

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016

OFFICIAL

25 – 01 – 2017

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

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

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016

BALANCE SHEET*(In full)**As at 31 December 2016***FORM B01-DN***Unit : VND*

ASSETS	Code	Note	Closing balance	Opening balance
1	2	3	4	5
A- CURRENT ASSETS (100=110+120+130+140+150)	100		17,801,341,382,408	15,822,463,925,273
I. Cash and cash equivalents	110	VI.1	485,358,843,152	1,067,935,585,325
1. Cash	111		485,358,843,152	1,067,935,585,325
2. Cash equivalents	112		-	-
II. Short-term financial investments	120	VI.6	10,368,523,488,016	8,653,183,733,226
1. Trading securities	121	VI.6a	442,023,488,016	524,884,057,132
2. Allowance for diminution in the value of trading securities (*)	122	VI.6a	-	(71,700,323,906)
3. Held-to-maturity investments	123	VI.6c	9,926,500,000,000	8,200,000,000,000
III. Accounts receivable – short-term	130		2,702,207,940,196	2,558,257,733,837
1. Accounts receivable from customers	131	VI.2	1,983,880,118,265	2,059,022,259,461
2. Prepayments to suppliers	132		240,402,985,745	108,355,688,039
3. Intra-company receivables	133		-	-
4. Receivables on construction contracts according to stages of completion	134		-	-
5. Loans receivable	135		-	-
6. Other receivables	136	VI.3a	478,323,444,840	390,914,195,337
7. Allowance for doubtful debts (*)	137		(475,005,167)	(34,409,000)
8. Shortage of assets awaiting resolution	139	VI.4	76,396,513	-
IV. Inventories	140	VI.7	4,098,729,148,422	3,467,279,028,328
1. Inventories	141		4,115,402,639,668	3,484,395,015,086
2. Allowance for inventories (*)	149		(16,673,491,246)	(17,115,986,758)
V. Other current assets	150		146,521,962,622	75,807,844,557
1. Short-term prepaid expenses	151	VI.12a	33,324,800,182	38,346,903,574
2. Deductible value added tax	152		113,197,162,440	37,460,940,983
3. Taxes and other receivables from State Treasury	153		-	-
4. Government bonds under purchase and resale agreements	154		-	-
5. Other current assets	155		-	-

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016

BALANCE SHEET (continued)*As at 31 December 2016***FORM B01-DN***Unit : VND*

ASSETS	Code	Note	Closing balance	Opening balance
1	2	3	4	5
B- LONG-TERM ASSETS (200 = 210+220+240+250+260)	200		10,321,862,962,386	10,186,083,968,354
I. Accounts receivable – long-term	210		15,126,638,176	14,238,293,770
1. Loans receivable – long-term	215		7,245,908,762	5,573,700,349
2. Other long-term receivables	216	VI.3b	7,880,729,414	8,664,593,421
3. Allowance for doubtful long-term debts (*)	219		-	-
II. Fixed assets	220		5,790,522,519,072	6,195,233,101,403
1. Tangible fixed assets	221	VI.9	5,612,296,370,375	6,002,218,183,000
- Cost	222		10,748,406,433,591	10,302,040,639,636
- Accumulated depreciation (*)	223		(5,136,110,063,216)	(4,299,822,456,636)
2. Finance lease fixed assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation (*)	226		-	-
3. Intangible fixed assets	227	VI.10	178,226,148,697	193,014,918,403
- Cost	228		297,619,795,932	296,279,437,932
- Accumulated amortisation (*)	229		(119,393,647,235)	(103,264,519,529)
III. Investment property	230	VI.11	134,895,415,278	139,722,647,798
- Cost	231		176,272,511,838	176,272,511,838
- Accumulated depreciation (*)	232		(41,377,096,560)	(36,549,864,040)
IV. Long-term work in progress	240		430,308,443,075	277,294,577,637
1. Long-term work in progress	241		-	-
2. Construction in progress	242	VI.8	430,308,443,075	277,294,577,637
V. Long-term financial investments	250	VI.6b	3,616,419,284,278	3,255,627,270,385
1. Investments in subsidiaries	251		3,126,810,823,122	2,500,056,584,693
2. Investments in associates, joint-ventures	252		319,289,808,669	311,189,808,669
3. Equity investments in other entities	253		10,570,276,240	10,570,276,240
4. Allowance for diminution in the value of long-term financial investments (*)	254		(30,251,623,753)	(102,785,399,217)
5. Held-to-maturity investments	255		190,000,000,000	536,596,000,000
V. Other long-term assets	260		334,590,662,507	303,968,077,361
1. Long-term prepaid expenses	261	VI.12b	299,939,849,755	278,787,890,047
2. Deferred tax assets	262	VI.21a	34,650,812,752	25,180,187,314
3. Long-term tools, supplies and spare parts	263		-	-
4. Other long-term assets	268		-	-
TOTAL ASSETS (100+200)	270		28,123,204,344,794	26,008,547,893,627

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016

BALANCE SHEET (continued)*As at 31 December 2016***FORM B01-DN***Unit : VND*

RESOURCES	Code	Note	Closing balance	Opening balance
1	2	3	4	5
C- LIABILITIES (300 = 310 + 330)	300		6,329,270,261,772	5,650,757,468,579
I. Current liabilities	310		6,233,534,218,272	5,563,657,738,579
1. Accounts payable to suppliers	311	VI.13	2,568,934,375,909	2,118,962,866,700
2. Advances from customers	312		35,900,744,953	14,656,723,939
3. Taxes payable to State Treasury	313	VI.15	245,031,363,448	204,127,132,111
4. Payables to employees	314		166,926,421,131	439,923,313,515
5. Accrued expenses	315	VI.16	984,149,487,382	559,028,023,597
6. Intra-company payables	316		-	-
7. Payables on construction contracts according to stages of completion	317		-	-
8. Unearned revenue – short-term	318	VI.17	2,629,190,398	140,459,988
9. Other payables – short-term	319	VI.18	574,093,150,299	579,352,532,299
10. Short-term borrowings and finance lease liabilities	320	VI.14	1,200,000,000,000	1,242,010,000,000
11. Provisions – short-term	321	VI.19a	889,995,571	2,420,017,605
12. Bonus and welfare funds	322	VI.20	454,979,489,181	403,036,668,825
13. Price stabilization fund	323		-	-
14. Government bonds under sale and repurchase agreements	324		-	-
II. Long-term liabilities	330		95,736,043,500	87,099,730,000
1. Long-term accounts payable to suppliers	331		-	-
2. Long-term advances from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Intra-company payables for operating capital received	334		-	-
5. Long-term intra-company payables	335		-	-
6. Long-term unearned revenue	336		-	-
7. Other payables – long-term	337		-	-
8. Long-term borrowings and finance lease liabilities	338		-	-
9. Convertible bonds	339		-	-
10. Preference shares	340		-	-
11. Deferred tax liabilities	341	VI.21b	-	-
12. Provisions – long-term	342	VI.19b	95,736,043,500	87,099,730,000
13. Science and technology development fund	343		-	-

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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RESOURCES	Code	Note	Closing balance	Opening balance
1	2	3	4	5
D- EQUITY (400 = 410+430)	400	VI.22	21,793,934,083,022	20,357,790,425,048
I. Owners' equity	410		21,793,934,083,022	20,357,790,425,048
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		-	-
8. Investment and development fund	418		1,794,957,937,585	3,289,455,938,121
9. Enterprise reorganization assistance fund	419		-	-
10. Other equity funds	420		-	-
11. Retained profits	421		5,224,918,570,596	5,067,100,666,886
- Retained profits brought forward	421a		2,666,821,870,886	2,925,674,513,466
- Retained profit for the current year	421b		2,558,096,699,710	2,141,426,153,420
12. Capital expenditure fund	422		-	-
II. Non-business expenditure fund and other funds	430		-	-
1. Non-business expenditure fund	431		-	-
2. Non-business expenditure fund invested in fixed assets	432		-	-
TOTAL RESOURCES (300+400)	440		28,123,204,344,794	26,008,547,893,627

