to settle finance lease liabilities	35		-	-
7. Payments of dividends	36		(7,238,478,492,000)	(6,002,261,574,354)
Net cash flows from financing activities	40		(7,140,996,324,636)	(5,704,302,686,968)
Net cash flows during the year (20+30+40)	50		(697,001,665,111)	(171,833,014,263)
Cash and cash equivalents at the beginning of the year	60		1,358,682,600,684	1,527,875,428,216
Effect of exchange rate fluctuations	61		(35,888,530)	(2,278,224,319)
Currency translation differences	62		(6,221,951,607)	4,918,411,050
Cash and cash equivalents at the end of the year (50+60+61+62)	70		655,423,095,436	1,358,682,600,684

Prepared on 25 January 2017,

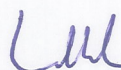
Prepared by

Executive Director-Finance
cum Chief Accountant

Chief Executive Officer



Nguyen Duc Dieu Tho



Le Thanh Liem



Mai Kieu Lien

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

From 01 January 2016 to 31 December 2016

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

I. CORPORATE INFORMATION:

1. Form of ownership:

The major milestones related to the establishment and development of Vietnam Dairy Products Joint Stock Company and its subsidiaries (collectively referred to as “the Group”):

- + 29 April 1993: Vietnam Dairy Products Company was established according to Decision No. 420/CNN/TCLD issued by the Ministry of Light Industry in form of a State-owned Enterprise.
- + 01 October 2003: The Company was equitised from a State-owned Enterprise of the Ministry of Industry according to Decision No. 155/2003/QĐ-BCN.
- + 20 November 2003: The Company was registered to be a joint stock company and began operating under Enterprise Laws of Vietnam and its Business Registration Certificate No. 4103001932 was issued by Ho Chi Minh City Investment and Planning Department.
- + 28 December 2005: The State Securities Commission of Vietnam issued Listed Licence No. 42/UBCK-GPYN.
- + 19 January 2006: The Company’s shares was listed on Ho Chi Minh City Stock Exchange.
- + 12 December 2006: International Real Estates One Member Limited Company was established in accordance with the Business License No. 4104000260 issued by the Department of Investment and Planning of Ho Chi Minh City.
- + 14 December 2006: Vietnam Dairy Cow One Member Limited Company was established in accordance with the Business License No. 150400003 issued by the Department of Planning and Investment of Tuyen Quang Province.
- + 26 February 2007: Lam Son Dairy Joint Stock Company was established in accordance with the Business License No. 2603000521 issued by the Department of Planning and Investment of Thanh Hoa Province.
- + 24 June 2010: Lam Son Dairy Joint Stock Company was renamed as Lam Son Dairy One Member Company Limited.

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- + 30 September 2010: Dielac Dairy One Member Company Limited was established based on the re-registration of F&N Food Vietnam Limited Company in accordance with the Investment Certificate No. 463041000209 issued by the Management of Vietnam – Singapore Industrial Park.

- + 18 September 2012: Vietnam Dairy Products Joint Stock Company issued the Decision No. 2482/QD-CTS.KSNB/2012 on the liquidation of the Dieclac Dairy One Member Limited Company to establish a dependent branch of Vietnam Dairy Products Joint Stock Company. On 25 September 2012, the Management of Vietnam – Singapore Industrial Park issued the Decision No. 37/QD-BQL on the termination of operating activities of Dieclac Dairy One Member Limited Company. In July 2013, Dieclac Dairy One Member Limited Company had finalised its process of liquidation.

- + 21 October 2013: Thong Nhat Thanh Hoa Dairy Cow Limited Company was established in accordance to Business Registration Certificate No. 2801971744 issued by the Department of Investment and Planning of Thanh Hoa Province

- + 06 December 2013: Vietnam Dairy Products Joint Stock Company received the Foreign Investment Certificate No. 663/BKHĐT-ĐTRNN issued by the Ministry of Investment and Planning, investing in Drifwood Dairy Holdings Corporation in Carlifornia, the United States of America. As at 31 December 2013, the Company completed a transfer of its investment of USD7,000,000.00 and held 70% of ownership in Drifwood Dairy Holdings Corporation.

- + 06 January 2014: Vietnam Dairy Products Joint Stock Company received the Foreign Investment Certificate No. 667/BKHĐT-ĐTRNN issued by the Ministry of Investment and Planning, investing in Angkor Dairy Products Limited Company in Phnompenh, Cambodia with 51% of ownership.

- + 30 May 2014: Vietnam Dairy Products Joint Stock Company received the Foreign Investment Certificate No. 709//BKHĐT-ĐTRNN issued by the Ministry of Investment and Planning, to establish Vinamilk Europe sp.z.o.o in Poland with 100% of ownership.

- + 24 February 2014: The Board of Management of Vietnam Dairy Products Joint Stock Company issued the resolution to liquidate International Real Estate One Member Limited Company. On 14 January 2015, the Department of Planning and Investment of Ho Chi Minh City issued the Notice No. 14191/15 to liquidate International Real Estate One Member Limited Company.

- + 19 May 2016: Vietnam Dairy Products Joint Stock Company received the Foreign Investment Certificate No. 201600140 issued by the Ministry of Investment and Planning, approved additional investment in Drifwood Dairy Holdings Corporation. As at 30

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June 2016, the Company completed a transfer of its investment of three (03) million dollars, bringing the total investment of ten (10) million dollars and increased ownership percentage in Driftwood Dairy Holdings Corporation from 70% to 100 %.

2. Principal activities:

According to the Business Registration License, the Group is allowed to operate in business activities as follows:

- a. Manufacture and distribute milk cake, soya milk, refreshment drinks, bottled milk, powdered milk, nutritious powder and other products from milk;
- b. Trade in food technology, spare parts, equipment, chemicals (excluding heavily toxic chemicals), materials;
- c. Trade in real estate, owner or leasing land use rights (according to rule no.11.3 of 2014 Real Estate Law)
- d. Trade in warehouse, yards;
- e. Provide internal transportation by cars for manufacturing and consuming Company's products.;
- f. Manufacture, sell and distribute beverages, grocery and processing foods, roasted-ground-filtered and instant coffee (not manufacturing and processing at the head office);
- g. Manufacture and sell plastic products, packaging; (not manufacturing at the head office);
- h. Provide health care clinic services (not at the head office);
- i. Raise cattle, cultivation.

3. Normal operating cycle

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

4. Group structure:

As at 31 December 2016, the Group has subsidiaries, associates and dependent units as follows:

+ Subsidiaries	Principal activities	% of ownership	% of voting rights
– Lam Son Dairy Products One Member Limited Company	Milk production	100%	100%
– Vietnam Dairy Cow One Member Limited Company	Cattle raising	100%	100%

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– Thong Nhat Thanh Hoa Dairy Cow Limited Company	Milk production and cattle raising	96.11%	96.11%
– Driftwood Dairy Holdings Corporation	Milk production	100%	100%
– Angkor Dairy Products Co., Ltd,	Milk production	51%	51%
– Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Milk materials and animals trading	100%	100%

+ Associates:

– Asia Saigon Food Ingredients Joint Stock Company	Milk materials production	15%	15%
– APIS Corporation	Foods materials Trading	18%	18%
– Miraka Limited	Milk production	22.81%	22.81%

+ Dependent units:**Sales branches:**

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

2/ Vietnam Dairy Products Joint Stock Company's Branch in Da Nang - 17th Floor, Danang Post Office Tower, 271 Nguyen Van Linh, Vinh Trung Ward, Thanh Khe District, Da Nang City.

3/ Vietnam Dairy Products Joint Stock Company's Branch in Can Tho - 77-77B Vo Van Tan, Tan An Ward, Ninh Kieu District, Can Tho City.

Manufacturing factories:

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

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

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

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

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

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

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

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

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

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

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

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

Warehouses:

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

2/ Hanoi logistic enterprise - Km 10 Highway 5, Duong Xa Ward, Gia Lam District, Hanoi.

Clinic:

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

II. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY:**1. Annual accounting period:**

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

2. Accounting currency:

The accounting currency is Vietnam Dong (VND).

III. ACCOUNTING STANDARDS AND SYSTEM APPLIED:**1. The accounting system:**

- The Group had adopted the Vietnamese Accounting System for enterprises in accordance with the Circular No. 200/2014/TT/BTC issued by the Ministry of Finance on 22 December 2014.
- The Group had prepared the consolidated financial statements for the fiscal year ended 31 December 2016 in accordance with Vietnamese Accounting Standard No. 25 – *Consolidated Financial Statements and Accounting the investments in the subsidiaries* and Vietnamese Accounting Standard No. 2 – *Financial Statements Presentation*.

2. Statement of compliance with accounting standards and system

- None of newly issued or amended Vietnamese Accounting Standards are effective for the fiscal year ended 31 December 2016.

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- The Board of Directors assured to fully comply with the requirements of Vietnamese Accounting Standards and the Vietnamese Accounting System for enterprises in preparation of the consolidated financial statements.

3. Accounting form

- The Group applies computerised accounting form.