Prepared on 25 January 2017,

Prepared by

Acting Executive Director – Finance
cum Chief Accountant

Chief Executive Officer


 Nguyen Duc Dieu Tho


 Le Thanh Liem


 Mai Kieu Lien


VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016

STATEMENT OF INCOME
Fourth quarter and accumulated twelve-month of 2016

FORM B02-DN*Unit: VND*

ITEMS	Code	Note	Fourth quarter		Accumulated twelve-month	
			Current year	Previous year	Current year	Previous year
1	2	3	4	5	6	7
1. Revenue from sales of goods and provision of services	1	VII.1	11,070,553,366,098	9,768,496,496,219	43,932,164,892,426	38,009,930,558,904
2. Revenue deductions	3	VII.1	12,421,590,300	25,161,003,530	123,038,511,216	96,431,044,141
3. Net revenue from sales of goods and provision of services (10 = 01 – 02)	10	VII.1	11,058,131,775,798	9,743,335,492,689	43,809,126,381,210	37,913,499,514,763
4. Cost of sales	11	VII.2	5,841,395,182,619	5,568,362,740,023	22,522,706,121,326	22,470,518,366,089
5. Gross profit from sales of goods and provision of services (20 = 10 – 11)	20		5,216,736,593,179	4,174,972,752,666	21,286,420,259,884	15,442,981,148,674
6. Financial income	21	VII.3	187,225,410,271	159,435,931,058	775,693,544,401	639,783,992,634
7. Financial expenses	22	VII.4	1,707,994,014	(4,253,942,715)	(1,239,350,917)	114,125,221,658
<i>In which: Interest expense</i>	23		<i>15,026,666,666</i>	<i>4,043,555,446</i>	<i>29,633,689,355</i>	<i>13,936,351,072</i>
8. Selling expenses	25	VII.7	3,078,129,786,450	1,645,971,462,381	10,320,592,720,769	5,883,383,256,260
9. General and administration expenses	26	VII.7	229,910,654,313	481,641,695,159	788,972,501,837	962,654,397,973
10. Net operating profit {30 = 20 + (21–22) – (24+25)}	30		2,094,213,568,673	2,211,049,468,899	10,953,787,932,596	9,122,602,265,417

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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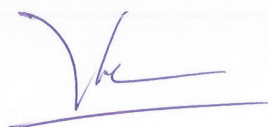
FINANCIAL STATEMENTS

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	4	5	6	7
11. Other income	31	VII.5	207,269,983,744	64,024,785,050	263,295,376,038	243,666,523,615
12. Other expenses	32	VII.6	137,032,284,289	7,070,536,875	150,146,674,029	120,734,150,499
13. Results of other activities (40 = 31 – 32)	40		70,237,699,455	56,954,248,175	113,148,702,009	122,932,373,116
14. Accounting profit before tax (50 = 30 + 40)	50		2,164,451,268,128	2,268,003,717,074	11,066,936,634,605	9,245,534,638,533
15. Income tax expense – current	51	VII.8	369,859,668,194	199,458,847,685	1,831,036,765,405	1,442,545,945,664
16. Income tax expense – deferred	52	VII.9	(2,096,140,601)	179,973,335,784	(9,470,625,438)	125,612,981,095
17. Net profit after tax (60 = 50 – 51-52)	60		1,796,687,740,535	1,888,571,533,605	9,245,370,494,638	7,677,375,711,774

*(Previous year figures have been audited)**Prepared on 25 January 2017,*

Prepared by



Nguyen Duc Dieu Tho

Acting Executive Director – Finance cum
Chief Accountant


Le Thanh Liem



Chief Executive Officer

Mai Kieu Lien

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016

STATEMENT OF CASH FLOWS*(Indirect method)***Accumulated 12 months of 2016****FORM B03-DN***Unit: VND*

ITEMS	Code	Note	Current year	Previous year
1	2	3	4	5
I. Cash flows from operating activities				
1. Profit before tax	01		11,066,936,634,605	9,245,534,638,533
2. Adjustments for				
- Depreciation and amortisation	02	VI.9 VI.10 VI.11	898,148,802,451	876,974,011,354
- Allowances and provisions	03		(52,422,845,107)	(6,408,292,749)
- 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		(745,646,353,998)	(600,231,498,642)
- Interest expense	06	VII.4	29,633,689,355	13,936,351,072
- Other adjustments			-	-
3. Operating profit before changes in working capital	08		11,195,331,060,120	9,533,777,055,724
- Change in receivables	09		(160,447,236,353)	4,716,611,940
- Change in inventories	10		(641,911,165,309)	(104,950,486,317)
- Change in payables (not including interest and corporate income tax payables)	11		491,914,423,870	707,401,466,587
- Change in prepaid expenses	12		(13,380,568,323)	9,621,315,706
- Change in trading securities	13		11,421,007,510	124,141,507,400
- Interest paid	14		(15,991,217,076)	(11,011,405,053)
- Income tax paid	15	VI.15	(1,722,453,829,341)	(1,778,837,496,979)
- Other receipts from operating activities	16		-	-
- Other payments for operating activities	17		(873,366,606,379)	(713,985,716,879)
Net cash flows from operating activities	20		8,271,115,868,718	7,770,872,852,129
II. Cash flows from investing activities				
1. Payments for additions to fixed assets and other long-term assets	21		(743,276,724,586)	(478,842,215,913)
2. Proceeds from disposals of fixed assets and other long-term assets	22		157,426,587,913	109,734,366,971
3. Payments for granting loans, purchase of debt instruments of other entities	23		(1,381,576,208,413)	(1,540,000,000,000)
4. (Payments) / Receipts from collecting loans, sales of debt instruments of other entities	24		-	1,977,370,985
5. Payments for investments in other entities	25		(634,854,238,429)	(693,316,294,124)
6. Collections on investments in other entities	26		-	-
7. Receipts of interests and dividends	27		675,323,648,354	470,382,978,056
Net cash flows from investing activities	30		(1,926,956,935,161)	(2,130,063,794,025)

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016

ITEMS	Code	Note	Current year	Previous year
1	2	3	4	5
III. Cash flows from financing activities				
1. Proceeds from shares issued, receipt of capital contributed by owners	31		354,965,040,720	-
2. Payments for capital refunds and shares redemptions	32		(1,176,335,920)	-
3. Proceeds from borrowings	33		1,200,000,000,000	1,242,010,000,000
4. Payments to settle loan principals	34	VI.14	(1,242,010,000,000)	(1,110,720,000,000)
5. Payments to settle finance lease liabilities	35		-	-
6. Payments of dividends	36		(7,238,478,492,000)	(6,000,711,624,000)
<i>Net cash flows from financing activities</i>	40		(6,926,699,787,200)	(5,869,421,624,000)
Net cash flows during the period (20+30+40)	50		(582,540,853,643)	(228,612,565,896)
Cash and cash equivalents at the beginning of the period	60		1,067,935,585,325	1,298,826,375,540
Effect of exchange rate fluctuations	61		(35,888,530)	(2,278,224,319)
Cash and cash equivalents at the end of the period (50+60+61)	70		485,358,843,152	1,067,935,585,325

Prepared on 25 January 2017,

Prepared by

Acting Executive Director – Finance
cum Chief Accountant

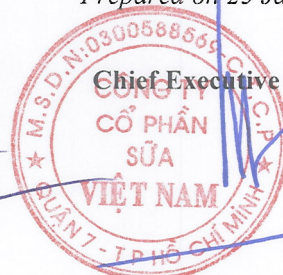
Chief Executive Officer



Nguyen Duc Dieu Tho



Le Thanh Liem



Mai Kieu Lien

NOTES TO THE 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 financial statements)

I. CORPORATE INFORMATION

1. Form of ownership:

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

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

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

2. Principal activities

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

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

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- h. Provide health care clinic services (not at the head office);
- i. Raise cattle, cultivation

3. Normal operating cycle

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

4. Company structure:

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

+ Subsidiaries	Principal activities	% of ownership	% of voting rights
– Lamson Dairy Products One Member Company Limited	Milk production	100%	100%
– Vietnam Dairy Cow One Member Limited Company	Dairy cow raising	100%	100%
– Thong Nhat Thanh Hoa Dairy Cow Limited Company	Milk production, cattle raising	96.11%	96.11%
– Driftwood Dairy Holdings Corporation	Milk production	100%	100%
– Angkor Dairy Products Co., Ltd.	Milk production	51%	51%
– Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	Dairy raw materials and animal trading	100%	100%
+ Associates:			
– Asia Saigon Food Ingredients Joint Stock Company	Dairy raw materials production	15%	15%
– Miraka Limited	Milk production	22.81%	22.81%
– Apis Corporation	Food raw materials trading	18%	18%

+ Dependent units:**Sales branches:**

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

2/ Vietnam Dairy Products Joint Stock Company's Branch in Da Nang – 7th Floor, Danang Post Office Tower, 271 Nguyen Van Linh, Vinh Trung Ward, Thanh Khe District, Da Nang City.

VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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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 City.
- 5/ Sai Gon Dairy Factory - Tan Thoi Hiep Industrial Park, District 12, Ho Chi Minh City.
- 6/ Nghe An Dairy Factory - Sao Nam Street, Nghi Thu Commune, Cua Lo Town, Nghe An.
- 7/ Binh Dinh Dairy Factory - 87 Hoang Van Thu, Quang Trung Ward, Quy Nhon City, Binh Dinh.
- 8/ Vietnam Beverage Factory - My Phuoc II Industrial Park, Binh Duong.
- 9/ Tien Son Dairy Factory - Tien Son Industrial Park, Bac Ninh.
- 10/ Da Nang Dairy Factory - Hoa Khanh Industrial Park, Da Nang City.
- 11/ Vietnam Powdered Milk Factory - 9 Tu Do Boulevard - Vietnam-Singapore Industrial Park, Thuan An District, Binh Duong.
- 12/ Vietnam Dairy Factory - My Phuoc II Industrial Park, Binh Duong Province.

Warehouses:

- 1/ Ho Chi Minh Logistic enterprise - 32 Dang Van Bi, Thu Duc District, HCMC.
- 2/ Ha Noi Logistic enterprise - Km 10 Highway 5, Duong Xa Commune, Gia Lam District, Ha Noi.

Clinics:

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

II. ACCOUNTING PERIOD AND ACCOUNTING CURRENCY

1. Annual accounting period

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

2. Accounting currency

The accounting currency is Vietnam Dong (VND).

III. ACCOUNTING STANDARDS AND SYSTEM APPLIED

1. The accounting system

- The Company had adopted the Vietnamese Accounting System for enterprises in accordance with Circular No. 200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014.
- The financial information has been prepared in accordance with Vietnamese Accounting Standard No. 21 – *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.
- The Board of Management assured to comply completely with requirements of Vietnamese Accounting Standards and the Vietnamese Accounting System for enterprises in preparing the financial statements.

3. Accounting form

The Company applies computerised accounting form.

IV. ACCOUNTING POLICIES APPLIED

1. Basis of preparation

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

2. Foreign exchange rates applied in accounting

a. For foreign currency transactions:

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

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

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

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

c. Exchange rates used for translation at the reporting date:

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

3. Cash and cash equivalents recognition principlesa. Cash and cash equivalents recognition principles:

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

b. Cash equivalents:

Are short-term investments, deposits with recoverable period or maturity 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 accounting principles

a. Trading securities

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

b. Held-to-maturity investments

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

c. Loans receivable

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

d. Equity investments in other entities:

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

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▪ Subsidiaries

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

▪ Associates

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

5. Accounts receivable accounting principles

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

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

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

6. Inventory recognition principles

a. Inventory recognition principles:

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

b. Inventory valuation method:

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

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

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

c. Inventory accounting method:

Perpetual method.

d. Allowance for inventories:

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

7. Fixed asset recognition and depreciation principles

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

a. Principles of tangible and intangible fixed assets recognition:

▪ **Tangible fixed assets:**

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

▪ **Intangible fixed assets:**

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

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

b. Depreciation method:

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

Category	Time (years)
Buildings and structure	10 – 50
Machinery and equipment	8 – 15
Motor vehicles, transmission	6 – 10
Tools and equipment	3 – 10

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

8. Investment property recognition principles

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

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

9. Deferred income tax accounting principles

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

10. Prepaid expenses recognition principles

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

11. Payable liabilities recognition principles

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

12. Borrowing and finance lease liabilities recognition principles

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

13. Accrued expense recognition principles

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

14. Provision recognition principles and methods

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

15. Unearned revenue recognition principles

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

16. Equity recognition principles

The Company's equity includes:

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

17. Revenue recognition principles and methods

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

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

18. Revenue deduction accounting principles

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

19. Cost of sales accounting principles

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

20. Financial expenses accounting principles

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

- Foreign exchange losses: recorded when there is a difference between actual transaction rate and accounting rate and when there is a loss in revaluation of monetary items denominated in foreign currencies.

21. Current and deferred income tax recognition principles and method

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

22. Classification of financial instruments

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

a. Financial assets

➤ Financial assets at fair value through profit or loss

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

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

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- Upon initial recognition, it is designated by the Company as at financial assets at fair value through profit or loss.

➤ **Held-to-maturity investments**

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

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

➤ **Loans and receivables**

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

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

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

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

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

b. Financial liabilities

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

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

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

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

➤ **Financial liabilities carried at amortised cost**

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

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

V. **FINANCIAL RISK MANAGEMENT:**

Financial risk factors:

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

1. **Market risk**

- Market risk is the risk that fair value or future cash flows of a financial instrument will be affected by the volatility of market price. Market risk includes 3 types of risk: currency risk, interest rate risk and other market price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.
- a. **Currency risk**
- The Company is exposed to currency risk on sales and purchases that are denominated in currencies other than VND. These currencies are mainly USD and EUR (other currencies have insignificant transactions).
- The Company's exposure to currency risk is managed by retaining the exposure at an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term over-exposures and

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planning a payment schedule of foreign currencies with the highest possible accuracy. During the year, the Board of Management decided to use USD buying forward contract to settle USD loans when they fall due, in order to hedge the interest rate fluctuations.

- Exposures to currency risk of the Company from USD and EUR is as follows:

As at 31 December 2016

	Foreign currencies		VND equivalent	
	USD	EUR	USD	EUR
Financial assets				
Cash on hand and cash at 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)	(870,971.67)	(623,626,464,193)	(21,061,836,924)
Currency risk exposure	<u>(3,334,643.54)</u>	<u>(870,174.37)</u>	<u>(78,159,171,943)</u>	<u>(21,042,823,711)</u>

As at 31 December 2015

	Foreign currencies		VND equivalent	
	USD	EUR	USD	EUR
Financial assets				
Cash on hand and cash at banks	22,791,962.78	19,731.04	511,679,564,411	481,733,342
Trade and other receivables	13,886,927.06	-	311,761,512,396	-
	<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)
Currency risk exposure	<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 period 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	24,812	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 of the year is lower/ higher by 625,273,376 VND, mainly due to foreign exchange losses/gains in translating trade receivables and payables denominated in USD.

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- As at 31 December 2016, if VND weakens/strengthens by 2 % against the EUR, while all other variables remain constant, profit after tax of the year is lower/higher by 336,685,179 VND, mainly due to foreign exchange losses/gains in from translating the trade receivables and payables denominated in EUR.

b. Price risk

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

c. Interest rate risk

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

2. Credit risk

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

- Exposure to credit risk:

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

	31/12/2016	31/12/2015
Cash and cash equivalents	484,567,254,315	1,067,056,620,801
Held to maturity investment	10,116,500,000,000	8,736,596,000,000
Trade and other receivables	2,445,992,509,178	2,410,343,450,979
	<u>13,047,059,763,493</u>	<u>12,213,996,071,780</u>

- Cash and cash equivalents:

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

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- Held to maturity investments

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

- Trade and other receivables

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

a. Financial assets neither past due nor impaired:

- Cash in banks and investments in bonds that are neither past due nor impaired is bank deposits and bond investments with high credit rating in Vietnam. Trade and other receivables that are neither past due nor impaired are mainly from companies with good collection history with the Company.
- Trade and other receivables of the Company that are neither past due nor impaired amount to 2,425,985,390,881 VND (2015: 2,389,555,218,048 VND).