IV. ACCOUNTING POLICIES APPLIED:**1. Basis of preparation:**

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

2. Foreign exchange rates applied in accounting**a. For foreign currency transactions:**

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

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

- At the reporting date, the Group revaluated the closing balance of monetary items denominated in foreign currencies as follows:
 - + Capital in cash and loans receivable: Revaluated at buying rates of the commercial bank where the Company opens its accounts and has the largest outstanding balance of foreign currencies at the reporting date.
 - + Accounts payable: Revaluated at the selling rate of the commercial bank where the Company opens the account and has the largest outstanding balance of foreign currencies at the reporting date.
- Foreign exchange differences arising from revaluation are recorded in Foreign exchange account, the closing balance will be posted into financial expenses or income (in accordance with Circular 179/2012/TT-BTC).

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c. Exchange rates using for revaluation at the reporting date:

As at	Bank	Buying rate	Selling rate
31/12/2015	Joint Stock Commercial Bank for Foreign Trade of Vietnam – HCM Branch	22,450 VND/USD	22,520 VND/USD
31/12/2016	Joint Stock Commercial Bank for Foreign Trade of Vietnam – HCM Branch	22,700 VND/USD	22,790 VND/USD

3. Cash and cash equivalent recognition principles

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

a. Cash equivalents:

Are short-term investments, deposits with recoverable period or maturity not more than 3 months from the date of investment that are easily convertible to known amounts of cash and are subject to an insignificant risk of changes in value after purchasing at the reporting date.

4. Financial investment recognition principlesa. Trading securities

- Trading securities are those held by the Company for trading purpose (including those with maturity periods more than 12 months that are purchased and resold for making profits), such as: shares, bonds listed in the stock exchange market; other securities and financial instruments;
- Trading securities are initially recognised at cost and determined at fair value of payments at the time of transaction. Trading securities shall be recorded when the Company acquires the ownership, in particular:
 - + Listed securities are recognised at the time of order matching (T+0)
 - + Unlisted securities are recognised at the time the ownership is acquired as prescribed in regulations of the law

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- Allowance for diminution in value of trading securities is made for each type of listed and unlisted securities whose market values lower than their carrying amounts in accordance with the Circular No. 89/2013/TT-BTC dated 28 June 2013.

b. Held-to-maturity investments

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

c. Loan receivables

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

d. Equity investments in other entities:

- Including investments in joint ventures, associates and other long-term holding equity investments.

- Associates

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

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- When disposing an investment, difference between net proceeds and carrying amount of the investment is recognised in the financial income (for profit) or financial expenses (for loss).

5. Accounts receivable accounting principles

- The accounts receivable are monitored in detail of receivable terms, receivable parties, kind of currency and other factors upon the Group' managerial requirements.
- The accounts receivable including trade other receivables are recognised as follows:
 - + Accounts receivable from customers include trade receivables arising from buying-selling transactions such as: Receivables from sales of goods, provision of services, disposals of assets (fixed assets, investment property, financial investments) between the Group and buyers (those independent with the seller, including receivables between the parent company and subsidiaries, joint venturess and associates). The receivables also include receivables from export sales from trustors through trustess. Trade receivables are recognised in accordance with revenue accounting standards on recognition timing based on invoices and supporting documents.
 - + Other receivables include non-trade receivables, not relating to buying-selling transactions such such as:
 - Financial income receivables such as: interest income from loans and deposits, dividends and shared profits;
 - Receivables from paid on behalf of third parties; Receivables by export entrustees on behalf of entrustors;
 - Non-trade receivables such as assets lending, fine receivables, compensatory receivables, shortage assets awaiting for resolution.
- Trade receivables are recognised in accordance with revenue accounting standard – VAS 14 about recognition timing of recognition based on invoices and supporting documents.
- Other receivables are recognised based on reviewed/approved invoices and supporting documents.
- Receivables are classified as the Short-term and Long-term in the Balance sheet based on the remaining period of the receivables at the reporting date.
- Allowance for doubtful debts: is made for each of doubtful debt based on overdue days in payment of principles according to initial debt commitment (exclusive of the debt rescheduling between contracting parties), or based on the estimated loss may arise in accordance with guidance of Circular No. 89/2013/TT-BTC dated 28 June 2013.

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6. Inventory recognition principles

a. Inventory recognition principles:

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

b. Inventory valuation method:

- Raw materials, fuel, spare parts, finished goods, tools and supplies, merchandise inventories are determined on a weighted average basis.
- Inventories imported during the period are recognised using the actual exchange rate at the time of transaction, the arising foreign exchange differences are recognised in financial income and expense. The import tax payables are determined on import tax rates calculated by the customs authorities under the law regulations.
- Movements of inventories during the period through internal transfers are recognised using the accounting price (transferring price); differences between the accounting price and the average price will be recognised in an account of differences. At the end of the period, the differences are transferred to inventories or cost of goods sold (depending on exporting nature of these inventories).

c. Inventory accounting method:

Perpetual method.

d. Allowance for inventories:

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

7. Fixed asset recognition and depreciation principles:

The Group manages, uses and depreciates its fixed assets in accordance with Circular No. 45/2013/TT-BTC dated 25 April 2013.

a. Principles of tangible and intangible fixed assets recognition:

➤ **Tangible fixed assets:**

- Tangible fixed assets are stated at: Cost less accumulated depreciation.

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

➤ **Intangible fixed assets:**

- Land use rights comprise all of actual expenses that the Group has paid out, directly relating to the land use area, including: purchase price, cost of compensation, site clearance cost, leveling and registration fees, etc.
- Land use rights comprise:
 - + those granted by the State for which land use payments are collected;
 - + those acquired in a legitimate transfer
 - + rights to use leased land obtained before the effective date of Land Law 2003 for which land rental have been prepaid for a period over 5 years and land use right certificate was issued by authority of competent jurisdiction.
- Land use rights with definite period are stated at cost less accumulated amortisation. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights.
- Software is all costs that the Group has paid out til the testing stage and the software is put into use.

b. **Depreciation method:**

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

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Category	Timing (years)
Building and structures	10 - 50
Machinery and equipment	8 - 15
Motor vehicles, transmission equipment	6 - 10
Tools and equipment	3 - 10
Livestock	6

- Intangible fixed assets which are land use rights with definite period land use rights are amortised on a straight-line basis over the valid term of land use rights certificate. Intangible fixed assets which are land use rights with indefinite period are stated at cost and not amortised.
- Software is amortised over 2 – 6 years. Land use rights with indefinite period stated at cost and not amortised.

8. Investment property recognition principles

- Investment property includes land use rights, buildings, or part of buildings or land with buildings, infrastructure held by the Group in order to gain income from leasing or held for price appreciation other than using for manufacturing, providing goods or services, using in management purposes or selling in a normal operation period.
- The cost of an investment property comprise the expenses (cash and cash equivalents) which the Group paid out or the fair value of the exchanging amounts to obtain the investment property from the time of purchasing and finish constructing of that investment property.
- Expenses relating to the investment property after the initial recognition should be recorded as manufacturing and operating expenses during the period, unless these expenses possibly help the investment property to generate economic benefits in the future more than the initial assessment, the expenses are capitalised to the cost of the investment property.
- Depreciation: Investment property held to earn rental is depreciated on a straight-line basis to reduce its cost over its estimated useful lives. The Group does not depreciate its investment property held for price appreciation. Investment property, which is land use rights with indefinite period, are stated at cost and not depreciated.
- Disposal: Gains and losses from disposal of investment property are determined by the difference between proceeds from disposal and carrying amount of the investment property and are recognised as income or expenses in the statement of income.

9. Deferred income tax recognition principles

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

10. Prepaid expenses recognition principles

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

11. Payable liabilities recognition principles:

- Payable liabilities is monitored in details by terms, suppliers, kind of currency and other factors depending on the Company's managerial demand.
- Accounts payable to suppliers, loan payables and other payables are payables determined probably in value and timing and recognised at actual obligations incurred as follows:
 - + Accounts payable to suppliers: include trade payables from transactions of trading goods, services and assets between the Company and suppliers (which are independent units to the Company, including payables between the parent company and subsidiaries, joint ventures and associates). These payables include import payables through the entrustees (in the entrusted import transactions)
 - + Other payables include non-trade payables which not relating to trading activities such as:
 - Payables relating to financial expenses, such as: interest payables, dividends and shared profit payables, payables for investment activities;

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- Payables on behalf of third parties; payables from entrustors to defined parties in entrusted import-export transactions;
- Non-trade payables such as: payables of borrowed assets, penalty payables, compensations payables, shortage of assets awaiting for resolution, social insurance, health insurance, severance allowance, trade union, etc.
- Accounts payable are classified as short-term and long-term in the Balance sheet based on the remaining maturity period of these payables at the reporting date.

12. Borrowing and finance lease liabilities recognition principles

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

13. Accrued expense recognition principles:

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

14. Provision recognition principles and methods

- Value of provision is recorded on the most appropriate estimation of the amounts paying out to settle the obligations at the end of the accounting period.