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b. Financial assets overdue and/or impaired:

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

	31/12/2016	31/12/2015
Past due 1 to 30 days	40,413,823,659	57,414,492,023
Past due 31 to 60 days	1,762,548,396	10,589,984,629
Past due 61 to 90 days	691,305,540	-
Past due more than 90 days	281,213,709	1,006,944,519
	43,148,891,304	69,011,421,171

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

	31/12/2016	31/12/2015
Gross amount	950,010,334	34,409,000
Less: Allowance for dilution in value	(475,005,167)	(34,409,000)
	475,005,167	-

	31/12/2016	31/12/2015
Opening balance	34,409,000	2,507,733,503
Increase in allowance	469,005,167	(1,336,062,129)
Written off bad debts	(28,409,000)	(1,137,262,374)
Closing balance	475,005,167	34,409,000

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3. Liquidity risk:

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

	Carrying amount	Contractual cash flows	Within 1 year
As at 31 December 2016			
- Accounts payable – trade	2,568,934,375,909	2,568,934,375,909	2,568,934,375,909
- Payables to employess	166,926,421,131	166,926,421,131	166,926,421,131
- Accrued expenses	984,149,487,382	984,149,487,382	984,149,487,382
- Other short-term payables	574,093,150,299	574,093,150,299	574,093,150,299
- Borrowings	1,200,000,000,000	1,209,473,333,333	1,209,473,333,333
	<u>5,494,103,434,721</u>	<u>5,503,576,768,054</u>	<u>5,503,576,768,054</u>
As at 31 December 2015			
- Accounts payable – trade	2,118,962,866,700	2,118,962,866,700	2,118,962,866,700
- Payables to employess	439,923,313,515	439,923,313,515	439,923,313,515
- Accrued expenses	559,028,023,597	559,028,023,597	559,028,023,597
- Other short-term payables	579,352,532,299	579,352,532,299	579,352,532,299
- Borrowings	1,242,010,000,000	1,250,658,738,352	1,250,658,738,352
	<u>4,939,276,736,111</u>	<u>4,947,925,474,463</u>	<u>4,947,925,474,463</u>

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4. Fair values measurement

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

	Note	31/12/2016		31/12/2015	
		Carrying amount	Fair value	Carrying amount	Fair value
Categorised as financial assets at fair value through profit or loss:					
- Short-term investments in listed equity instruments held-to-maturity	(ii)	-	-	-	-
Categorised as held-to-maturity investments (*):					
- Term deposits	(i)	9,626,500,000,000	9,626,500,000,000	8,246,596,000,000	8,246,596,000,000
- Corporate bonds	(v)	490,000,000,000	Note (v)	490,000,000,000	Note (v)
Categorised as loans and receivables:					
- Cash and cash equivalents	(i)	484,567,254,315	484,567,254,315	1,067,056,620,801	1,067,056,620,801
- Trade and other receivables	(i)	2,445,992,509,178	2,445,992,509,178	2,410,343,450,979	2,410,343,450,979
Categorised as available-for-sale:					
- Short-term investments in listed equity instruments available-for-sale	(ii)	23,400	67,200	576,932,516	376,108,200
- Short-term investments in unlisted equity instruments available-for-sale	(iii)	23,464,616	23,464,616	82,307,124,616	10,807,701,816
- 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 investment funds	(iv)	10,270,276,240	2,779,974,471	10,270,276,240	5,530,149,292
- Other long-term investments	(v)	300,000,000	Note (v)	300,000,000	Note (v)
Categorised as liabilities at amortised cost:					
- Trade and other payables	(i)	5,494,103,434,721	5,494,103,434,721	4,939,276,736,111	4,939,276,736,111

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

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

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

ii. Short-term investments in listed equity securities

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

iii. Short-term investments in unlisted equity securities

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

iv. Long-term investments in investment funds

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

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

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

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

	<u>Closing balance</u>	<u>Opening balance</u>
- Cash on hand	791,588,837	878,964,524
- Cash in banks	484,567,254,315	1,067,056,620,801
- Cash in transit	-	-
- Cash equivalents	-	-
• <i>Deposits with maturity not more than 3 months</i>	-	-
• <i>Bonds, treasury bill, promissory note</i>	-	-
Total	<u>485,358,843,152</u>	<u>1,067,935,585,325</u>

2. Accounts receivable

	<u>Closing balance</u>	<u>Opening balance</u>
Short-term accounts receivable from customers		
- Abdulkarim Alwan Foodstuff Trading (LLC)	429,110,901,892	203,761,695,760
- Other accounts receivable from customers	1,554,769,216,373	1,855,260,563,701
Total	<u>1,983,880,118,265</u>	<u>2,059,022,259,461</u>

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

Subsidiaries	21,269,875,742	121,397,987,653
- Vietnam Dairy Cow One Member Limited Company	4,694,934,985	97,026,738,987
- Lamson Dairy Products One Member Company Limited	5,894,748,601	7,905,186,000
- Thong Nhat Thanh Hoa Dairy Cow Limited Company	40,702,511	83,711,375
- Angkor Dairy Products Co. Ltd	10,114,960,745	16,382,351,291
- Driftwood Dairy Holdings Corporation	524,528,900	-
- Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	-	-
Joint ventures, associates	136,184,400	-
- Asia Saigon Food Ingredients Joint Stock Company	-	-
- Apis Corporation	136,184,400	-
Total	<u>21,406,060,142</u>	<u>121,397,987,653</u>

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3. Other receivables

	Closing balance		Opening balance	
	Cost	Allowance	Cost	Allowance
a. Short-term	478,323,444,840	(475,005,167)	390,914,195,337	(34,409,000)
– Dividends income and share of profit	3,988,025,835	-	-	-
– Interest income from deposits	268,804,804,005	-	212,049,612,558	-
– Interest income from bonds, loans	17,595,726,029	-	16,252,054,779	-
– Receivables from employees	779,702,422	-	845,323,856	-
– Advances for employees	2,286,937,297	-	1,643,057,113	-
– Deposits	177,731,000	-	127,000,000	-
– Import tax refundable	27,796,047,217	-	51,308,507,620	-
– Rebates receivable from suppliers	54,797,825,720	-	54,213,539,996	-
– Expenditures on behalf of third party	99,213,751,320	-	38,110,188,937	-
– Others	2,882,893,995	(475,005,167)	16,364,910,478	(34,409,000)
b. Long-term	7,880,729,414	-	8,664,593,421	-
– Deposits	1,633,044,588	-	1,416,908,595	-
– Others	6,247,684,826	-	7,247,684,826	-
Total	486,204,174,254	(475,005,167)	399,578,788,758	(34,409,000)

4. Shortage of assets awaiting resolution

	Closing balance		Opening balance	
	Quantity	Amount	Quantity	Amount
- 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	950,010,334	-	34,409,000	-

In which:

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

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

	Closing balance			Opening balance		
	Cost	Fair value	Allowance	Cost	Fair value	Allowance
– Total value of shares						
in which :	23,488,016	23,531,816	-	82,884,057,132	11,183,810,016	(71,700,323,906)
+ An Binh Commercial Joint Stock Bank (ABB)	-	-	-	82,283,660,000	10,784,237,200	(71,499,422,800)
+ Other shares	23,488,016	23,531,816	-	600,397,132	399,572,816	(200,901,106)
– Total value of bonds	-	-	-	-	-	-
– Others	442,000,000,000	442,000,000,000	-	442,000,000,000	442,000,000,000	-
+ Bao Viet Joint Stock Commercial Bank	442,000,000,000	442,000,000,000	-	442,000,000,000	442,000,000,000	-
Total	442,023,488,016	442,023,531,816	-	524,884,057,132	453,183,810,016	(71,700,323,906)