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- The Group recognised provision under main categories as follows:
 - + Severance allowances regulated in Social Insurance Laws and current guidance documents
 - + Regular fixed assets maintenance and repair allowances (technical demand)
 - + Other provisions

15. Unearned revenue recognition principles

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

16. Equity recognition principles

The Group's equity capital includes:

- Share capital: Based on actual capital contributed by shareholders.
 - + Share capital is represented the par value and monitored in details of ordinary shares with voting rights and preference shares. Currently, the Group only has the ordinary shares with voting rights.
 - + Capital surplus: is the difference between contributed capital at par value and at share issued price; is the difference between buying price of treasury shares and their re-issued price.
- Other capital: is appropriated from operating results or being gifted, donated, sponsored and assets revaluation.
- The Group's profit after tax is appropriated to shareholders as dividends after approval by Shareholders at the Company's Annual General Meeting and after making appropriation to reserve funds in accordance with the Company's Charter.
- Dividends are declared and paid based on the estimated profits. The official dividends will be declared and paid in the following annual period from the retained profit upon approval by Shareholders at the Company's Annual General Meeting.
- Equity funds are appropriated in accordance with the Company's Charter as follows:

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- + Investment and development fund is appropriated from 10% of profit after tax.
- + Bonus and welfare fund is appropriated from 10% of profit after tax.
- The utilisation of the above funds must be approved by Shareholders, the Board of Management or Chief Executive Officer, depending on the nature and scale of the transactions defined in the Charter and Company's Financial regulations.

17. Revenue and financial income recognition principles and method

- For merchandise inventories and finished goods: Revenue is recognised when significant risks and rewards of ownership have been transferred to the buyer and there are no significant uncertainties regarding payment, related expenses and possibility of goods return.
- For services: Revenue is recognised when there are no significant uncertainties regarding payment of cash or related expenses. In case the services are rendered in a number of accounting periods, revenue amount for each period is determined in proportion to the stage of completion of services at the end of the period.
- For interest, dividends and shared profits: Income is recognised when the Group is able to receive the economic benefits from these activities and the benefits are determined reliably.
 - + Interest: Income is recognised based on duration and interest rate in each period.
 - + Dividends and shared profits: Income is recognised when the Group is entitled to receive dividends or shared profits from capital contribution.

18. Revenue deductions accounting principles

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

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- + If incurred after issuance of financial statements: reducing revenue of the occurrence period.

19. Cost of goods sold accounting principles

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

20. Financial expenses accounting principles

- Losses relevant to financial investment activities:
 - + Losses from outside investment capital: Recorded on actual incurred basis.
 - + Losses from securities investment: Made for each of the listed and unlisted securities whose market prices lower than their carrying amounts.
- Borrowing cost: Recorded monthly on loan principles, interest rates and number of actual borrowing days.
- Expenses on capital contribution in joint ventures, associates and securities transfer: on actual incurred basis.
- Foreign exchange losses: recorded when there is a difference between actual transaction rate and accounting rate and when there is a loss in revaluation of monetary items denominated in foreign currencies.

21. Current and deferred income tax recognition principles and method

- Corporate income tax expenses (or corporate income tax income): is total current and deferred income tax expenses (or total current and deferred tax) in determining profit or loss of a period.
 - + Current income tax expenses: is corporate income tax payable calculated on taxable profit during the year and current corporate income tax rate. Current income tax is calculated on taxable income and applicable tax rate during the tax period. Difference between taxable income and accounting profit is from adjustment of differences between accounting profit and taxable income in accordance with current tax policies.
 - + Deferred income tax expenses: is corporate income tax payable in the future arising from: recognising deferred income tax payable during the year; reversing deferred tax assets recognised in previous years/periods; not recognising deferred tax assets or deferred tax liabilities arising from transactions that directly recorded to equity.

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- The Company has an obligation pay income tax at rates ranging from 16.5% to 40% of taxable profits, depending on principle activities of its factories.

22. Classification of financial instruments

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

a. Financial assets

➤ Financial asset at fair value through profit or loss

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

- It is considered by management as held for trading. A financial asset is considered as held for trading if:
 - It is acquired principally for the purpose of selling it in the near term;
 - There is evidence of a recent pattern of short-term profit-taking; or
 - A derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as financial assets at fair value through profit or loss.

➤ Held-to-maturity investments

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

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

➤ Loans and receivables

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

- That the Group intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as financial assets at fair value through profit or loss;

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- That the Group upon initial recognition designates as available-for-sale; or
- For which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

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

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

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

b. Financial liabilities

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

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

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

➤ **Financial liabilities carried at amortised cost**

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

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

23. Consolidation

➤ **Subsidiaries**

- Subsidiaries are the entities that the Group has the power to govern their financial and operating policies, normally with more than half of the voting rights. The existence and effectiveness of

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potential voting rights which are exercised or converted are considered in assessing whether the Group has a control over these entities or not. Subsidiaries are consolidated fully from the date of that control transferred to the Group. The consolidation ceases when that control is no longer exists.

- Acquisition accounting method is applied by the Group to account the acquisition of subsidiaries. The purchase prices is recognised at fair value of exchanged assets, issued equity instruments and incurred or confirmed liabilities at the exchanging date, plus expenses directly attributable to purchase transaction. Determinable assets, accounts payable and contingent liabilities recognised at consolidation are initially determined at fair value at the purchasing date, regardless of minority interest. Surplus of purchase price over the buyer's interest in net assets value is considered as goodwill. If the buyer's interest in net assets value is higher than purchase price, the difference is recognised promptly to the statement of income.
- Transactions, receivables, payables and interest, unrealised losses incurred between the Group's subsidiaries will be eliminated in consolidation. Subsidiaries's accounting polocies will be changed, if neccessary, to ensure the consistency with the Group's accounting policies.

➤ **Transactions and interest of minority interest**

- The Group applies the same policies with the third parties for transactions with minority interest. Gains or losses from sales of part of minority interest is recognised in the statement of income. The purchasing from minority interest will generates goodwill, which is the surplus of payment and the remaining net asset value stated in the subsidiary' accounting book.

➤ **Associates**

- Associates are entities in which the Group has significant influence, but not control, through the holding of 20% to 50% voting rights of these entities. Investment in associates is accounted using equity method and stated at cost. The Group's investment in associates includes goodwill arising from investment, less accumulated impairment of assets.
- The Group's shared profit from investment in associates is recognised in the consolidated statement of income, and the share of reserve's movements after investing in associates is recognised in the consolidated reserve. Accumulated changes after investing in associates will be adjusted to carrying amount of the investments. When the Group's share of losses from investees equals or exceeds its interest in an equity accounted investees, the Group will not recognise such losses except to the extent that the Group has an obligation or already paid on behalf of the associates.
- Unrealised gains or losses from transactions between the Group and its associates are eliminated in gains from investment to associates. Subsidiaries's accounting polocies will be changed, if neccessary, to ensure the consistency with the Group's accounting policies.

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V. FINANCIAL RISK MANAGEMENT:*Financial risk factors:*

- The Group assesses the following risks from its use of financial instruments:
 - Market risk
 - Liquidity risk
 - Credit risk
- The Board of Management has overall responsibility for the establishment and oversight of the risk management principles. The Board of Management establishes policies to identify and analyse the risks faced by the Group, to set appropriate risk controls and limits, and to monitor risks and adherence to risk limits. Risk management system and policies are reviewed regularly to reflect changes of market conditions and the Group's activities.

1. Market risk

- Market risk is the risk that fair value or future cash flows of a financial instrument will be affected by the volatility of market price. Market risk included 3 types of risk: currency risk, interest rate risk and other market price risk. The objective of market risk management is to manage and control market risk exposures to the Group within acceptable level, while optimising the return.

a. Currency risk

- The Group is exposed to currency risk on sales and purchases that are denominated in currencies other than VND. These currencies are mainly USD and EUR (other currencies have insignificant transactions).
- The Group's exposure to currency risk is managed by retaining the exposure at an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term over-exposures and planning a payment schedule of foreign currencies with the highest possible accuracy. During the year, the Board of Management decided to use USD buying forward contract to settle USD loans when they fall due, in order to hedge the interest rate fluctuations.
- Exposures to currency risk of the Group from USD and EUR is as follows:

As at 31 December 2016

	Foreign currencies		VND equivalent	
	USD	EUR	USD	EUR
Financial assets				
Cash on hand and cash in banks	793,766.71	797.30	18,018,504,317	19,013,213
Trade and other receivables	23,235,629.42	-	527,448,787,933	-
	<u>24,029,396.13</u>	<u>797.30</u>	<u>545,467,292,250</u>	<u>19,013,213</u>
Financial liabilities				
Trade and other payables	(27,364,039.68)	(1,007,931.67)	(623,626,464,193)	(24,373,803,644)
Borrowings	-	-	-	-
	<u>(27,364,039.68)</u>	<u>(1,007,931.67)</u>	<u>(623,626,464,193)</u>	<u>(24,373,803,644)</u>
Exposure to currency risk	<u>(3,334,643.54)</u>	<u>(1,007,134.37)</u>	<u>(78,159,171,943)</u>	<u>(24,354,790,431)</u>

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As at 31 Dec 2015

	Foreign currencies		VND equivalent	
	USD	EUR	USD	EUR
Financial assets				
Cash on hand and cash in banks	22,791,962.78	19,731.04	511,679,564,411	481,733,342
Trade and other receivables	13,886,927.06	-	311,761,512,396	-
	<u>36,678,889.84</u>	<u>19,731.04</u>	<u>823,441,076,807</u>	<u>481,733,342</u>
Financial liabilities				
Trade and other payables	(24,515,508.23)	(1,363,804.93)	(552,089,245,340)	(33,700,983,625)
Exposure to currency risk	<u>12,163,381.61</u>	<u>(1,344,073.89)</u>	<u>271,351,831,467</u>	<u>(33,219,250,283)</u>

Major exchange rates applied during the year are as follows:

	31/12/2016		31/12/2015	
	VND		VND	
	Selling rate	Buying rate	Selling rate	Buying rate
USD	22,790	22,700	22,520	22,450
EUR	24,182	23,847	24,711	24,415

- As at 31 December 2016, if VND weakens/strengthens by 1% against USD, while all other variables remain constant, profit after tax for the year is lower/higher by 625,273,376VND, mainly due to foreign exchange losses/gains from translating trade receivables and payables denominated in USD.
- As at 31 December 2016, if VND weakens/strengthens by 2% against the EUR, while all other variables remain constant, profit after tax for the year is lower/ higher by 389,676,647VND, mainly due to foreign exchange losses/ gains from translating the trade receivables and payables denominated in EUR.

b. Price risk

- The Group has equity investments to listed and unlisted companies and is exposed to risk from price fluctuation of these investments. Risk factors impacting these investments' results include operating result and financial position of investees and market conditions. The Board manages risk related to operating result and financial position by selecting industries and entities to invest in. Risk factors related to market conditions are itself impacted by general economic condition of Vietnam and investors' behaviours, which are out of the Board's control. These factors have caused market conditions to be volatile in recent years.
- For investments in listed securities, if the securities' prices increase/decrease by 10% while all other variables (including tax rate) remain constant, the Group's consolidated profit after tax would not have significant impact.

c. Interest rate risk

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

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2. 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 mainly arises from the Group's receivables.