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

	Current year	Previous year
– Opening balance	(71,700,323,906)	(139,208,371,400)
– Allowance made	-	(1,960,770,400)
– Written back	260,762,300	14,723,076,000
– Allowance utilised	71,439,561,606	54,745,741,894
Closing balance	-	(71,700,323,906)

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b. Investments in other entities								
	% of		Closing balance			Opening balance		
	Equity owned	Voting rights	Cost	Fair value (*)	Allowance	Cost	Fair value (*)	Allowance
Investments in subsidiaries			3,126,810,823,122	-	(22,761,321,984)	2,500,056,584,693	-	(98,045,272,269)
- Vietnam Dairy Cow One Member Limited Company	100.00%	100.00%	2,110,780,000,000	-	(22,761,321,984)	1,670,000,000,000	-	(98,045,272,269)
- Lamson Dairy Products One Member Company Limited	100.00%	100.00%	370,800,000,000	-	-	370,800,000,000	-	-
- Thong Nhat Thanh Hoa Dairy Cow Limited Company	96.11%	96.11%	135,000,000,000	-	-	73,800,000,000	-	-
- Driftwood Dairy Holdings Corporation	100.00%	100.00%	225,895,918,429	-	-	157,750,560,000	-	-
- Angkor Dairy Products Co. Ltd	51.00%	51.00%	217,871,754,693	-	-	217,871,754,693	-	-
- Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	100.00%	100.00%	66,463,150,000	-	-	9,834,270,000	-	-
Investments in joint ventures, associates			319,289,808,669	-	-	311,189,808,669	-	-
Investments in associates			319,289,808,669	-	-	311,189,808,669	-	-
- Asia Saigon Food Ingredients Joint Stock Company	15.00%	15.00%	18,000,000,000	-	-	18,000,000,000	-	-
- Miraka Limited	22.81%	22.81%	293,189,808,669	-	-	293,189,808,669	-	-
- Apis Corporation	18.00%	18.00%	8,100,000,000	-	-			
Investments in other entities			10,570,276,240	-	(7,490,301,769)	10,570,276,240	-	(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			300,000,000	-	-	300,000,000	-	-
Total			3,456,670,908,031	-	(30,251,623,753)	2,821,816,669,602	-	(102,785,399,217)

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

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

	Current year	Previous year
– Opening balance	(102,785,399,217)	(119,386,972,960)
– Allowance made	(2,750,174,821)	-
– Written back	75,283,950,285	14,123,773,502
– Allowance utilised	-	2,477,800,241
Closing balance	(30,251,623,753)	(102,785,399,217)

c. Held to maturity investments

	Closing balance		Opening balance	
	Cost	Carrying amount	Cost	Carrying amount
Short-term	9,926,500,000,000	9,926,500,000,000	8,200,000,000,000	8,200,000,000,000
– Term deposits	9,626,500,000,000	9,626,500,000,000	8,200,000,000,000	8,200,000,000,000
– Bonds	300,000,000,000	300,000,000,000	-	-
– Others investments	-	-	-	-
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
– Others investments	-	-	-	-
Total	10,116,500,000,000	10,116,500,000,000	8,736,596,000,000	8,736,596,000,000

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7. Inventories

	Closing balance		Opening balance	
	Cost	Allowance	Cost	Allowance
– Goods in transit	561,281,869,361	-	649,191,603,779	-
– Raw materials, fuel, technical materials	2,315,039,717,953	(7,137,697,729)	1,858,017,844,797	(4,540,567,450)
– Tools and supplies	472,026,406	-	336,435,996	-
– Work in progress	15,105,363,931	-	14,456,785,004	-
– Finished goods	1,146,274,640,723	(9,535,793,517)	887,430,081,420	(12,575,419,308)
– Merchandise inventories	72,437,224,462	-	46,500,127,191	-
– Goods on consignment	4,791,796,832	-	28,462,136,899	-
Total	4,115,402,639,668	(16,673,491,246)	3,484,395,015,086	(17,115,986,758)

Movements in the allowance for inventories are as follows:

	Current year	Previous year
– Opening balance	(17,115,986,758)	(12,977,886,653)
– Allowance made	(20,495,989,783)	(24,948,604,734)
– Written back	10,647,145,123	14,757,077,585
– Allowance utilised	10,291,340,172	6,053,427,044
Closing balance	(16,673,491,246)	(17,115,986,758)

8. Construction in progress

	Current year	Previous year
– Opening balance	277,294,577,637	284,106,071,554
– Additions	645,028,465,318	452,461,225,964
– Other increases	-	2,583,796,307
– Transfer to tangible fixed assets	(346,576,887,766)	(262,958,627,168)
– Transfer to intangible fixed assets	-	(28,197,705,229)
– Transfer to investment property	-	-
– Transfer to inventories	(32,951,504)	(830,923,853)
– Transfer to prepayments	(2,749,287,993)	(19,568,769,205)
– Disposals	(142,448,689,166)	(110,855,170,774)
– Other decreases	(206,783,451)	(39,445,319,959)
Closing balance	430,308,443,075	277,294,577,637

Major constructions in progress are as follows:

	Closing balance	Opening balance
Machinery and equipment – Lam Son Dairy Factory	30,025,233,724	123,805,377,889

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	<u>Closing balance</u>	<u>Opening balance</u>
Machinery and equipment – Tien Son Dairy Factory	23,655,279,304	53,100,190,499
Office building project – Can Tho Branch	52,079,729,352	52,079,729,352
Machinery and equipment – Sai Gon Dairy Factory	90,072,363,870	6,881,459,400
Machinery and equipment – Viet Nam Dairy Factory	179,888,609,336	-

9. Movements of tangible fixed assets

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Motor vehicles</u>	<u>Office equipment</u>	<u>Total</u>
Cost					
+Opening balance	1,830,141,862,984	7,424,513,052,750	610,284,431,816	437,101,292,086	10,302,040,639,636
+Additions					
-Purchases	14,722,475,144	51,195,823,629	53,424,678,866	24,468,559,899	143,811,537,538
-Transfer from construction in progress	18,104,707,577	286,538,779,294	32,785,877,437	9,147,523,458	346,576,887,766
-Reclassification	11,839,362,577	(8,015,376,172)		(3,823,986,405)	-
+Decreases					
-Transfer to investment property	-	-	-	-	-
-Disposals	-	(31,113,664,295)	(11,201,850,063)	(1,707,116,991)	(44,022,631,349)
-Other decreases	-	-	-	-	-
+Closing balance	1,874,808,408,282	7,723,118,615,206	685,293,138,056	465,186,272,047	10,748,406,433,591
Accumulated depreciation					
+Opening balance	435,048,402,582	3,325,789,125,304	258,894,095,218	280,090,833,532	4,299,822,456,636
+Additions					
-Charged for the year	83,517,372,994	679,753,310,142	56,931,539,128	56,990,219,961	877,192,442,225
-Reclassification	2,474,487,022	1,370,858,339	-	(3,845,345,361)	-
+Decreases					
-Transfer to investment property	-	-	-	-	-
-Disposals	-	(31,109,962,401)	(8,109,577,835)	(1,685,295,409)	(40,904,835,645)
-Other decreases	-	-	-	-	-
+Closing balance	521,040,262,598	3,975,803,331,384	307,716,056,511	331,550,412,723	5,136,110,063,216
Net book value					
+Opening balance	1,395,093,460,402	4,098,723,927,446	351,390,336,598	157,010,458,554	6,002,218,183,000
+Closing balance	1,353,768,145,684	3,747,315,283,822	377,577,081,545	133,635,859,324	5,612,296,370,375

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10. Movements of intangible fixed assets

	Land use rights	Copyrights, patent	Trademark	Software	Total
Cost					
+Opening balance	166,507,249,624	-	-	129,772,188,308	296,279,437,932
+Additions					
-Purchases	-	-	-	1,340,358,000	1,340,358,000
-Transfer from construction in progress	-	-	-	-	-
-Increase from business combination	-	-	-	-	-
-Other increases	-	-	-	-	-
+Decreases					
-Disposals	-	-	-	-	-
-Other decreases	-	-	-	-	-
+Closing balance	166,507,249,624	-	-	131,112,546,308	297,619,795,932
Accumulated amortisation					
+Opening balance	26,543,438,045	-	-	76,721,081,484	103,264,519,529
+Additions					
-Amortisation	2,178,493,690	-	-	13,950,634,016	16,129,127,706
-Other increases	-	-	-	-	-
+Decreases					
-Disposals	-	-	-	-	-
-Other decreases	-	-	-	-	-
+Closing balance	28,721,931,735	-	-	90,671,715,500	119,393,647,235
Net book value					
+Opening balance	139,963,811,579	-	-	53,051,106,824	193,014,918,403
+Closing balance	137,785,317,889	-	-	40,440,830,808	178,226,148,697

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11. Investment property

	Land use rights	Buildings	Infrastructure	Total
Cost				
+Opening balance	82,224,238,170	87,584,055,107	6,464,218,561	176,272,511,838
+Additions				
-Purchases	-	-	-	-
-Transfer from construction in progress	-	-	-	-
-Transfer from fixed assets	-	-	-	-
-Other increases	-	-	-	-
-Reclassification	-	-	-	-
+Decreases				
-Disposals	-	-	-	-
-Other decreases	-	-	-	-
+Closing balance	82,224,238,170	87,584,055,107	6,464,218,561	176,272,511,838
Accumulated amortisation				
+Opening balance	1,851,632,773	30,753,247,520	3,944,983,747	36,549,864,040
+Additions				
-Amortisation	793,556,901	3,403,089,429	630,586,190	4,827,232,520
-Other decreases	-	-	-	-
+Decreases				
-Disposals	-	-	-	-
+Closing balance	2,645,189,674	34,156,336,949	4,575,569,937	41,377,096,560
Net book value				
+Opening balance	80,372,605,397	56,830,807,587	2,519,234,814	139,722,647,798
+Closing balance	79,579,048,496	53,427,718,158	1,888,648,624	134,895,415,278

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12. Prepayments*a. Short-term prepayments*

	Opening balance	Additions	Amortised to expenses	Other decreases	Closing balance
– Prepaid software deployment and network 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	31,016,127,322	39,903,066,972	-	7,007,482,846
– Prepaid materials, tools and supplies expenses	6,453,467,173	34,478,405,541	30,044,438,649	-	10,887,434,065
– Prepaid revonaton, major repair expenses	5,036,642,188	12,550,419,780	14,777,463,187	-	2,809,598,781
– Others	2,201,386,036	67,245,227,015	67,739,597,291	-	1,707,015,760
Total	38,346,903,574	175,302,589,663	180,324,693,055	-	33,324,800,182

b. Long-term prepayments

	Opening balance	Additions	Amortised to expenses	Other decreases	Closing balance
– Leased land and infrastructure expenses	117,987,380,387	14,638,947,086	5,219,157,168	-	127,407,170,305
– Tools and supplies expenses	106,651,744,871	86,411,091,822	58,957,900,902	-	134,104,935,791
– Others	54,148,764,789	32,444,912,150	48,165,933,280	-	38,427,743,659
Total	278,787,890,047	133,494,951,058	112,342,991,350	-	299,939,849,755

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13. Accounts payable - trade

	Closing balance		Opening balance	
	Value	Amount within payment capacity	Value	Amount within payment capacity
a, Short-term accounts payable to suppliers	2,568,934,375,909	2,568,934,375,909	2,118,962,866,700	2,118,962,866,700
– Lamson Dairy Products One Member Company Limited	230,564,754,601	230,564,754,601	140,420,664,436	140,420,664,436
– Dat Viet VAC Media	185,303,454,839	185,303,454,839	382,779,457,871	382,779,457,871
– Other suppliers	2,153,066,166,469	2,153,066,166,469	1,595,762,744,393	1,595,762,744,393
 b, Accounts payable to suppliers who are related parties	 271,185,334,835	 271,185,334,835	 301,546,559,787	 301,546,559,787
<i>Subsidiaries</i>	<i>262,424,384,835</i>	<i>262,424,384,835</i>	<i>226,861,974,947</i>	<i>226,861,974,947</i>
– Vietnam Dairy Cow One Member Limited Company	28,517,268,205	28,517,268,205	15,618,162,511	15,618,162,511
– Lamson Dairy Products One Member Company Limited	230,564,754,601	230,564,754,601	140,420,664,436	140,420,664,436
– Driftwood Dairy Holdings Corporation	-	-	-	-
– Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	3,329,163,200	3,329,163,200	70,823,148,000	70,823,148,000
– Angkor Dairy Products Co. Ltd	13,198,829	13,198,829	-	-
 <i>Joint ventures, associates</i>	 <i>8,760,950,000</i>	 <i>8,760,950,000</i>	 <i>74,684,584,840</i>	 <i>74,684,584,840</i>
– Miraka Limited	-	-	74,684,584,840	74,684,584,840
– Apis Corporation	8,760,950,000	8,760,950,000	-	-

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14. Borrowings and finance lease liabilities :

	Closing balance		Movement during the year		Opening balance	
	Carrying value	Repayable amount	Increase	Decrease	Carrying value	Repayable amount
Short-term borrowings	1,200,000,000,000	1,200,000,000,000	1,200,000,000,000	(1,242,010,000,000)	1,242,010,000,000	1,242,010,000,000
– The Bank of Tokyo-Mitsubishi UFJ Ltd.	-	-	-	(564,550,000,000)	564,550,000,000	564,550,000,000
– Joint Stock Commercial Bank for Foreign Trade of Vietnam	-	-	-	(677,460,000,000)	677,460,000,000	677,460,000,000
– Joint Stock Commercial Bank for Foreign Trade of Vietnam	1,100,000,000,000	1,100,000,000,000	1,100,000,000,000	-	-	-
– The Bank of Tokyo-Mitsubishi UFJ Ltd.	100,000,000,000	100,000,000,000	100,000,000,000	-	-	-
Long-term borrowings	-	-	-	-	-	-
Total	1,200,000,000,000	1,200,000,000,000	1,200,000,000,000	(1,242,010,000,000)	1,242,010,000,000	1,242,010,000,000

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15. Taxes payable to State Treasury

	<u>Opening balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Closing balance</u>
- VAT of domestic goods sold	109,163,146,287	1,475,513,705,334	1,534,891,990,821	49,784,860,800
- 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
- Import-export tax	1,113,500,048	129,188,318,759	128,570,240,817	1,731,577,990
- Corporate income tax	59,458,847,685	1,831,036,765,405	1,722,453,829,341	168,041,783,749
- Withholding corporate income tax	-	7,958,433,465	6,836,337,324	1,122,096,141
- Personal income tax	30,553,012,885	319,517,473,163	335,714,188,425	14,356,297,623
- Natural resource tax	35,053,430	688,148,833	659,592,965	63,609,298
- Land tax	-	1,110,018	1,110,018	-
- Land rental charges	-	6,421,540,151	6,421,540,151	-
- Other taxes	-	982,040,684	446,524,629	535,516,055
- Fees, charges and other payables to State Treasury	-	27,533,034,085	27,533,034,085	-
Total	204,127,132,111	4,172,332,664,729	4,131,428,433,392	245,031,363,448

16. Accrued expenses

	<u>Closing balance</u>	<u>Opening balance</u>
- Promotion, sales support expenses	583,040,840,709	303,369,638,660
- 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	21,056,388,889	7,413,916,610
- Fuel expenses	13,959,796,579	13,355,140,533
- Expenses for outsourced employees	62,494,315,062	34,667,035,675
- Others	42,678,787,250	38,768,749,918
Total	984,149,487,382	559,028,023,597

17. Short-term unearned revenue

	<u>Closing balance</u>	<u>Opening balance</u>
- Short-term unearned revenue	2,629,190,398	140,459,988
Total	2,629,190,398	140,459,988