- Exposure to credit risk:

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

	31/12/2016	31/12/2015
Cash and cash equivalents	654,067,652,192	1,357,221,465,843
Held to maturity investment	10,201,117,421,871	8,751,188,500,000
Trade and other receivables	2,567,862,867,313	2,525,445,056,752
	13,423,047,941,376	12,633,855,022,595

- Cash, cash equivalents:

Cash, cash equivalents 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.

- Held to maturity investments

- Held to maturity investments include corporate bonds and term deposits. Term deposits at bank are mainly held with well-know financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.
- The Group's exposure to credit risk from investing in bonds is influenced by individual characteristics of the instrument issuer. In managing this risk, the Group's management analyses the creditworthiness of the issuer before buying. Management assessed that the issuers had good track records and believe that credit risk on those instruments is low.
- There was no allowance for diminution in value of held to maturity investments during the year.

- Trade and other receivables

- The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.
- The Group's management has established a credit policy under which each new customer is analysed individually for creditworthiness before payment and delivery terms and conditions are offered. Credit purchase limit is established for each customer, which represents the maximum amount without approval from the Board of Directors. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

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- The Group makes allowance for diminution in value to present estimated losses from trade and other receivables and investments. Main component of the allowances are a particular loss relevant to particular level of major losses to each customer and overall losses level of similar financial assets, which are determined when these risks could have been incurred but not yet identified. The overall losses level are determined on statistics data of historical payments of similar financial assets.

a. Financial assets neither past due nor impaired:

- Cash in banks and investments in bonds which are neither past due nor impaired are deposits at banks with high credit rating in Vietnam. Trade and other receivables which are neither past due nor impaired are mainly from companies having good collection history with the Group.
- Trade and other receivables of the Group which are neither past due nor impaired amount to 2,491,761,380,210 VND (at 31/12/2015: 2,447,561,028,120 VND).

b. Financial assets overdue and/or impaired:

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

	31/12/2016	31/12/2015
Past due 1 to 30 days	81,855,992,649	96,899,185,010
Past due 31 to 60 days	13,755,346,112	23,779,538,115
Past due 61 to 90 days	3,781,593,648	3,602,627,830
Past due more than 90 days	778,939,970	2,661,741,428
	100,171,872,379	126,943,092,383

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

	31/12/2016	31/12/2015
Gross amount	4,643,578,587	3,211,964,123
Less: allowance for doubtful debts	(4,168,573,420)	(3,211,964,123)
	475,005,167	-
	31/12/2016	31/12/2015
Opening balance	3,211,964,123	5,917,834,434
Increase in allowance	2,503,289,567	36,939,471
Written-off bad debts	(1,588,624,041)	(2,905,930,653)
Translation differences	41,943,771	163,120,871
Closing balance	4,168,573,420	3,211,964,123

3. Liquidity risks:

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- Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to frequently oversight current and future liquidity to enable the Group to reserve sufficient cash to meet its requirement on short-term and long-term liquidity. Cash hold and net cash flows generated from operating activities of the Group are sufficient to pay its due liabilities in the coming fiscal year.
- Below is analysis of the Group's financial liabilities with fixed or determined payments according to relevant maturities based on the remaining period from the reporting date to their contractual maturity dates. The amounts stated in the below table are undiscounted contractual cash flows.

	Carrying amount	Contractual cash flows	Within 1 year	1 – 2 years	2 – 5 years	More than 5 years
As at 31 Dec 2016						
- Accounts payable – trade	2,561,910,262,979	2,561,910,262,979	2,561,910,262,979	-	-	-
- Payables to employess	192,349,429,102	192,349,429,102	192,349,429,102	-	-	-
- Accrued expenses	1,025,974,683,705	1,025,974,683,705	1,025,974,683,705	-	-	-
- Other short-term payables	592,099,957,922	592,099,957,922	592,099,957,922	-	-	-
- Other long-term payables	589,208,918	589,208,918	-	589,208,918	-	-
- Short-term borrowings and liabilities	1,332,666,200,200	1,344,537,512,722	1,344,537,512,722	-	-	-
- Long-term borrowings and liabilities	326,970,398,182	364,085,654,849	15,584,306,667	8,612,380,000	330,718,570,000	9,170,398,182
	<u>6,032,560,141,008</u>	<u>6,081,546,710,197</u>	<u>5,732,456,153,097</u>	<u>9,201,588,918</u>	<u>330,718,570,000</u>	<u>9,170,398,182</u>
As at 31 Dec 2015						
- Accounts payable – trade	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	-	-	-
- Other long-term payables	2,814,519,233	2,814,519,233	-	2,814,519,233	-	-
- Short-term borrowings and liabilities	1,475,358,507,208	1,493,250,150,278	1,493,250,150,278	-	-	-
- Long-term borrowings and liabilities	368,170,178,853	397,799,646,142	33,297,676,461	101,787,994,278	251,889,000,000	10,824,975,403
	<u>5,730,376,056,777</u>	<u>5,777,897,167,136</u>	<u>5,410,580,678,222</u>	<u>104,602,513,511</u>	<u>251,889,000,000</u>	<u>10,824,975,403</u>

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4. Fair value measurement

Fair value of financial assets and liabilities, together with their carrying amounts shown in the balance sheet, are as follows:

	Note	31/12/2016		31/12/2015	
		Carrying amount	Fair value	Carrying amount	Fair value
Categorised as held-to-maturity investments (*):					
- Corporate bonds	(v)	490,000,000,000	Note (v)	490,000,000,000	Note (v)
- Term deposits	(i)	9,711,117,421,871		8,261,188,500,000	8,261,188,500,000
Categorised as loans and receivables:					
- Cash and cash equivalents	(i)	654,067,652,192	654,067,652,192	1,357,221,465,843	1,357,221,465,843
- Trade and other receivables	(i)	2,567,862,867,313	2,567,862,867,313	2,525,445,056,752	2,525,445,056,752
Categorised as available-for-sale:					
- Short-term investmens in listed equity instruments available-for-sale	(ii)	1,107,921,870	607,335,784	1,672,629,461	976,688,804
- Short-term investmens in unlisted equity instruments available-for-sale	(iii)	24,599,616	24,599,616	82,308,247,116	10,808,824,316
- Other short-term investments	(v)	442,000,000,000	442,000,000,000	442,000,000,000	442,000,000,000
- Long-term investments in listed equity instruments available-for-sale	(ii)	-	-	-	-
- Long-term investments in investment funds	(iv)	10,270,276,240	2,779,974,471	10,270,276,240	5,530,149,292
- Other long-term investments	(v)	1,117,200,000	Note (v)	1,108,200,000	Note (v)
Categorised as liabilities at amortised cost:					
- Trade and other payables	(i)	6,032,560,141,008	6,032,560,141,008	5,730,376,056,777	5,730,376,056,777

(*)Include short term and long term held to maturity investment

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

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

ii. Short-term and long-term investments in listed equity securities

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

iii. Short-term investments in unlisted equity instruments

Market value of unlisted equity securities is based on the average of trading prices provided by 03 (three) securities companies.

iv. Long-term investments in investment funds

Market value of investment funds is based on net assets value of funds portfolio which is certified by the the appointed security company and supervisory bank.

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

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

VI. SUPPLEMENT INFORMATION TO ITEMS DISCLOSED IN THE CONSOLIDATED BALANCE SHEET:

1. Cash and cash equivalents

	<u>Closing balance</u>	<u>Opening balance</u>
– Cash on hand	1,355,443,244	1,461,134,841
– Cash in banks	598,566,823,415	1,211,056,465,843
– Cash in transit	828,777	-
– Cash equivalents	55,500,000,000	146,165,000,000
• <i>Deposits with maturity of not more than 3 months</i>	55,500,000,000	146,165,000,000
• <i>Shares, Bonds, treasury bill, promissory note</i>	-	-
Total	<u>655,423,095,436</u>	<u>1,358,682,600,684</u>

2. Accounts receivable

	<u>Closing balance</u>	<u>Opening balance</u>
Short-term receivable from customers		
– ABDULKARIM ALWAN FOODSTUFF TRADING (LLC)	429,110,901,892	203,761,695,760
– Other receivables for customers	1,762,237,556,690	1,998,634,359,543
Total	<u>2,191,348,458,582</u>	<u>2,202,396,055,303</u>

In which, receivable from customers who are related parties:

Associates

Asia Saigon Food Ingredients Joint Stock Company	-	-
Apis Joint Stock Company	136,184,400	-
Total	<u>136,184,400</u>	<u>-</u>

3. Other receivables

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Cost</u>	<u>Allowance</u>	<u>Cost</u>	<u>Allowance</u>
a. Short-term	<u>390,619,273,181</u>	<u>(475,005,167)</u>	<u>359,995,340,900</u>	<u>(34,409,000)</u>
– Interest income on deposits	269,061,980,250	-	212,366,875,509	-
– Interest income from bonds and loan receivables	17,595,726,029	-	16,252,054,779	-
– Receivables from employees	809,687,030	-	851,613,738	-
– Advances to employees	3,185,564,959	-	2,472,642,740	-
– Collaterals, deposits	9,449,358,271	-	3,413,858,029	-
– Import tax refundable	27,796,047,217	-	51,308,507,620	-
– Rebates receivable from suppliers	54,797,825,720	-	54,213,539,996	-
– Others	7,923,083,705	(475,005,167)	19,116,248,489	(34,409,000)

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b. Long-term	14,609,099,414	-	15,324,688,421	-
– Collaterals, deposits	8,361,414,588	-	8,077,003,595	-
– Others	6,247,684,826	-	7,247,684,826	-
Total	405,228,372,595	(475,005,167)	375,320,029,321	(34,409,000)

4. Shortage of assets awaiting resolution

	Closing balance		Opening balance	
	Quantity	Cost	Quantity	Cost
Inventory	-	76,396,513	-	-
Total	-	76,396,513	-	-

5. Bad debts

	Closing balance		Opening balance	
	Cost	Recoverable amount	Cost	Recoverable amount
Total value of receivables, loans that are overdue or not pass due but hardly recoverable	1,031,046,334	-	34,409,000	-
Total	1,031,046,334	-	34,409,000	-

In which:

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

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

	Closing balance			Opening balance		
	Cost	Fair value	Allowance	Cost	Fair value	Allowance
– Total value of shares	1,132,521,486	631,935,400	(500,629,886)	83,980,876,577	11,785,513,120	(72,195,440,247)
In which :						
+ <i>An Binh Commercial Joint Stock Bank (ABB)</i>	-	-	-	82,283,660,000	10,784,237,200	(71,499,422,800)
+ <i>Others</i>	1,132,521,486	631,935,400	(500,629,886)	1,697,216,577	1,001,275,920	(696,017,447)
– Total value of bonds	-	-	-	-	-	-
– Other investments	442,000,000,000	442,000,000,000	-	442,000,000,000	442,000,000,000	-
+ <i>Bao Viet Commercial Joint Stock Bank</i>	442,000,000,000	442,000,000,000	-	442,000,000,000	442,000,000,000	-
Total	443,132,521,486	442,631,935,400	(500,629,886)	525,980,876,577	453,785,513,120	(72,195,440,247)

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

	Current year	Previous year
– Opening balance	(72,195,440,247)	(139,208,371,400)
– Allowance made	-	(2,444,264,188)
– Written back	260,762,300	14,723,076,000
– Allowance utilised	71,439,561,606	54,745,741,894
– Currency translation differences	(5,513,545)	(11,622,553)
Closing balance	(500,629,886)	(72,195,440,247)

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b. Investments in other entities

	% of		Closing balance			Opening balance		
	equity owned	voting rights	Cost	Fair value (*)	Allowance	Cost	Fair value (*)	Allowance
Investments in associates			419,909,385,728	-	-	397,130,670,931	-	-
- Asia Saigon Food Ingredients Joint Stock Company	15.00%	15.00%	72,902,360,632	-	-	52,497,084,828	-	-
- Apis Joint Stock Company	18.00%	18.00%	338,642,990,088	-	-			
- Miraka Limited	22.81%	22.81%	8,364,035,008	-	-	344,633,586,103	-	-
Investments in other entities			11,387,476,240	-	(7,490,301,769)	11,378,476,240	-	(4,740,126,948)
- Vietnam Growth Investment Fund (VF2)			10,270,276,240	-	(7,490,301,769)	10,270,276,240	-	(4,740,126,948)
- An Khang Clinic - Pharmacy			300,000,000	-	-	300,000,000	-	-
- Others			817,200,000	-	-	808,200,000	-	-
Total			431,296,861,968	-	(7,490,301,769)	408,509,147,171	-	(4,740,126,948)

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

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

	Current year	Previous year
- Opening balance	(4,740,126,948)	(4,857,290,601)
- Allowance made	(2,750,174,821)	(16,201,044)
- Written back	-	-
- Allowance utilised	-	133,364,697
Closing balance	(7,490,301,769)	(4,740,126,948)

c. Held-to-maturity investments

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	Closing balance		Opening balance	
	Cost	Carrying value	Cost	Carrying value
Short-term	10,011,117,421,871	10,011,117,421,871	8,214,592,500,000	8,214,592,500,000
– Term deposits	9,711,117,421,871	9,711,117,421,871	8,214,592,500,000	8,214,592,500,000
– Bonds	300,000,000,000	300,000,000,000	-	-
Long-term	190,000,000,000	190,000,000,000	536,596,000,000	536,596,000,000
– Term deposits	-	-	46,596,000,000	46,596,000,000
– Bonds	190,000,000,000	190,000,000,000	490,000,000,000	490,000,000,000
– Other investments	-	-	-	-
Total	10,201,117,421,871	10,201,117,421,871	8,751,188,500,000	8,751,188,500,000

7. Inventories

	Closing balance		Opening balance	
	Cost	Allowance	Cost	Allowance
– Goods in transit	634,956,689,982	-	713,368,097,247	-
– Raw materials, fuel, technical materials	2,533,783,474,836	(7,137,697,729)	2,042,354,953,351	(4,540,567,450)
– Tools and supplies	17,581,053,761	-	14,690,611,647	-
– Work in progress	54,226,522,481	-	40,459,630,933	-
– Finished goods	1,202,995,232,465	(9,535,793,517)	924,779,281,512	(12,733,536,731)
– Merchandise inventories	90,105,103,241	-	63,254,608,363	-
– Goods on consignment	4,791,796,832	-	28,462,136,899	-
Total	4,538,439,873,598	(16,673,491,246)	3,827,369,319,952	(17,274,104,181)

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

	Current year	Previous year
– Opening balance	(17,274,104,181)	(13,124,371,843)
– Allowance made	(20,495,989,783)	(25,106,722,157)
– Written back	10,690,570,501	14,757,077,585
– Allowance utilised	10,406,032,217	6,199,912,234
Closing balance	(16,673,491,246)	(17,274,104,181)

8. Long-term work in progress

	Closing balance	Opening balance
– Cows under 16 months of age	127,671,589,409	82,393,992,187
Tổng	127,671,589,409	82,393,992,187

9. Construction in progress

	Current year	Previous year
– Opening balance	761,285,112,786	824,432,512,321
– Additions	1,044,519,335,770	1,108,947,131,917
– Transfer to tangible fixed assets	(887,220,752,420)	(1,021,415,383,817)
– Transfer to intangible fixed assets	-	(28,197,705,229)
– Transfer to investment property	-	-
– Transfer to inventories	(1,374,735,454)	(5,153,262,275)
– Transfer to prepayments	(28,951,779,818)	(93,491,543,348)
– Disposals	(3,270,493,241)	-
– Other increases/(decreases)	(19,493,943,202)	(25,242,167,757)
– Translation differences	(52,691,813)	1,405,530,974
Closing balance	865,440,052,609	761,285,112,786

Major construction in progress are as follows:

	Closing balance	Opening balance
Machinery and equipment – Viet Nam Dairy Factory	179,888,609,336	-
Machinery and equipment – Sai Gon Dairy Factory	90,072,363,870	6,881,459,400
Machinery and equipment – Lam Son Dairy Factory	30,025,233,724	202,058,180,116
Tay Ninh Dairy Farms	233,475,427,576	236,872,364,848
Thanh Hoa 2 Dairy Farms	-	66,371,324,594

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10. Movements of tangible fixed assets