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18. Other payables

	<u>Closing balance</u>	<u>Opening balance</u>
– Social insurance, health insurance, unemployment insurance	14,284,710	492,228,528
– Trade union fees	34,462,000	20,991,998
– Short-term deposits received	70,812,658,216	63,454,967,568
– Other payables from financial investments	448,007,419,155	448,007,419,155
– Import duty payables	42,613,702,494	58,076,772,374
– Other payables	12,610,623,724	9,300,152,676
Total	574,093,150,299	579,352,532,299

19. Provisions

	<u>Closing balance</u>	<u>Opening balance</u>
a. Short-term provision		
– Fixed asset maintenance and repair	889,995,571	2,420,017,605
b. Long-term provision		
– Severance allowance	95,736,043,500	87,099,730,000
Total	96,626,039,071	89,519,747,605

20. Bonus and Welfare fund

	<u>Current year</u>	<u>Previous year</u>
– Opening balance	403,036,668,825	352,792,666,151
– Appropriation	924,537,049,464	767,737,571,177
– Utilisation	(872,594,229,108)	(717,493,568,503)
Closing balance	454,979,489,181	403,036,668,825

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

	<u>Closing balance</u>	<u>Opening balance</u>
– Income tax rate used to determine value of deferred tax assets	20%	20%
– Deferred tax assets related to deductible temporary differences	35,025,626,680	25,180,187,314
– Offset with deferred tax liabilities	(374,813,928)	-
Total	34,650,812,752	25,180,187,314

b. Deferred tax liabilities

	<u>Closing balance</u>	<u>Opening balance</u>
– Income tax rate used to determine value of deferred tax liabilities	20%	20%
– Deferred tax liabilities arising from taxable temporary differences	374,813,928	-
– Offset with deferred tax assets	(374,813,928)	-
Total	-	-

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22. Owners' equity:

Items	Share capital	Share premium	Treasury shares	Investment and development fund	Retained profits	Total
A	1	2	3	4	5	6
Opening balance in Previous year	10,006,413,990,000	-	(5,388,109,959)	2,521,718,366,944	6,926,119,661,466	19,448,863,908,451
- Additions	2,000,207,940,000	-	-	-	(2,000,207,940,000)	-
- Purchase of treasury shares	-	-	-	-	-	-
- Net profit for the year	-	-	-	-	7,677,375,711,774	7,677,375,711,774
- Appropriation to equity funds	-	-	-	767,737,571,177	(1,535,475,142,354)	(767,737,571,177)
- Other additions	-	-	-	-	-	-
- Dividends	-	-	-	-	(6,000,711,624,000)	(6,000,711,624,000)
Opening balance in Current year	12,006,621,930,000	-	(5,388,109,959)	3,289,455,938,121	5,067,100,666,886	20,357,790,425,048
- Additions	2,507,912,360,000	260,699,620,761	5,388,109,959	(2,419,035,050,000)	-	354,965,040,720
- Purchase of treasury shares	-	-	(1,176,335,920)	-	-	(1,176,335,920)
- Net profit for the year	-	-	-	-	9,245,370,494,638	9,245,370,494,638
- Appropriation to equity funds	-	-	-	924,537,049,464	(1,849,074,098,928)	(924,537,049,464)
- Other additions	-	-	-	-	-	-
- Dividends	-	-	-	-	(7,238,478,492,000)	(7,238,478,492,000)
- Other decreases	-	-	-	-	-	-
Closing balance	14,514,534,290,000	260,699,620,761	(1,176,335,920)	1,794,957,937,585	5,224,918,570,596	21,793,934,083,022

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Details of owners' equity

	Closing balance	Opening balance
- 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

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

Shares

	Closing balance	Opening balance
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 STATEMENTS OF INCOME:**1. Revenue**

	<u>Current year</u>	<u>Previous year</u>
Total revenue	43,932,164,892,426	38,009,930,558,904
• Sales of merchandise inventories	1,773,809,041,542	1,231,278,825,898
• Sales of finished goods	42,031,616,457,513	36,645,016,099,293
• Service rendered	38,091,344,143	33,673,155,398
• Real estate trading activities	14,781,077,080	13,771,318,271
• Others	73,866,972,148	86,191,160,044
Less sales deductions:	123,038,511,216	96,431,044,141
• Sale discounts	-	-
• Sales rebates	-	2,169,545,595
• Sale returns	123,038,511,216	94,261,498,546
Net revenue	43,809,126,381,210	37,913,499,514,763
<i>In which:</i>		
• Sales of merchandise inventories and finished goods	43,756,253,959,987	37,866,055,041,094
• Service rendered	52,872,421,223	47,444,473,669

In which revenue with related parties was as follows:

	<u>Current year</u>	<u>Previous year</u>
Subsidiaries	576,855,491,404	427,332,795,808
– Vietnam Dairy Cow One Member Limited Company	120,635,770,781	64,750,496,377
– Lamson Dairy Products One Member Company Limited	401,763,718,979	303,921,718,044
– Thong Nhat Thanh Hoa Dairy Cow Company Limited	2,334,242,530	1,951,304,853
– Angkor Dairy Products Co. Ltd	50,610,228,699	56,709,276,534
– Driftwood Dairy Holdings Corporation	1,511,530,415	-
Joint ventures, associates	6,358,270,807	523,158,947
– Asia Saigon Food Ingredients Joint Stock Company	5,912,758,807	523,158,947
– Apis Corporation	445,512,000	-
Total	583,213,762,211	427,855,954,755

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2. Cost of goods sold

	Current year	Previous year
– Cost of merchandise inventories sold	1,490,989,417,149	1,035,961,935,745
– Cost of finished goods sold	19,869,130,549,663	19,591,786,998,838
– Cost of promotional goods	1,138,195,464,367	1,810,896,557,255
– Cost of services rendered	5,723,123,980	3,098,117,745
– Operating costs of investment property held for earn rental	8,818,721,507	7,715,592,758
– Inventories losses	-	-
– Under-capacity costs	-	10,867,636,599
– Allowance for inventories	9,848,844,660	10,191,527,149
Total	22,522,706,121,326	22,470,518,366,089

3. Financial income

	Current year	Previous year
– Interest income from deposits	618,680,914,155	525,480,839,066
– Interest income from bonds	38,593,671,250	27,693,150,666
– Dividends	80,121,753,282	15,145,102,599
– Gains on disposal of securities	8,030	77,215,600
– Foreign exchange gains	38,282,999,485	71,324,036,261
– Others	14,198,199	63,648,442
Total	775,693,544,401	639,783,992,634

4. Financial expenses

	Current year	Previous year
– Interest expense on borrowings	29,633,689,355	13,936,351,072
– Interest income 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	38,044,924,662	124,836,482,306
– Allowance for diminution in value of short-term investments	(260,762,300)	(12,762,305,600)
– Allowance for diminution in value of long-term investments	(72,533,775,464)	(14,123,773,502)
– Payment discounts	-	(273,015,418)
– Others	-	-
Total	(1,239,350,917)	114,125,221,658

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5. Other income

	Current year	Previous year
- Proceeds from disposals of fixed assets	11,378,896,619	5,876,106,807
- Proceeds from disposals of construction in progress	142,499,768,999	110,987,881,709
- Compensations received from other parties	4,356,970,526	11,881,210,135
- Rebate income from suppliers	100,049,825,720	79,652,573,289
- Collection from written-off doubtful debts	6,000,000	10,000,000
- Tax refund	-	467,277
- Others	5,003,914,174	35,258,284,398
Total	263,295,376,038	243,666,523,615

6. Other expenses

	Current year	Previous year
- Book value of fixed assets disposed	3,117,795,704	5,959,656,185
- Expense incurred relating to disposal of fixed assets	76,363,636	19,976,000
- Book value of construction in progress disposed	142,448,689,166	110,855,170,774
- Breach of contract penalties	31,463,632	15,310,000
- Tax penalties	648,885,013	3,834,780,822
- Others	3,823,476,878	49,256,718
Total	150,146,674,029	120,734,150,499