	Buildings	Machinery and equipment	Motor vehicles	Management equipment	Livestock	Others	Total
I. 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
Purchase	15,375,530,144	80,389,786,381	69,732,206,711	25,392,581,985	-	6,998,174,587	197,888,279,808
Transfer from construction in progress	237,131,996,651	600,105,498,867	36,874,527,437	13,108,729,465	-	-	887,220,752,420
Transfer from inventories (livestock)	-	-	-	-	272,283,691,202	-	272,283,691,202
Increase from business combination	-	-	-	-	-	-	-
Other increases	-	-	-	-	-	-	-
Reclassification	11,839,362,577	(8,015,376,172)	-	(3,823,986,405)	-	-	-
Disposals, transfer	(14,029,576,250)	(38,864,141,756)	(12,542,148,178)	(1,707,116,991)	(102,650,375,681)	(943,675,936)	(170,737,034,792)
Other decreases	(462,424,134)	-	-	-	-	-	(462,424,134)
Translation differences	1,874,634,617	7,662,333,788	1,116,661,016	257,943,829	-	912,789,664	11,824,362,914
Closing balance	3,007,241,465,794	9,191,877,230,900	846,918,883,799	517,689,874,335	605,814,584,799	88,196,627,500	14,257,738,667,127
II. 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 year	146,727,368,874	786,673,041,454	74,825,406,590	62,890,165,628	87,997,350,649	8,443,215,259	1,167,556,548,454
Other increases	-	-	-	-	-	-	-
Reclassification	2,474,487,022	1,370,858,339	-	(3,845,345,361)	-	-	-
Disposals, transfer	(2,094,576,251)	(33,376,797,555)	(8,739,999,461)	(1,685,295,409)	(50,949,132,361)	(53,619,028)	(96,899,420,065)
Other decreases	-	-	-	-	-	-	-
Translation differences	548,463,146	4,282,751,198	590,714,860	169,362,807	-	791,715,594	6,383,007,605
Closing balance	741,036,482,817	4,616,175,131,644	380,716,907,457	361,670,334,825	171,989,165,477	69,827,651,963	6,341,415,674,183
III. 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	2,266,204,982,977	4,575,702,099,256	466,201,976,342	156,019,539,510	433,825,419,322	18,368,975,537	7,916,322,992,944

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11. Movements of intangible fixed assets

	Land use rights	Copyrights, patent	Software	Others	Total
Cost					
+ Opening balance	373,377,557,148	-	131,590,189,308	48,716,500,000	553,684,246,456
+ Additions					
-Purchase	-	-	1,340,358,000	-	1,340,358,000
-Transfer from construction in progress	-	-	-	-	-
-Other increases	-	-	-	-	-
+Decrease					
-Diposals	-	-	-	-	-
-Transfer to investment property	-	-	-	-	-
-Other decreases	-	-	-	-	-
-Translation differences	2,303,678,257	-	20,245,000	542,500,000	2,866,423,257
+Closing balance	375,681,235,405	-	132,950,792,308	49,259,000,000	557,891,027,713
Accumulated amortisation					
+Opening balance	26,543,438,045	-	76,751,381,576	31,600,178,858	134,894,998,479
+Additions					
-Charge for the year	2,178,493,690	-	14,312,501,244	1,394,642,240	17,885,637,174
-Other increases	-	-	-	-	-
+ Decreases					
-Disposals	-	-	-	-	-
-Other decreases	-	-	-	-	-
-Translation differences	-	-	6,119,389	374,178,902	380,298,291
+Closing balance	28,721,931,735	-	91,070,002,209	33,369,000,000	153,160,933,944
Net book value					
+Opening balance	346,834,119,103	-	54,838,807,732	17,116,321,142	418,789,247,977
+Closing balance	346,959,303,670	-	41,880,790,099	15,890,000,000	404,730,093,769

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12. Investment property:

	Land use rights	Buildings	Infrastructure	Total
Cost				
+Opening balance	82,224,238,170	90,989,593,826	6,464,218,561	179,678,050,557
+Additions				
-Purchases	-	-	-	-
-Transfer from construction in progress	-	-	-	-
-Transfer from fixed assets	-	-	-	-
-Other increases	-	-	-	-
-Reclassification	-	-	-	-
+Decreases				
-Disposals	-	-	-	-
-Other decreases	-	-	-	-
+Closing balance	82,224,238,170	90,989,593,826	6,464,218,561	179,678,050,557
Accumulated amortisation				
+Opening balance	1,851,632,773	31,513,229,405	3,944,983,747	37,309,845,925
+Additions				
-Amortisation	793,556,901	3,970,679,215	630,586,190	5,394,822,306
-Other decreases	-	-	-	-
+Decreases				
-Disposals	-	-	-	-
+Closing balance	2,645,189,674	35,483,908,620	4,575,569,937	42,704,668,231
Net book value				
+Opening balance	80,372,605,397	59,476,364,421	2,519,234,814	142,368,204,632
+Closing balance	79,579,048,496	55,505,685,206	1,888,648,624	136,973,382,326

13. Goodwill

	Current year	Previous year
Opening balance	142,345,015,058	160,706,939,654
Charge for the year	(18,361,924,596)	(18,361,924,596)
Closing balance	123,983,090,462	142,345,015,058

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14. Prepayments**a. Short-term prepayments**

	Opening balance	Additions	Amortised to expenses during the year	Currency translation difference	Closing balance
- Prepaid software deployment and networks maintenance expenses	4,312,079,769	18,998,017,100	18,143,254,576	-	5,166,842,293
- Prepaid advertising expenses	4,448,905,912	11,014,392,905	9,716,872,380	-	5,746,426,437
- Prepaid operating lease expenses	15,894,422,496	31,308,428,461	40,195,368,111	-	7,007,482,846
- Prepaid tools and supplies expenses	10,647,392,756	62,104,551,851	47,954,020,540	9,146,319	24,807,070,386
- Prepaid renovation and repair expenses	5,090,144,128	12,792,268,418	15,072,813,765	-	2,809,598,781
- Others	115,663,549,445	329,581,606,458	431,584,357,477	90,134,678	13,750,933,104
Total	156,056,494,506	465,799,265,193	562,666,686,849	99,280,997	59,288,353,847

b. Long-term prepayments

	Opening balance	Additions	Amortised to expenses during the year	Other decreases	Translation differences	Closing balance
- Leased land and infrastructure	209,761,204,943	30,381,271,996	7,452,961,053	-	367,836,790	233,057,352,676
- Tools and supplies	145,952,090,873	123,255,853,848	83,992,013,504	1,306,566,174	11,923,961	183,921,289,004
- Others	61,616,544,445	36,275,817,389	55,494,401,960	208,000	18,663,475	42,416,415,349
Total	417,329,840,261	189,912,943,233	146,939,376,517	1,306,774,174	398,424,226	459,395,057,029

15. Accounts payable – trade

	Closing balance		Opening balance	
	Carrying amount	Repayable amount	Carrying amount	Repayable amount
Short-term accounts payable to suppliers	2,561,910,262,979	2,561,910,262,979	2,193,602,809,261	2,193,602,809,261
- Dat Viet VAC Media Corporation	185,303,454,839	185,303,454,839	382,779,457,871	382,779,457,871
- Other suppliers	2,376,606,808,140	2,376,606,808,140	1,810,823,351,390	1,810,823,351,390
<i>In which, accounts payable to suppliers who are related parties:</i>				
Associates	8,760,950,000	8,760,950,000	74,684,584,840	74,684,584,840
- Miraka Limited	-	-	74,684,584,840	74,684,584,840
- Apis Corporation	8,760,950,000	8,760,950,000	-	-

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16. Short-term and Long-term borrowings

	Closing balance		During the year			Opening balance	
	Carrying value	Repayable amount	Increase	Decrease	Translation differences	Carrying value	Repayable amount
Short-term borrowings	1,332,666,200,200	1,332,666,200,200	4,004,463,224,432	(4,148,129,782,535)	974,251,095	1,475,358,507,208	1,475,358,507,208
– Short-term borrowings from banks	1,287,266,200,200	1,287,266,200,200	3,959,777,224,432	(4,126,501,758,535)	363,827,095	1,453,626,907,208	1,453,626,907,208
– Current portion of long-term borrowings	45,400,000,000	45,400,000,000	44,686,000,000	(21,628,024,000)	610,424,000	21,731,600,000	21,731,600,000
Long-term borrowings	326,970,398,182	326,970,398,182	67,421,912,160	(111,916,533,064)	3,294,840,233	368,170,178,853	368,170,178,853
– Long-term borrowings from banks	317,800,000,000	317,800,000,000	67,029,000,000	(109,869,043,683)	3,294,840,233	357,345,203,450	357,345,203,450
– Other long-term borrowings	9,170,398,182	9,170,398,182	392,912,160	(2,047,489,381)	-	10,824,975,403	10,824,975,403
Total	1,659,636,598,382	1,659,636,598,382	4,071,885,136,592	(4,260,046,315,599)	4,269,091,328	1,843,528,686,061	1,843,528,686,061

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17. Tax payables to State Treasury

	Opening balance	Additions	Payments	Translation differences	Closing balance
- VAT on domestic goods sold	109,788,391,346	1,625,180,510,993	1,683,632,999,923	24,520,644	51,360,423,060
- VAT on import goods	3,803,571,776	370,523,410,104	365,172,681,862	-	9,154,300,018
- Withholding VAT	-	2,968,684,728	2,727,362,954	-	241,321,774
- Special consumption tax	395,698,312	1,120,222,163	1,224,538,055	2,739,664	294,122,084
- Import-export tax	3,233,139,248	141,943,317,441	143,195,765,072	(6,283,555)	1,974,408,062
- Corporate income tax	62,789,950,010	1,883,267,418,844	1,771,242,504,991	(43,122,752)	174,771,741,111
- Withholding corporate income tax	-	7,958,433,465	6,836,337,324	-	1,122,096,141
- Personal income tax	31,591,679,683	326,775,938,553	343,451,370,897	950,900	14,917,198,239
- Natural resource tax	35,053,430	697,374,333	668,818,465	-	63,609,298
- Land tax	-	1,110,018	1,110,018	-	-
- Land rental charges	-	6,813,934,274	6,813,934,274	-	-
- Other taxes	4,170,327,209	2,984,390,214	5,540,842,388	(2,963,962)	1,610,911,073
- Fees, charges and other payables to State Treasury	-	27,909,363,710	27,909,363,710	-	-
Total	215,807,811,014	4,398,144,108,840	4,358,417,629,933	(24,159,061)	255,510,130,860