7. Production and business costs by element

	Current year	Previous year
- Materials costs included in production costs	18,310,004,489,484	18,734,559,922,756
- Labour and staff costs	1,238,141,822,844	1,399,926,733,615
- Fixed assets depreciation	897,420,910,134	876,974,011,354
- Outside services expenses	1,831,369,897,661	1,655,826,321,857
- Other expenses	10,499,487,681,237	6,757,225,879,639
Total	32,776,424,801,360	29,424,512,869,221

In which:

Production costs:

	Current year	Previous year
- Materials costs	18,260,410,085,468	18,675,322,512,723
- Labour and staff costs	708,508,642,724	634,137,254,938
- Fixed assets depreciation	804,318,312,977	785,114,064,846
- Outside services	694,350,810,958	621,511,807,114
- Other expenses	61,076,262,260	51,493,018,112
Total	20,528,664,114,387	20,767,578,657,733

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Selling expenses

	Current year	Previous year
- Staff costs	288,108,799,103	256,530,282,081
- Materials expenses	37,309,743,435	42,199,370,765
- Tools and supplies expenses	84,106,402,255	55,392,359,727
- Depreciation expenses	25,729,639,832	24,531,901,968
- Maintenance expenses	25,597,661,339	20,934,283,343
- Transportation expenses	531,690,989,955	552,969,023,597
- Other outside services expenses	326,849,410,184	265,992,251,894
- Advertising, market research expenses	2,066,520,256,094	1,807,110,175,203
- Promotion, product display and sale support expenses	6,934,679,818,572	2,857,723,607,682
Total	10,320,592,720,769	5,883,383,256,260

General and administration expenses

	Current year	Previous year
- Staff costs	241,524,381,017	509,259,196,596
- Materials expenses	12,284,660,581	17,038,039,268
- Office supplies	6,515,636,860	7,270,494,549
- Depreciation expenses	67,372,957,325	67,328,044,540
- Fees and duties	10,430,653,385	6,318,308,959
- Allowance expenses	10,522,847,997	10,286,259,203
- Transportation expenses	41,659,941,622	46,856,620,341
- Outside services expenses	236,818,744,942	168,496,618,911
- Loading expenses	22,111,996,989	23,293,724,175
- Per-diem allowances	44,276,912,915	34,239,949,346
- Bank charges	4,041,827,006	3,563,869,239
- Other expenses by cash	91,411,941,198	68,703,272,846
Total	788,972,501,837	962,654,397,973

8. Current tax expense

	Current year	Previous year
- Income tax expense calculated on taxable income of the current year	1,835,648,099,045	1,454,536,128,176
- Adjustment of income tax expense of previous years into income tax expense of current year	(4,611,333,640)	(11,990,182,512)
Total	1,831,036,765,405	1,442,545,945,664

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9. Deferred tax expense

	<u>Current year</u>	<u>Previous year</u>
- Deferred tax expense arising from taxable temporary differences	-	-
- Deferred tax expense arising from reversal of deferred tax assets	(9,470,625,438)	125,612,981,095
- Deferred tax income arising from deductible temporary differences	-	-
Total	<u>(9,470,625,438)</u>	<u>125,612,981,095</u>

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 chartered capital, SCIC is controlled by the Government of The Social Republic of Vietnam.

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

i) Purchases of goods and services:

	<u>Current year</u>	<u>Previous year</u>
Subsidiaries	1,989,711,358,127	1,769,341,080,968
- Vietnam Dairy Cow One Member Limited Company	573,317,479,621	450,819,329,801
- Lamson Dairy Products One Member Company Limited	917,911,706,692	581,895,267,178
- Driftwood Dairy Holdings Corporation	8,573,687,032	1,285,710,408
- Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	489,895,320,702	735,340,773,581
- Angkor Dairy Products Co. Ltd	13,164,080	-
Associates:	46,353,669,760	456,404,881,496
- Miraka Limited	24,586,164,960	456,404,881,496
- Apis Corporation	21,767,504,800	-
	<u>2,036,065,027,887</u>	<u>2,225,745,962,464</u>

ii) Purchases of fixed assets and construction in progress:

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

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iii) Selling fixed assets and construction in progress:

	<u>Current year</u>	<u>Previous year</u>
Subsidiaries		
– Vietnam Dairy Cow One Member Limited Company	9,925,996,933	223,559,450,095
– Lamson Dairy Products One Member Company Limited	132,605,999,339	10,551,159,444
	<u>142,531,996,272</u>	<u>234,110,609,539</u>

iv) Capital contribution to related parties

	<u>Current year</u>	<u>Previous year</u>
Subsidiaries	626,754,238,429	661,952,822,193
– Vietnam Dairy Cow One Member Limited Company	440,780,000,000	496,000,000,000
– Thong Nhat Thanh Hoa Dairy Cow Limited Company	61,200,000,000	56,000,000,000
– Driftwood Dairy Holdings Corporation	68,145,358,429	-
– Angkor Dairy Products Co. Ltd	-	109,952,822,193
– Vinamilk Europe Spółka Z Ograniczona Odpowiedzialnoscia	56,628,880,000	-
Associates:	8,100,000,000	80,161,500,899
– Miraka Limited	-	80,161,500,899
– Apis Corporation	8,100,000,000	-
	<u>634,854,238,429</u>	<u>742,114,323,092</u>

v) Payments for key management personnel

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

vi) 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

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2. Segment information

ITEMS	Fourth quarter 2016		Fourth quarter 2015	
	Domestic	Export	Domestic	Export
1. Revenue on goods sold and service rendered	9,423,357,999,475	1,647,195,366,623	8,535,056,281,476	1,233,440,214,743
2. Revenue deductions	12,421,590,300	-	25,161,003,530	-
3. Net revenue on goods sold and service rendered (10 = 01 - 03)	9,410,936,409,175	1,647,195,366,623	8,509,895,277,946	1,233,440,214,743
4. Cost of sales	5,281,876,986,165	559,518,196,454	5,103,879,686,427	464,483,053,596
5. Gross profit on goods sold and service rendered (20 = 10 - 11)	4,129,059,423,010	1,087,677,170,169	3,406,015,591,519	768,957,161,147

ITEMS	Year 2016		Year 2015	
	Domestic	Export	Domestic	Export
1. Revenue on goods sold and service rendered	38,187,128,474,068	5,745,036,418,358	32,740,491,381,990	5,269,439,176,914
2. Revenue deductions	123,038,511,216	-	96,431,044,141	-
3. Net revenue on goods sold and service rendered (10 = 01 - 03)	38,064,089,962,852	5,745,036,418,358	32,644,060,337,849	5,269,439,176,914
4. Cost of sales	20,452,296,148,635	2,070,409,972,691	19,927,431,395,418	2,543,086,970,671
5. Gross profit on goods sold and service rendered (20 = 10 - 11)	17,611,793,814,217	3,674,626,445,667	12,716,628,942,431	2,726,352,206,243

3. Events 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 the Ho Chi Minh Department of Planning & Investment. Accordingly, Lamson Dairy Products One member Company Limited was merged into Vietnam Dairy Products Jointstock Company (prior to the merger, it is a 100% subsidiary owned by Vinamilk).

4. Restated announced financial information:

- The Company restated Cost of goods sold and Selling expenses items of the published 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

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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..

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

Items	Note	Accumulated nine-month 2016	
		Disclosed	Restated
4. Cost of goods sold	11	18,739,187,066,270	16,681,310,938,707
5. Gross profit from sales of goods and provision of services	20	14,011,807,539,142	16,069,683,666,705
8. Selling expenses	24	5,184,586,806,756	7,242,462,934,319
10 Net operating profit	30	8,859,574,363,923	8,859,574,363,923

Prepared on 25 January 2017,

Prepared by



Nguyen Duc Dieu Tho

Acting Executive Director – Finance
cum Chief Accountant



Le Thanh Liem

Chief Executive Officer



Mai Kieu Lien