18. Accrued expenses

	Closing balance	Opening balance
- Promotion, sales support expenses	584,298,882,216	303,628,936,160
- Rentals of docks, shelves, light box and exhibition stand	922,786,364	740,454,553
- Advertising expenses	170,814,940,905	54,006,437,728
- Transportation expenses	77,412,131,182	58,991,919,668
- Repairs and maintenance expenses	11,769,500,442	47,714,730,252
- Interest expense	21,082,620,101	8,786,890,362
- Fuel expenses	13,959,796,579	13,355,140,533
- Expenses for outsourced employees	62,494,315,062	34,667,035,675
- Others	83,219,710,854	71,594,042,996
Total	1,025,974,683,705	593,485,587,927

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19. Unearned revenue

	<u>Closing balance</u>	<u>Opening balance</u>
a. Short-term unearned revenue		
– Unearned revenue	3,360,079,979	1,350,893,817
b. Long-term unearned revenue		
– Unearned revenue	1,663,272,218	2,598,840,218
Cộng	<u><u>5,023,352,197</u></u>	<u><u>3,949,734,035</u></u>

20. Other payables

	<u>Closing balance</u>	<u>Opening balance</u>
a. Other short-term payables	592,099,957,922	644,468,337,067
– SI, HI, UI	19,680,495	599,609,452
– Trade union fees	709,099,419	646,867,017
– Short-term deposits received	71,249,658,216	63,776,967,568
– Outstanding checks in exceed of bank balance	8,189,608,390	22,824,654,805
– Other payables from financial investments	448,007,419,155	448,007,419,155
– Dividends payable	4,003,285,748	-
– Import duty payables	42,613,702,494	58,076,771,700
– Other payables	17,307,504,005	50,536,047,370
b. Other long-term payables	589,208,918	2,814,519,233
– Long-term deposits received	-	-
– Other payables	589,208,918	2,814,519,233
Total	<u><u>592,689,166,840</u></u>	<u><u>647,282,856,300</u></u>

21. Provisions

	<u>Closing balance</u>	<u>Opening balance</u>
a. Short-term provision		
– Fixed assets maintenance and repair	889,995,571	2,420,017,605
b. Long-term provision		
– Severance allowance	95,960,585,167	87,325,705,000
Total	<u><u>96,850,580,738</u></u>	<u><u>89,745,722,605</u></u>

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22. Bonus and welfare fund

	Current year	Previous year
Opening balance	405,464,362,576	355,719,314,789
Increase in provision during the year	924,744,180,232	768,905,099,077
Provision used during the year	(873,423,166,258)	(719,160,051,290)
Closing balance	456,785,376,550	405,464,362,576

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23. Owners' equity

Items	Share capital	Share premium	Treasury shares	Foreign exchange differences	Investment and development fund	Retained profits	Non-controlling interest	Total
A	1	2	3	4	5	6	7	8
Opening balance of the previous year	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
- Additions	2,000,207,940,000	-	-	-	-	(2,000,207,940,000)	107,476,398,854	107,476,398,854
- Purchase of treasury shares	-	-	-	-	-	-	-	-
- Net profit for the year	-	-	-	-	-	7,773,409,631,243	(3,856,879,546)	7,769,552,751,697
- Appropriation to equity funds	-	-	-	-	769,488,863,029	(1,538,393,962,106)	-	(768,905,099,077)
- Other increases	-	-	-	-	-	-	-	-
- Dividends	-	-	-	-	-	(6,000,711,624,000)	(1,549,950,354)	(6,002,261,574,354)
- Other decreases	-	-	-	-	-	-	1,863,569,438	1,863,569,438
- Translation differences	-	-	-	8,490,698,397	-	-	7,462,519,122	15,953,217,519
Opening balance of current year	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
- Additions	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	-	-	-	-	-	(62,222,774,839)	(5,922,583,589)	(68,145,358,428)
- Purchase of treasury shares	-	-	(1,176,335,920)	-	-	-	-	(1,176,335,920)
- Net profit for the year	-	-	-	-	-	9,350,329,130,383	13,500,647,107	9,363,829,777,490
- Appropriation	-	-	-	-	924,847,745,615	(1,849,591,925,847)	-	(924,744,180,232)
- Other additions	-	-	-	-	-	-	-	-
- Dividends	-	-	-	-	-	(7,238,478,492,000)	(4,003,285,748)	(7,242,481,777,748)
- Other decreases	-	-	-	-	-	-	-	-
- Translation differences	-	-	-	(2,674,905,869)	-	-	2,461,280,987	(213,624,882)
Closing balance	14,514,534,290,000	260,699,620,761	(1,176,335,920)	5,654,693,453	1,797,019,925,588	5,591,831,510,779	237,385,583,924	22,405,949,288,585

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Details of owners' capital

	<u>Closing balance</u>	<u>Opening balance</u>
- The State's capital	5,708,566,336,257	5,408,983,179,465
- Other shareholders' capital	8,805,967,953,743	6,597,638,750,535
- Share premium	260,699,620,761	-
- Treasury shares	(1,176,335,920)	(5,388,109,959)
Total	14,774,057,574,841	12,001,233,820,041

Capital transactions with shareholders and appropriation of profits and dividends

	<u>Current year</u>	<u>Previous year</u>
Shareholders' capital		
- Opening balance	12,006,621,930,000	10,006,413,990,000
- Increased during the year	2,507,912,360,000	2,000,207,940,000
- Decreased during the year	-	-
- Closing balance	14,514,534,290,000	12,006,621,930,000

Shares

	<u>Closing balance</u>	<u>Opening balance</u>
Registered shares	1,451,453,429	1,200,662,193
Issued shares	1,451,453,429	1,200,662,193
- Ordinary shares	1,451,453,429	1,200,662,193
- Preference shares (classified as equity)	-	-
Purchased shares (treasury shares)	(27,100)	(522,795)
- Ordinary shares	(27,100)	(522,795)
- Preference shares (classified as equity)	-	-
Shares in circulation	1,451,426,329	1,200,139,398
- Ordinary shares	1,451,426,329	1,200,139,398
- Preference shares (classified as equity)	-	-

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VII. SUPPLEMENT INFORMATION TO ITEMS DISCLOSED IN THE CONSOLIDATED STATEMENT OF INCOME:**1. Revenue**

	Current year	Previous year
Total revenue	46,965,003,101,825	40,222,599,525,948
• Sales of merchandise inventories	1,724,189,208,675	759,227,375,698
• Sales of finished goods	45,088,795,081,554	39,316,828,133,077
• Service rendered	58,757,721,588	50,347,479,867
• Real estate trading activities	15,348,087,988	14,338,329,179
• Others	77,913,002,020	81,858,208,127
Less sales deductions:	170,663,701,551	142,215,015,202
• Sale discounts	648,096,440	613,913,938
• Sales rebates	46,977,093,895	2,169,545,595
• Sale returns	123,038,511,216	139,431,555,669
Net revenue	46,794,339,400,274	40,080,384,510,746
<i>In which:</i>		
• Sales of merchandises and finished goods	46,720,233,590,698	40,015,698,701,700
• Service rendered	74,105,809,576	64,685,809,046

In which, revenue with related parties is as follows:

	Current year	Previous year
Joint ventures, associates		
– Asia Saigon Food Ingredients Joint Stock Company	5,912,758,807	523,158,947
– Apis Corporation	445,512,000	-
Total	6,358,270,807	523,158,947

2. Cost of goods sold

	Current year	Previous year
– Cost of merchandise goods sold	1,418,989,239,429	431,399,465,197
– Cost of finished goods sold	21,872,624,507,790	21,535,782,480,054
– Cost of promotional goods	1,138,195,464,367	1,810,896,557,255
– Cost of services rendered	9,148,398,155	5,297,368,026
– Operating cost of investment property held for earn rental	9,386,311,293	8,283,134,306
– Inventories losses	-	-
– Under-capacity costs	484,055,679	15,960,919,100

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– Allowance for inventories	9,805,419,282	10,349,644,572
Total	24,458,633,395,995	23,817,969,568,510
3. Financial income		
	Current year	Previous year
– Interest income from deposits	620,334,192,891	530,652,635,439
– Interest income from bonds	38,593,671,250	27,693,150,666
– Dividends	980,729,583	93,233,390
– Gains on disposal of securities	8,030	77,215,600
– Foreign exchange gains	62,198,403,527	90,139,210,435
– Others	453,769,982	326,296,508
Total	722,560,775,263	648,981,742,038
4. Financial expenses		
	Current year	Previous year
– Interest expenses on borrowings	46,499,350,049	31,277,451,964
– Interest expenses on deposits received	2,389,947,521	2,263,051,997
– Losses on disposal of financial investments	1,470,577,500	-
– Transaction fee for trading securities	16,047,809	248,430,803
– Foreign exchange losses	49,553,805,011	141,526,644,713
– Allowance for diminution in value of short-term investments	(260,762,300)	(12,278,811,812)
– Allowance for diminution in value of long-term investments	2,750,174,821	16,201,044
– Payment discounts	-	(273,015,418)
– Others	31,173,160	60,154,648
Total	102,450,313,571	162,840,107,939
5. Other income		
	Current year	Previous year
– Proceeds from disposals of fixed assets	51,095,907,908	44,020,557,044
– Proceeds from disposals of construction in progress	2,785,368,565	-
– Compensations received from other parties	4,356,970,526	11,881,210,135
– Rebate income from suppliers	100,525,060,680	79,652,573,289
– Collection from written-off doubtful debts	214,163,028	508,064,910
– Income from written back accrual expense of previous year being not utilised	-	467,277

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	Current year	Previous year
– Others	23,344,130,537	30,209,367,684
Total	182,321,601,244	166,272,240,339

6. Other expenses

	Current year	Previous year
– Book value of fixed assets disposed	73,837,614,727	56,205,337,362
– Cost of fixed assets disposed	87,143,679	19,976,000
– Book value of construction in progress disposed	3,270,493,241	-
– Penalties	31,463,632	15,310,000
– Tax from penalties	4,116,644,297	3,950,980,091
– Others	23,642,330,307	10,165,932,922
Total	104,985,689,883	70,357,536,375

7. Production and business costs by element

	Current year	Previous year
– Materials costs	18,628,772,456,134	18,812,924,190,885
– Labour and staff costs	1,996,826,287,370	2,081,129,447,067
– Fixed assets depreciation	1,190,109,115,617	1,097,075,552,737
– Outside services expenses	2,092,594,477,113	1,871,562,626,528
– Other expenses	10,746,432,440,371	6,967,546,379,161
Total	34,654,734,776,605	30,830,238,196,378

*In which:***Production costs:**

	Current year	Previous year
– Materials costs	18,578,133,524,711	18,752,395,595,731
– Labour and staff costs	1,037,824,942,994	916,945,360,385
– Fixed assets depreciation	1,063,346,183,546	980,567,542,742
– Outside services	832,615,035,178	717,935,677,886
– Other expenses	192,615,104,575	161,268,264,205
Total	21,704,534,791,004	21,529,112,440,949

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Selling expenses

	Current year	Previous year
– Staff costs	585,790,673,617	532,045,832,820
– Materials expenses	37,395,046,161	42,207,833,043
– Tools and supplies expenses	109,854,577,568	83,076,859,040
– Depreciation expenses	38,765,880,497	35,163,159,190
– Maintenance expenses	37,765,793,197	27,852,721,760
– Transportation expenses	599,832,336,441	600,604,238,763
– Other outside services expenses	327,632,222,918	266,802,880,266
– Advertising and market research expenses	2,074,503,973,229	1,807,132,731,558
– Promotion, product display and sale support expenses	6,947,212,488,627	2,862,620,363,693
Total	10,758,752,992,255	6,257,506,620,133

General and administration expenses

	Current year	Previous year
– Staff costs	373,210,670,759	632,138,253,862
– Materials expenses	13,243,885,262	18,028,724,493
– Office supplies	15,927,230,346	15,633,222,516
– Depreciation expenses	87,997,049,837	81,344,851,071
– Fees and duties	19,815,382,621	20,831,262,533
– Allowance expenses	12,533,717,997	11,659,260,803
– Transportation expenses	42,113,499,607	46,856,620,341
– Outside services expenses	279,820,861,164	228,283,691,069
– Loading expenses	22,111,996,989	23,293,724,175
– Per-diem allowances	47,244,388,376	35,496,668,568
– Bank charges	10,354,479,579	8,687,186,125
– Other expenses by cash	128,878,366,441	110,469,112,485
Total	1,053,251,528,978	1,232,722,578,041

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8. Basic earnings per share

	Current year	Previous year
– Accounting profit after tax	9,350,329,130,383	7,773,409,631,243
– Adjustments for accounting profit after tax to determine profit attributable to ordinary shareholders:		
• <i>Dividends of preferences share</i>	-	-
• <i>The surplus difference between fair value of shareholders' payments and carrying amounts of preference shares</i>	-	-
• <i>The surplus differences between fair value of ordinary shares or other payments under positive benefit convertible conditions</i>	-	-
• <i>The surplus differences between carrying amounts of preference shares and fair value of shareholders' payments</i>	-	-
– Profit attributable to ordinary shareholders	9,350,329,130,383	7,773,409,631,243
– Appropriation to bonus and welfare fund	924,744,180,232	768,905,099,077
– Weighted average number of ordinary shares in circulation during the year	1,444,976,498	1,440,167,278
Basic earnings per share	5,831	4,864

Ordinary shares in circulation during period are as follows:

	Current year	Previous year
– Ordinary share in circulation at the beginning of year	1,200,139,398	1,000,118,604
– Effects of bonus shares issued in previous year	-	200,020,794
– Effects of bonus shares issued during the year	244,839,078	240,027,880
– Effects of ordinary shares repurchased during the year	(1,978)	-
Ordinary shares in circulation during the year	1,444,976,498	1,440,167,278

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

The biggest shareholder of Company is The State Capital Investment Corporation (“SCIC”), which owns 39.33% of the Company’s charter capital, SCIC is controlled by the Government of The Social Republic of Vietnam.

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

i) Purchase of goods and services

	<u>Current year</u>	<u>Previous year</u>
Associates:		
– Miraka Limited	24,586,164,960	456,404,881,496
– Apis Joint Stock Company	21,767,504,800	-
	46,353,669,760	456,404,881,496

ii) Payments for key management personnel

	<u>Current year</u>	<u>Previous year</u>
Compensation and other gross benefits of Board of Management’s and Board of Directors’ members	90,786,063,749	67,282,713,861

iii) Dividends distribution:

	<u>Current year</u>	<u>Previous year</u>
The State Capital Investment Corporation (SCIC)	3,246,324,480,000	2,705,270,400,000

2. Segment information

Item	Fourth quarter of 2016		Fourth quarter of 2015	
	Domestic	Oversea	Domestic	Oversea
1. Revenue on goods sold and service rendered	9,421,768,057,521	2,416,499,470,400	8,282,229,264,600	2,071,679,161,880
2. Revenue deductions	(12,440,498,056)	(18,216,280,359)	(25,161,003,530)	(13,835,894,629)
3. Net revenue on goods sold and service rendered (3 = 1 + 2)	9,409,327,559,465	2,398,283,190,041	8,257,068,261,070	2,057,843,267,251
4. Cost of sales	(5,175,721,491,026)	(1,151,594,208,549)	(4,788,381,181,363)	(1,110,142,900,225)
5. Gross profit on goods sold and service rendered (5 = 3 + 4)	4,233,606,068,439	1,246,688,981,492	3,468,687,079,707	947,700,367,026

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Item	Accumulated twelve-month 2016		Accumulated twelve-month 2015	
	Domestic	Oversea	Domestic	Oversea
1. Revenue on goods sold and service rendered	38,221,848,182,556	8,743,154,919,269	32,257,355,044,017	7,965,244,481,932
2. Revenue deductions	(123,075,498,677)	(47,588,202,874)	(96,449,806,725)	(45,765,208,477)
3. Net revenue on goods sold and service rendered (3 = 1 + 2)	38,098,772,683,879	8,695,566,716,395	32,160,905,237,292	7,919,479,273,455
4. Cost of sales	(20,065,856,588,756)	(4,392,776,807,239)	(19,261,905,095,133)	(4,556,064,473,377)
5. Gross profit on goods sold and service rendered (5 = 3 + 4)	18,032,916,095,123	4,302,789,909,156	12,899,000,142,158	3,363,414,800,078

3. Evans after the reporting period:

On 19th January 2017, Vietnam Dairy Products Jointstock Company received its 25th revised Business Registration certificate dated 18th January 2017, issued by Ho Chi Minh Department of Planning & Investment. Accordingly, Lamson Dairy Products One member Limited Company was merged into Vietnam Dairy Products Jointstock Company (prior to the merger, it is a 100% susidiary owned by Vinamilk).

4. Restated announced financial information:

- The Company restated Cost of goods sold and Selling expenses items of the published Consolidated interim Financial Statement of 2016 due to the fact that: during the year, the Company has changed the payment method of refunding to Distributor the promotional expenses of “buy product get other free” campaign for customers (stores, consumers). Pursuant to The Circular No. 200/2014/TT-BTC dated 22 December 2014 issued by the Ministry of Finance, in which “...In case of dispatching goods for promotion, advertising, but customers only receive promotional, advertising goods together with other conditions, such as buying products, goods (eg, buy 2 get 1 free....), value of promotional goods shall be recorded to Costs of goods sold”, the other cases are recorded to Selling expenses..

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- The consolidated interim income statement for accumulated nine-month of 2016 restated following items :

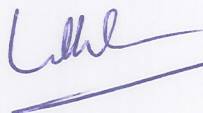
Item	Mã số	Accumulated nine-month 2016	
		Disclosed	Restated
4. Cost of sales	11	20,189,193,823,983	18,131,317,696,420
5. Gross profit on goods sold and service rendered	20	14,797,534,826,785	16,855,410,954,348
8. Selling expenses	24	5,508,386,751,196	7,566,262,878,759
10. Net operating profit	30	9,014,727,363,287	9,014,727,363,287

Prepared on 25 January 2017,

Prepared by



Nguyen Duc Dieu Tho

Executive Director-Finance
cum Chief Accountant

Le Thanh Liem

Chief Executive Officer



Mai Kieu Lien